

**STRATEGY AND ECONOMICS IN INDIA-UNITED
STATES DEFENCE DIPLOMACY IN THE POST COLD
WAR ERA**

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DECLARATION

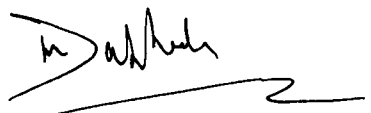
I declare that the dissertation entitle "STRATEGY AND ECONOMICS IN INDIA-UNITED STATES DEFENCE DIPLOMACY IN THE POST COLD WAR ERA," submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

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CERTIFICATE

We recommend that this dissertation be placed to the examiners for evaluation.


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CHAPTER ONE

INTRODUCTION

The history of India and USA in most scholarly work is traced from 1941 even before the Indian Independence. The evaluation of two countries can take place in a number of ways, but as a research scholar of international studies, my focus will be to lay emphasis on what and where of the bilateral engagement of these two countries. My study will not sound interesting unless I clearly demarcate the objectives of it. Social science research can serve two purposes. Either it can throw light on continuities, trends and engagements in this world and provide us a glimmer of new theories or simply prove or disapprove the old ones. Or as social scientists, we can see through the impact of new phenomena and new engagements in the larger context of international system and anticipate what changes can be studied.

My study of India-USA strategic and economic engagements will finally culminate in the proof of how defense diplomacy has got diluted with time. The new international system thrives on information and communication technological superiority over the secrecy and hard curtains of diplomacy and defense personnel and defense engagements. Though scholars are debating on newer forms of diplomacy, apart from it being in the field of defense, it can be economic and cultural and then scientific. But the idea is to inflate and expand the engagements which were practiced from time immemorial and hence I will say, that's where media and the celebration of state has become more pronounced.

“The state” has always been known with reverence because it has to be protected and her territorial integrity lies supreme. Here is where from defense diplomacy gains prominence. Defense diplomacy, rather defense and then diplomacy has so very important relations to the theories of international relations. My focus on defense diplomacy, the role of economic and strategy in defense diplomacy all require special attention and explanation for the international order is not easy to define.

I will lay special emphasis on scholarly engagements of defense, diplomacy, economy, strategy in evaluating the relation of India and USA: The two largest democracies in the world.

The modern history is the study of imperialist forces in continents of Asia, and Africa. And then the rise of two superpowers and the newly independent nations grumbling from the administrative challenges of the democratic framework that was imposed upon them. India was too a successful model of democratic experimentation, while other nations kept dwindling in the realms of military rule, autocracy etc. the new world , with the help of technological and communication superiority of the western world transported ideas of freedom, liberty, democracy and human rights, administrative sciences and environment.

All these areas are frequently researched in the field of sociology, political science, and economics. The field of strategic studies lies exclusively in the domain of international relations. I try to look at what are the important components that can be analyzed within common domain of economy, strategy, and defense in the context of India-USA relations. The change in international system from the time India gained her independence as well as the end of cold war can be taken as the age of rhetoric's in the relation of India-US. But post cold war it has transformed into the engagement of developed- and developing society barter that has been dictated by World Bank, and other international organizations.

The study can be theoretical proofs of how the change in international system has impacted the two nations and how the two nations have impacted the change in the international system.

Apart from that the internal structure of the two countries itself diverse and varied in their political thought and political action has evolved in their own peculiar ways to give shape to the new world order, the placements and functionality of which we have to define keeping in mind the performance of the state that can be divided in sectoral analysis and conclusion drawing.

The work is divided in two parts – cold war era and post cold war era. The cold war era covers a long time frame but has little to offer on substantive terms since India was in the camp of the Soviet Union for various strategic supports. The US ideology was found wanting in many respects for India to agree with and the primary of it being the concept of liberalization of economic engagements. Though US propagated the concept of democracy and scientific research as the tools for engagements, the inhibitions were to protect and concentrate on inbuilt industry and inbuilt capacity.

The cold war era will primarily concentrate on strategy making of US to give shape to hegemony while the independence movement of India always held allegiance to the left inclined thinking of the USSR. The plight of poor in India, as well as the question of distribution of resources always found sympathies in the concept of communism and left inclination for labor class in India that found voices of justice from the USSR. Though the role of liberty, justice, management and administrative sciences came from the USA, the translation in ground reality was due to the making of left ideology and less on liberal ideas of the west. The major convergence point was India being able to make her democracy work without inviting the wrath of western thinkers who stayed away from passing scathing strictures about Indian democracy. Though Indian democracy was mocked at by various thinkers still she kept her standards that testified against the western scholars and critics.

Post cold war, the Indian situation changed. The year of the end of cold war coincided with the liberalization of Indian economy. The rise of Indian service sector followed thereafter and followed by it the Indian telecom revolution. I particularly will like to analyse the domestic milestones that impacted the economic system of our country and thereby was also important in framing international prestige and importance.

The strategic factors stand apart because they have always been occupying position in mainstream discourse of international relations study. But the study of the economic activities of India, after the cold war, under the effect of liberalization of Indian economy will definitely provide an insight into the framing of diplomatic relations, which are acknowledged in the study of international relations but has not been carried empirically with variables. Though the content of power or economic interdependence is difficult to find a suitable measurement and representation through some index or coefficient.

I hope to make endeavor to delineate components of Indian economy after the liberalization of Indian economy that impacted her national power. How it actually impacted her defense diplomacy with the world's most powerful nation. Though strong engagements in the case of India and United States was always elusive due to one reason or the other. The cold war era posed attitudinal problems along with the problems of the existing structures of international demands and national limitations.

My aim and scope of study is to understand why the two countries despite staying hostile to each other for a long time showed signs of cooperation. What were the important factors- it can be the time reference, the position of both the countries, especially the components of the National Power that used to be measured in terms of macroeconomic indicators and the strategic moves that are taken by Individual nations.

The first two chapters exactly trace the larger picture in small canvass, the strategic interests and economic interests. As the theory of prisoner's dilemma puts it, in the international system of self help group the actors will engage and disengage with each other. The theory of strategic statecraft is interlinked with the economic dimensions.

But the most important of all will be to discover the use of the geographic location vis-à-vis other nations, the neighbors as well as the Power that seeks to interfere in the Region. In this context, the Indian subcontinent is geographically self dependent moreover because of being surrounded by the Indian Ocean. The South Asian region and the Indian Ocean are mutually reinforcing force for each other. The Indian Ocean provides India a lot of strategic space to check out her neighbors and indulge with other Powers to assert her naval superiority. The navy gets utmost importance in the Indian subcontinent.

Coming to the relationship between India and US, it is important to be noted that these two countries have difference of opinions in many areas of international importance. They remained on two different policy front right from Indian Independence. Therefore the angle of study becomes very important. On one hand the larger issues of international importance directed the bilateral relations between India and US. The regional diplomacy and the global diplomacy present their own challenges to the system and therefore the equating forces are difficult to match. It has happened in a more diverse manner in the case of India and the US.

The US involvement with India is because of China and the USSR. The Cold war era, the aid and the sanctions as well as the India-Pakistan equation. The interference of US in the South Asian region is always resisted by India. Though, the larger issues have always found US passing scriptures one or two.

Especially the involvement of the other Powers itself allows the US to assert itself. The rise of China is feared because of her Economic growth while the difference with the USSR is because of the communist ideology. As it is said that the issues of Proliferation and the games gimmicks of the Cold war era produced a strong enough field of interactions with the US. The war with China and that with Pakistan allowed US to act as a supplier of arms in the region as well as later the necessity of the economic order kept US and India engaged together.

Conditions allowed US to supply food Aid. Though the Politics behind food Aid was always presented to all the developing Nations of Asia and Africa. This Food aid was later on expanded to infrastructure aid and other economic aids after the Cold war.

Though India decided to cut down her foreign Aid in the BJP-led NDA government and before that India always showed her resilience in accepting foreign Aid especially US aid.

Post liberalization of Indian Economy, the major factors that kept influencing the relations between US and India were the WTO regime. The advent of Multi-polar world. The acceptance of the rise of Powers such as India in Asia, Brazil, South Africa. Expansion of G-8 to G-20. These issues brought new challenges to Indian Relationship with the west and also the US. The trade issues gained importance as well as the new dimension of technology transfer got added in India-US bilateral engagements.

To trace a graph of up downs that US and India encountered in the past six decades shows a number of reactionary and counter-reactionary behavior. For example, the US proximity to India is mainly viewed as the challenge to Chinese rise.

The arms aid in 1962 was also to check Chinese adventure. Pakistan being an US ally comes with the benefits that Pakistan hands over to US. Pakistan's close relations with China are overlooked by the US while the supply of arms comes from the US to Pakistan is to satisfy the needs of US in pursuing her Strategic Interests. The "Global war on terror" was one large strategic interest that is allowing Nations to engage in domestic political challenges.

It can be said about India and Pakistan; the two Nations are under severe crisis of domestic challenges that pose antagonistic interest to their Populations and their International obligations that is more or less US dictated in the case of Pakistan. The Indian society is also under severe stress to respond to the challenges of the "Global War on Terror" thrust upon the world in the 9/11 scenario. The bilateral engagements with the US in case of meeting institutional deficiency in case of police and other security needs are bound to produce frictional forces in the domestic realm. The preservation of domestic satisfaction is also important for developing countries like India who are trying to meet the challenges of Globalisation in myriad ways. These are the new frictional forces that can run counter to the enhanced partnership with the US government.

The cold war era posed US as a Power, more oriented towards the material power. India on the other hand struggled with her Mixed Economy. The times of Colonialism has already made Indian Intelligentsia more inclined towards the Communist ideology and the State led Growth. With pressures of Wars with hostile neighbors kept draining National Money from India.

The great powers intervened to foster good will sometimes and to checkmate their Rivals. The Indian establishments kept adjusting to her needs and requirements to diverse international challenges. Then the Indian Subcontinent sometimes succumbed to International pressures but the internal structures of Democracy helped her wade through the challenges and produce effects of meeting challenges with least harmful effects. Hence a status-quo Power. The technology driven Globalization is difficult to control. So Globalization is also a potent tool of partnership between India and USA. India after the end of the cold war liberalized her Economy and her engagements are more or less being dictated by the economic paradigm.

The US – India engagement always remained driven by few ideologies. The Foremost of it being her Democracy and her quest for safeguarding her Democratic credentials. The US has always championed her to be using her economic, technological, and material Power to bring greater participation in Governance through democratic means. The Democracy promotion credentials just as her Food Aid credentials are interests driven as has already been discussed.

The mid nineties are important for India-US defense deals. The unstable coalition governments in India and finally the six Year rule of the Right wing NDA alliance. All these factors coalesce to produce a factor in the context of India and the US. India's opening up ties with Israel was also crucial, since Israel is a close ally of US. India's look East Policy etc are all instrumental in bringing enhanced cooperation with the US. It became more an imperative than strategic.

The strategic needs and economic needs are interlinked in that sense. While dealing with strategic needs, in the first chapter, the strategic maneuvers are more reflected from the US side. The Indian side actions reflect her adjustments and responses.

Especially the issues of Non –Proliferation in which the US and the Indian side have always been at opposite ends. The Proliferation issue can always be taken as a big challenge to the West thrown from the Indian Side.

The Proliferation concerns of US were countered on the basis of the merits of the treaty. India has always shown the diffidence and the Indian side has always played a systemic role in that sense. Systemic because it also produced impact on other Nations who were not happy with the clauses of the Treaty but were signing it to meet their needs. The strategic interests of US are also because of the geo- politics of Asian Powers and US wish to check the rise of Asian Powers.

The second chapter deals with the economic interests in the post cold war era. The 1990s was the decade of economic activities, the growth stories of the Asian and the East Asian Economies. These Economies witnessed the inflow of hot money, then the economic boom was attributed to the increase in the Portfolio Investment as well as the Foreign Direct Investments, Foreign Institutional Investments. India also witnessed her growth miracle and everything moved around the Economic growth model adopted by the developing nations.

The World Bank and IMF became important source for external commercial borrowing as well as the administrative prowess were also adopted as per the suggestions of the World Bank in the name of “Good Governance”. The comparison of the macroeconomic indicators became important to judge the “National Power”. In fact, the export laden growth of the Indian Economy as well as the stable forex reserves, and a non inflationary economy where the exchange rate is floating at the right pace provided the right environment to sign different trade treaties with other nations as well.

The economic interests became more important due to the growth of the Indian Service Sector. The North American region was the chief client of all the service and software products of India. The Indian BPO industry proved a boon for Indian Economic sector. The US president Visit of 2000 was another cementing endeavor. It was commented by many editorials in the Indian Media as well as the International

Media that US can now no more choose to ignore the Growing India. Even US relationship with Pakistan, that used to prove a spoiler for the enhancement of Indo-US deals took a back seat for the time being.

While the economic and the strategic interests always stayed intact, the comparison of India-US relations in the post cold war decade as well as in the cold war decade gave a rising trajectory of the relationship. The Cold War Era witnessed slumps and growths as according to other regional factors present in India. It also turned almost smooth from the mid-1980s, when Rajiv Gandhi government initiated a technology enabled governance and services.

Hence it can be proved that US needs India as much as India needs US. I charted out my study in a micro scale, to be able to chart out a macro level analysis. Micro level variables are US food Aid to India, arms Aid, US indulgence towards Pakistan etc. all these variables are US laden but executed with skepticism by the Indian Establishment. The only faith of Indian ties with the US remained because of India being Democratic Nation and therefore US involvement in India can never be as US would exercise leverage on Middle East or Pakistan.

The pleasure of reading and studying India-US Defense Diplomacy under the larger issue of economic and strategic angle, thus opens new domains of thoughts of the larger issues that affect the two nations.

The International Relations discipline can be dealt theoretically but the inclusion of other domestic issues affect the larger perspectives of International relations theory. In this context, the bilateral relations between two Nations can be studied in the Comparative terms, by measuring the national power of both the nations or by judging the strategic position of the two nations geographically and understanding their relations vis-a-vis other nations.

The study therefore leaves a lot of space for further maneuvers. It hence covers a glimpse of all the current debates that were important in the past two decades. The political economy of India and US, the defense matters judged in terms of hard power.

Further the economic growth in the developing nations and the changes and effects it can bring to the western world can be delved into further.

While the last chapter only throws light on a change in relationship between India and US which is more a demand of the present world order rather than the celebration of India-US relations that remained estranged yet warm for a long time. The graph plotted on engagement Vs bilateral relations will show a static figure until 1962 war, and then the nuclear test of 1974. The dip will again remain static until 1985, when Rajiv Gandhi took the initiative for technological innovations for which we have time and again required US help.

The 1998 nuclear test and further the warm relations between India and both the Democrat and the Republican President in the past 10 years (President Bill Clinton and President George W Bush) has given in way to bilateral treaties and agreement frameworks. The recent and the most controversial being the “Indo-US Civil Nuclear Deal”. The contours of which became debatable in the world scenario. So my work partially elucidates my reflections on larger issues of International Relations viewed under the prism of India-US relations.

LITERATURE REVIEW:

The paradox of Indo-US relations can be understood only in terms of the American approach toward India’s periphery and the consequences for Indian security. The prospect of India’s transforming itself into one of the larger economies of the world provided some impetus for the United States to engage India in a framework that is broader than the subcontinent and is embedded in the evolving dynamics of the Asian balance of power(*C .Raja Mohan,*)

An overview of India-US relations is organized in three points. The first deals briefly with why India-US relations were marked by discord rather than collaboration during cold war and why the divide between the two countries narrowed after the late 1980s. the second goes on to suggest that convergence on a series of geopolitical, economic, and social , political are laying the base for a long term

cooperation.. and the third covers the difficulties raised after the nuclear tests of may,1998(*Kanti Bajpai, 1999*).

After the end of the world war-II, India and US dealt with each other in fundamentally strategic conflict making that made them almost adversaries. It got moderated and intensified from time to time by the state of strategic relations with third countries. India was soon to be realized as a regional power or a middle power, while USA was the super power. In strategy making, the capabilities of the super power has a global reach and it creates a strategic environment in which the middle powers have to function.(*Baldev Raj Nayar, 1976*).Indo- US was also bounded by antipathy at the level of economic and cultural values that hindered communication and set limits to the amount of mutual sympathy.(*Kanti Bajpai, 1999*).

The end of the cold war in 1990 stimulated new approaches to the study of diplomatic history, that examined the U.S national experience in a global context on the basis of multinational research.

The new diplomatic history also widened the scope of research beyond the cold war and national security issues into matters of race, culture, gender, and other issues to a degree unprecedented in the history of the field.

The momentous processes of decolonization and modernization, affecting Asia, Africa, the middle east and Latin America by various factors, the united states interacted with the governments and peoples of these regions in a variety of ways. The book throws light on how American viewed different cultures in different part of the World , how the government, institutions, and the people of the united states reacted to the “ collapse of colonialism” and to the other dynamics of change in the third world since 1945.(*Peter Hahn and Mary Ann Heiss, 2001*).

For the “diffusion of military technology”, application of economist’s perfect model , the migration of technologies can be explained as “ a simple utilitarian process: a technique, having proved its value in one place , is adopted by people in another place who think it may be useful to them as well.

In a perfectly free market with perfect access to information, the spread of innovations would result from calculations of expected marginal returns. There can be three ways of diffusing technology – material transfer, design transfer, capacity

transfer.. while with material transfer, the correspondence is clear and straight forward. The transfer of designs, blue prints, and basic engineering know-how allows the recipients to reproduce the technology, and the transfer of scientific knowledge and technical expertise is closely linked to the ability to adapt the technology to specific local needs., while capacity transfer is the ability to innovate.

The utility of arms transfer is also to win ally in foreign policy matters. But as with civilian technology, diffusion of military technology will be imperfect.(*Keith Krause,1992*). Consideration of the feasibility of converting arms industries to civil purposes needs to be complemented with strategies to reduce demand on the part of developing countries, who may 'play off' suppliers against each other. The national and alliance needs of the producer nation must be recognized.(*Peter Blomley,1974*)

The questions of arms have affected different regions of the world in different ways depending upon their economic and political activities.

Through the web of institutions and arrangements, the United States and its partners in the international community are laying the foundation for security and prosperity in the 21st century. The web that these statements envision will apparently will undergird an autonomous world order that survives on the basis of its general acceptance, its sensitivity to the national interest of its prime constituents and consensual values it represents, rather than rest on the strength of one super-power.

India's not full blown support to the idea of a full fledged relationship with US, is substantiated by many analyst who think that " if India and US are not strategic partners and if there is a real "political hesitation in India" about engaging in full blown strategic interaction with the United States, they should be natural partners nonetheless." Too often history, circumstances and incompatibilities of perspectives seemed to have kept the two nations from being so, but that reality need not be permanent or immutable.

The possible areas of security cooperation between the two Nation can focus on counter terrorism, stability in the Indian ocean littoral, preserving the freedom of high

seas, expanded military exercises, high level security contacts, international peacekeeping, military training and limited military sales.(*Steven Hoffman, 2001*)

The, June 28 agreement states that “that two countries shall conduct joint exercises and exchanges and also collaborate in multilateral cooperation when it is in their common interest.” And on the face of it the cooperative ideas spelt in the document commits India less in the military field and more in the defence industrial one. The country’s defence relationship with the soviet union had been confined to equipment and technology, it had no military content.

We are now entering in uncharted waters with US. With military geared to operate in every part of the globe, the US has interests in developing military to military ties with as many countries as possible. India has always wanted to and some in the US now want India to, manage south Asian stability.(*Verghese Koithara,2005*)

An assessment of Indian science and technology and implications for military research and development, states that in the absence of official reports from the Indian government, the US department of Defense Military and critical technology list(MCTL) are a useful indicator in understanding India’s relative position in International technological competitiveness.(*Ravindra pal Singh,2000*)

India’s strategic posture is based on the idea of “offensive defense”. As a consequence India’s strategic perceptions have also been influenced by the strategies of the great Power, especially those related to the intervention in the third world.and the employment of the military force for the purpose of coercive diplomacy.(*A.Z.Hilali,2000*).

India’s quest for self sufficiency in the military production and enhancement talks about indo-US technological ties. The pivotal event in that field has been the granting of US consent to help India develop a light combat aircraft(LCA) to serve as the mainstay of Indian Air Force.(IAF).. it is important to note here that the Indian government approach is to buy technology not the weapon itself.(*A.Z.Hilali,2000*).

HYPOTHESES:

- **The process of technology transfer in the field of defense and arms engagements have reduced the scope of armed conflicts in the regional scale as well as the global scale.**
- **Indo-US engagements in the recent past, is a perfect example of technology application in alliance formation.**

CHAPTER- TWO

INDIA-US RELATIONS:- A STUDY OF COLD WAR AND THE POST COLD WAR ERA

INDIAN STRATEGIC GOALS (1950S-1990S)

What is strategy in international relations or the behavior of states with each other? Strategy also holds close adherence to the market functions, analysis, and results, predictions have all been subscribed to the literature of the corporate entities. But it is important to know and understand how the word “strategy” and “strategic” though used frequently in our international relations literature, finds its theorization, not very concrete. An engagement that takes place in the field of economy, culture, military exercises as well as the acquisitions that take place by the corporations is all termed as “strategic”. These days energy resources are latest entrant in the dictionary of strategic affairs. In other words strategic implies proving superiority in possession (material or otherwise), in competition between the nations (Morton. A Kaplan 1952).

Strategy in English literature implies the involvement of self and energies at disposal to give a definitive shape to a particular task, the benefit of which will accrue in near or long term and will enhance the capabilities and entail the behavior of others in such a way that accords power and prestige within a social base within which the actor is operating.(Morton. A Kaplan 1952) Keeping this in mind we can apply the theory, that operates in the case of corporations as well the operations of the state entities when they involve in activities with other nation with pre determined goals. The application of it as well as the operation of it is thoroughly guarded so that the forthcoming results are thoroughly monitored.

Keeping the above said things in mind, we have to trace the strategic engagements of India with the United States of America in two phases – cold war and the post cold war. To start with, the period denotes the time when India as a newly independent Nation was to survive with her internal power and capacity building.

That is debated as idealistic foreign policy of India by many scholars of international relations. India could neither have taken a Machiavellian approach to her foreign policy nor could have taken to Kautilya, as the change in the world order kept putting more demands on India. (Ashok Kapur 2006). The United States of America as a nation provided the perfect case of development and the country from whom emanated the concepts of democracy, justice, freedom etc.

In fact India stepping towards her new gained freedom with ideals of democracy, justice and freedom was enough to forge framework of partnership between the two nations. But that could never possibly happen. The basis of ideals was weak when it came to be propagated among the Indians who were then to fight hunger and strive for education and healthcare. In terms of ideals therefore, the ideals of communism, and left leanings grew in those pockets which felt denied the claims to their rights. The engagement with the USSR therefore is just not India's engagement due to Bangladesh war in 1970 or the war in Afghanistan of 1979 that entailed US to grow close linkages with Pakistan in the subcontinent, but also the necessity to be able to move ahead with the masses of the Indian Population. It was the necessity of ideas, which the intelligentsia also understood and accepted. This also accompanied India's insecurity arising because of the Cold War and the instability in the South Asian Region. Even the Non Alignment Movement was a tool to find a middle path in the very volatile appearing Bi-Polar World.

Indian engagement with US came with India being a beneficiary of US aids as well the acquisition of arms by the Indian government during the Sino-India border conflicts. These two gestures always provided a base for better collaboration in other fields, though India's quest to develop its science, technology, as well as her military always had a need for foreign collaboration.

The need that always left a gap for enhanced partnership, though the overtures were shirked because the goals of US, herself were in conflict with that of India.

The claims of US food aid diplomacy, and oil diplomacy, and nuclear diplomacy has always been debated by the scholars of international relations, and international economics. Keeping this in mind we can say that, US being one of the powers of post world war-II, the world order had different goals to be pursued from India, but the greatest achievement of India in shirking pressures from chambers of powerful nations lies in her sticking to “idealistic foreign policy”.

Sun Tzu, the Chinese strategist, asserted the importance of two strategic principles of effective strategy, first and foremost, it is important to disrupt the enemy’s mind. But the foreign policy of India showed no such inclination to pursue such strategy; instead they allowed the enemies to coordinate their energies and capabilities against India. Secondly, strategically, it is also important to disrupt enemies’ alliances (Eiegelmeir F Tobias 2009). International scholars accuse Indian academicians of foreign and strategic affairs of not suggesting any alternative model to idealism of Indian foreign policy. (Eiegelmeir F Tobias 2009). Moreover the place India gets in the international system in the duration of 1947-98, is India being locked into America-Pakistan-China as one pole and India- Soviet as the second. The major discord happened in the field of global disarmament, a North-South economic and political dialogue, reform of the United Nations system, and East- West tension, in short commitment to the world of norms rather than world of power.

The nature of India’s strategic problem with USA had a policy character. It is understood that the Indo- US engagements are not just related to single area focus but has always been expanded to other sectors. It is since India’s independence that the role of engagement are found here and there but has not properly materialized into a trustworthy relationship (P R Chari 1999).

The US policy can be traced from being doctrinaire anticolonialist to acquiring a progressive sense of responsibility for what happens in the developing nations. The issue of foreign aid and the role of US in doling out aids to the developing nations for fostering economic growth, proved hostile in the developing nations therefore the economist reached the view that the economic aid was only to be used for limited and exceptional circumstances(Peter Uvin 1992), (Edward N Muller 1985).

BILATERAL RELATIONS THROUGH US AIDS

The nature of US aid relationship varies with respect to that of Vietnam, South Korea. Indian diffidence always surprised American. A high estimate was placed on government of India's sensitivity to its sovereign prerogatives. There has been a reluctance to share –indeed to presume to share-responsibility for development design. India was a different country from the rest, due to the rarity of a recipient government with a democratic political accountability almost as real as that of the US. While India being a democratic country almost always matched the expectations better than other developing countries (Edward N Muller 1985).

THE CHANGING SCENE

The Democratic ideals were being coalesced with Economic growth theory. The Celebration of Indian Democracy as well as the Indian growth story enhanced the Indo-US cooperation in the past two decades. But apart from that, the strategic goals have expanded from regional issues to global issues. The US interest in securing partners for the “Global war on Terror” replaced US endeavors to prevent India closer to the USSR in the pre cold war era.

The economic scene has changed a lot. The trade relations have shown marked improvement, mercantile and non mercantile. The Trade in services is new area of cooperation that has further improved cooperation in the field of technology transfer, high end technology as well as the defense trade and arms acquisition. The cooperation in the field of defense sector was more or less always sought by the Indian government, as India wanted the western technology and never wanted to rely solely on USSR for all defense products.

The chief reasons for which the strategic cooperation of India- US was found wanting were mostly because of the different manifestations of democratic representations in both the countries. Though, the two countries have always tried to build their foundation on the basis of democratic credentials, the democracy operation has continued to create differences in opinion in both the countries as well.

The military sales have always guided India-US relations. A look at the close history will tell us that the interest in US arms found differences of opinion in Military and Bureaucratic circles of India because of the terms and conditions of the sales were more suitable to the US firms and governments, while the Indian side hoped to strike a fair deal on the basis of the seller's and buyer's agreement. This however appeared difficult due to the attitude with which the problem was approached from both the sides (Jyotika saksena and Suzette Grillot 1999).

Further, the defense cooperation also entails transfer of technology. This transfer of technology implies that the mode of assembly of equipments have to be supplemented with the technological know-how as well. This idea is not entertained in US as regards to her Intellectual Property Rights and her efforts to control reverse engineering as well as dual use of technology. Therefore, the idea of exceptionalism is experienced in India-US relations (Anit Mukherjee and Manohar Thyagraj 2012). While the US has off lately recognized the needs of India and granted India- specific waivers in high technology transfers that is evident in India-US nuclear Deal.

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The increasing importance of South Asia as a region also entailed certain increased activity in the region by the US hegemonic tendencies. US as a hegemony and as an economic superpower has been instrumental in influencing the domestic policies of the South Asian nations. This aspect of India- US policy is a major tool of distrust as has been observed in the last five decades. The distrustful tendencies has fueled the unacceptable character of the phenomena like opening up of Indian economy, and the compromises India makes in the multi-lateral trade organizations due to the position adopted by US and the European nations.

The cold war era was the time of alliances and security regimes while India chose the path of Non-Alignment. The cooperation between India and US therefore, could have followed a middle path. But India was cold to moving towards US led alliance, US could have also repeatedly seen to it that India's proximity to USSR was to be monitored in varied ways. This perception could have encouraged US to make moves towards India with hostility but hopes. But all these speculations remained unfulfilled.

Thus India has close ties with neither US nor the Soviet Union. At the time of independence, it saw US as an overdeveloped materialistic power driven by Manichaeic view of the world. The Americans had stepped into the shoes of the British, and even the non communist Indians suspected the United States wanted to undercut India's natural and rightful regional dominance.(Stephen P Cohen 2001)

While the phase of planned economy in India was inherently against US policies, the phase of Indian Economy since 1985 saw a changed direction towards Information Technology driven Economy, this brought enhanced cooperation through collaboration between Indian government and US firms.

Further down, the line the defense cooperation between India and US kept creating suspicion for each other due to Pakistan and China. While Pentagon remained compassionate towards Pakistan on most of the situation. China remained a cause of concern for both India and the US. The arms industry of United States has, therefore provided light arms, ammunitions, and communication systems- military equipment during the Sino-Indian war in 1962, but this war also proved that US was in no mood to lend psychological support to India in terms of pledging any advanced technology or offensive military equipment. The defense cooperation was limited or restricted due to two reasons-: geopolitics and the Cold War.(Jyotika Saksena and Suzette Grillot 1999) This proves that the ability for forging a strategic partnership was always evident from the US side.

It was only non conducive or inconclusive for India to enter into such an arrangements keeping in mind the volatile situation in the South Asian region then. More importantly, South Asia has remained a region of turmoil because of the foreign interference; hence India never wanted US intervention in the region in any form. This reality has taken a drastic turn especially when India decided to lend unconditional support to US “ war on terror” the launching pad of which was the “ war on Afghanistan in 2001” . Afghanistan gave US foothold in Asia, hence it was India then who needed to understand the inevitability of American presence in the South Asian region.

The US food Aid and Economic Aid was another area for India-US cooperation in the time after India's independence. This is to be noted that the attitude towards the US aid has always been looked up to with suspicion. There are a number of reasons that help reach this conclusion. The US aid was looked upon as an internal penetration while the isolation of India was what was desired through US actions. It was demonstrated through SEATO (South East Asian Treaty Organization) and the Baghdad Pact.

THE INDIAN ECONOMY AND THE INDIA-US RELATIONS

The politics of American aid and Indian skepticism was easy to understand. The sufferings of Indian Economy under colonialism were now almost easily taken up by a duel between Marxism and US propounded Capitalism. The left leanings easily found sympathies in India. Therefore US as a capitalist country were always known to have divergent interest. The aid diplomacy of US was widely criticized in all the newly independent nations of Asia and Africa. With strings attached, India always found difficulty in accepting aids from US.

Similar things happened in the case of technology transfers. While India always supported the transfer of know-how which was missing in the US cooperation throughout. The defense cooperation started slowly but ended up in a MOU signed by the two governments on 29 November, 1984. It contained general security assurances for transfer of sophisticated technology as well as the assurances that the military equipments purchased were not be directed to any new destination.

THE TRAJECTORY OF DEFENSE DIPLOMACY

Although some forces within India and US opposed the MOU, the Indo-US defense cooperation underwent a quantitative and qualitative expansion in the 1980's. One of the greatest contributions was the supply of military technology to India. One of the most successful exchanges of the 1980's was the collaboration involving the (LCA) light combat aircraft (Jyotika Saksena and Suzette Grillot 1999).

This set forth a limited cooperation that suited US interest. The major one being that the defense cooperation was isolated from other bilateral issues which were political and regional in nature. The 80's bonhomie moved towards gradual build of trust that was demonstrated in the defense cooperation through the signing of "agreed minutes on Defense Relations between the US and India in January, 1995". Such cooperation covered service to service and civilian to civilian cooperation, as well as the defense production and research cooperation elements. The decade of 1990's brought cooperation in expanded form, with social interaction and exchanges of military interests and an appreciation of each other's political and economical constraints. With upsets of India's nuclear test of 1998 as well as India's stand against CTBT and NPT, no longer deterred larger interests of US and India that could be achieved together (Jyotika Saksena and Suzette Grillot 1999).

OPTIMISM IN NON COOPERATION.

Relations between US and India, as well as the history of US sanctions and incentives toward India, largely can be viewed through the twin lenses of the cold war and nuclear- proliferation. Many of the sanctions imposed on and incentives offered to India by the United States were not designed with nuclear non- proliferation as the objective. The cold war era saw India taking an Individualistic position in the form of Non -Proliferation. By, mid 1960's, non alignment became a rhetoric than actual policy as India needed arms and ammunition for which she has to move to USSR fold. This led to American imposition of restrictions on American's and other Nation's foreign trade and other economic relations with India.

India's ambition for western technology suffered along with her needs of all kinds of aid. These restrictions did little to affect India's decision to develop Nuclear weapons and endeavor for space technology. It is important to note that even in the cold war era the US advocated liberal economic order as the bedrock for peace. The US imposed unilateral restriction on exports of military and high technology products to India because of India's non cooperation to US cold war objectives.

Until India's test of a nuclear device US had no need for country specific export controls that would apply to India. According to department of commerce, decisions for export were made on case by case basis. This distinction however never distinguished between different categories of exports- pure commercial, dual use, and military equipment and technology- but lumped all requests for export licenses to India together. This on one hand happens to be an optimistic overture. While the India-US trade relations remained dominated by the discourse of US hegemony (Virginia I Foran 1999).

In 1950's and 1960's India-US relations remained economic where India relied heavily on US aid and assistance. Though India always remained aware of the politics of US aid, India remained in need of US foreign aid so much so that half of the foreign aid was sourced from the US. India continued to suffer heavily in 1960's due to the Sino-Indo war as well as the drought of 1966. All this were implicit pressures on India to direct the economic and foreign policy of India closer to that of US interests. The food aid then was a ploy to make developing nations toe the lines of liberal economy, for which India was not prepared and hence was reluctant to open routes for foreign direct investment or invite American investors (Marshall Windmiller 1956).

The non proliferation treaty was another bone of contention between the two nations but Indian stand stood vindicated when India advocated on the basis of her sovereignty, the importance of not signing the Non Proliferation Treaty (NPT). The importance of nuclear weapons state and the non nuclear weapons state stood clearly demarcated and the possession of it only for nuclear weapon states stood flawed. The Indian demand for at par treatment was reflected by India demanding assurances from the Nuclear weapon states either to give up their weapon completely or the persuasion for signing the NPT had no meaning.(Seema Gahlaut 1999).

The face –off between India and US as these demonstrates the clash of a US hegemony vis-à-vis India's sovereignty The US "Atom for Peace" program as well as the NPT(non proliferation treaty) both in their own stead proved troublesome for US. Under this scheme, the US nuclear equipment, materials and technology was transported to other countries, so that nuclear energy can be exploited without the expected diversion of nuclear material to the military purposes. The important ingredient here was the monitoring activity that was to be carried out by both the US officials and the IAEA (the watchdog for nuclear proliferation).

Each and every policies and supra national tools and organization was accused of double standards and for promoting US own plan for staying ahead of other nations or direct each policy towards free and liberal economy of the US that would eventually benefit the US firms. In this case also the nuclear technology generated lots of interest as well as the developing nations entered into accepting the provisions of "Atom for Peace" and later NPT , further to get uneasy with the inspection of the watchdog. Nuclear commerce declined and began to lose some of its incentives.

THE 1998 NUCLEAR TEST

While the first nuclear test of India stood as a mockery for US advocated NPT. The second nuclear test of India changed the dynamics of controlled cooperation to non cooperation. US were not happy, while the sanctions on India took away some sail from the bonhomie of cooperative efforts of 1980's. The Clinton visit in 1999, proved a thaw. While the strength of control regimes like CTBT, FMCT again started to act as a bone of contention between the two powers.

The sanctions brought to halt the cooperation in the defense sector, especially the cooperation in the production of LCA (light combat aircraft). Though US arm firms like General Electric and Lockheed Martin continued to help entice India with new arms products, like the F-16's. The defense cooperation remained a slave of seller-buyer relationship (Virginia I Foran 1999).

Both India and US thus always remained a case study for International relations scholars, for strategic relations, economic relations, foreign trade and security issues. In the International domain India's position and the US position can be evaluated as subscribing to all the present state debates and turmoils of the international system. Be it the developed Vs developing state paradigm, the neo-liberal policies Vs protectionism. The technology transfer based economy where diffusion of technology stands in contrast to innovation of technology. The cooperation in the defense and space sector while the ambitions of growing state as economic power house carried the bags of expectations in the case of India in her dealings with the US.

Apart from facts, the challenge of India to regimes like NPT, CTBT, FMCT stood on the clauses that was disputable. This always portrayed India as a Power in her own stead. India decision to stay out of NPT drew suspicion but her conduct as the non proliferators acted as a new division in among the states, India showed that those countries staying out of the NPT had genuine concerns with the unjustified clauses of the treaty.

THE INDO-US PERCEPTIONS.

Importance of images has always played an important role in dealing with the India-US relations. The major determinants of these images are political, economical and strategic or security related. The international relations behavior is more a cause and effect of feeding mechanism and the feedback processes. Under this paradigm, the India-US relations have seen shifts from non-cooperation to cooperation or isolated instances of cooperation. These years where cold war era and post cold war era produces different images for Indian and US perception for each other.

The major reading of Indo-US defense diplomacy or Diplomacy of any sorts can be just portrayed as the stable structure that gets refurbished with time. If we were to draw an analogy of Indo- US relations in the Cold War Era or the Post Cold War Era, we will see that there are modules of cooperation and non cooperation. It can also be called non-cooperative cooperation. The discourses can be many, but the processes of behavior between state actors and the bureaucratic, military wing of both the nations have repeatedly shown divergences at almost all the major turn of events in the practicing of International relations with each other.

Another important observation when looking at the comparison between the way India-US relations were managed during the Cold War era as well as the post cold war era, it can be said that there is a lack of policy innovation in India-US relations. The betterment of bilateral ties could not gain credence over the engagements in the multilateral forum. Primarily it is the liberalization of Indian economy, the quest for knowledge economy that is being talked about in India, where US has always remained a pioneer in lending support to the Indian quest for western Technology. The knowledge economy concept implicitly requires a lot of US support, the endeavor of which can be seen in the joint memorandum for higher Education.

The opening up of economy always left the insecurities for the domestic economy and the Industry. Especially the US economy being well established and well settled always gave an impression of unsettling the Indian economy. The distrust somewhere continued due to the lack in efficiency in the public sector management of resources which were being bred in all the developing societies of the world. It transcended

beyond the socialist/communist Vs the capitalist debate. It also became a debate of efficiency and non- performance.

The organizations like military and the private sector of India were lacking ability to strike a fair deal with the US. Though the introduction of competitiveness increased the proficiency of all the organizations across the board. Despite this, the US firms had to meet the talent of Indian production and services completely without the Indians subscribing to US terms and conditions. This happened previously also in the case of technology transfers, and trade related matters. Hence, it can be concluded that the self sufficiency of Indian policy formulation created roadblocks for complete acceptance of US offered technology or material.

Even the Strategic partnership was motive based in the long run. How else is that the interest of US in the south Asian region , was not being held very strong. Still the US intervention in the region was allowed to linger on, that kept forcing India to show resistance repeatedly.

THE LATEST FORCES IN INDIA-US RELATIONS

The three forces that had an impact on the India-US relations were that of Democracy and Hegemony and later on the larger effects of Globalization. It is important for the relations between the two nations to be subscribing to the larger context of all the three or one of the three at a time. The India-US relations can then be seen as only in images, or a true duel of idealism/ realism, the protests against the neo-liberal policies as well as various policy dislocations with time.

Policy dislocation is concerned with the timely withdrawal of support or imposition of sanctions in which India and US relations tasted sour for one reason or the other. These upsets had anyways been transcended recently towards a more focused approach for much acknowledged NSSP.(next step in strategic partnership). Agreement. The acknowledgement of US repeatedly that the India-Pakistan relations with the US are not zero sum implies distinguished importance that India commands.

The Indian society, as it was post colonial but holding aspirations for a regional super-power on the basis of her size, her natural resources and her economic capacity enhanced the cooperation between India and US. It was seen as opportunism in one aspect and extraction of reciprocation in another.

The reciprocation from both the side remained no matching due to the differences in capability and differences in expectations from each other in delivering agreements and answering larger goals of seeking a stable and prosperous world.

THE WORLD ORDER AND THE INDIA-US RELATIONS

The world was a bipolar world immediately after the Second World War; the first five decades saw the indulgences of the two powers for good and bad. Further at the end of the cold war, it was accepted that the world became more stable less than one super power but the latest acceptance of a multi polar world adds to newer responsibilities. It entails that the regional realities have to be given credibility and importance. The discourse on globalization also stands contested. Globalization and the liberal agenda of the west goes hand in hand. They are mutually reinforcing. This multi polar world gives rise to security regimes and security dilemma. India as a rising Power of Asia always extended her individual, moral extension and projection for actions that were closer to idealist position. While the US on the other hand was always a materialist power. The debates on offensive and defensive military trade gives a view that the US military sales were taking care of the defensive nature of the Indian military needs while India was fulfilling her quest for hard power(Stephen P Cohen and Sunil Dasgupta 2010). This mismatch can also be seen in concessions that are received by the Indian side from the US side.

These concessions are taken as acknowledgement of the rising stature of India in the world scenario. It is on the other hand is taken as a loosening of guards from the US side to meet a new challenge in the world system that requires cushions to take the repercussions of the existing structures present in the world system. These structures and the systems are anyways designed to suit the needs of some powerful so that the dissenting notes are either kept under wraps. The dissenting parties are allowed to

vent their dissatisfaction in such a manner that the status –quo continues without a lot of hiccups.

Under the paradigm of this understanding, we can say that US role as a super-power and India's role as a rising power is evolving as any theoretical understanding will make us believe. The exchange of thoughts from strategy, to economics to imbibing of new challenges in the field of communication, threats, technology, expansion of Power are just not linear translations as it may appear but it also envisages the underlying capabilities that delivers after a gestation period.

To debate further, it will be to understand how the evolution of India-US relations can help India find a place as one of the great Power in times to come. Be it the predictions of “ Clash of Civilizations” by Samuel Huntington, the presence of India in the Indian ocean Rim will always give her a chance of emerging as a great power. It is the geopolitics of territory and the adherence to the theory of Balance of Power. The evolution of this partnership, appears contrasting in different phases but compromises and shared values sets the themes for future bonding.

CHAPTER- THREE

STRATEGIC INTERESTS IN INDIA-US DEFENSE DIPLOMACY IN THE POST COLD WAR ERA

STRATEGIC INTERESTS: A PRELUDE TO DEFENSE DIPLOMACY

Strategy is construction of interest based endeavors that lead to reaching right conclusions about reacting to the existing world system in such a manner that will entail mutual benefits or dovetail larger parameters of cooperation.

In business modeling strategic is planning and operationalising objectives and missions, and implementing policies. In this context, the rise of the unipolar world after the cold war has brought a change in dynamics of strategic engagements. This can be substantiated by the fact that if we actually consider the world to be unipolar hinged on United States of America, then the market dynamics and business like modeling has already been pushed into statecraft (Collin Aden and Fran Ackermann 1993).

This can be again justified by co-relating the end of the cold war with the liberalization of Indian economy. Both the important phenomena can act as a cause-effect relation for each other, at least implicitly. The Indian stature in the international field became more market oriented. The dealings with the western world increasingly towed the lines of mutually reinforce able economic interests and strategic interests.

Both the events coincided with driving all forces towards market economy. This itself showed on towards deepening of relations with the western world, especially United States. Till now, India, and US were countries whose mutual relations consisted of zones of non convergence, on issues, that exceeded the zones of convergence. But the post cold war period, somehow mitigated and will continue to mitigate those areas of non convergence. The reason being, that the three variables- Economics, Strategy, and Defense Diplomacy are holding each other in a loop of execution.

The strategic dimension of defense diplomacy should be such that while strategy should precede defense diplomacy, strategy should also precede evaluation of economic interests. India has already almost built an alignment with USA before the end of the cold war, majorly by enhancing her internal capacity to register economic growth, her quest for gaining military and economic strength. This set the precedent for a partnership in the field of Information Technology that will be dealt in the next chapter.

India and USA became parts of two strategic triangles, the (US-Pakistan-India) in relation to the issue of Islamic terror in the region; and (US-China-India) in relation to the issue of danger of Chinese hegemony in Asia (Ashok Kapur 2006). US- Indian strategy was to redesign a new pattern of strategic alignments that created a network of Indo-US network of common allies: Israel, Japan, Australia, and Singapore, among others.

There was a shift in India's strategic position post 1998. In terms of new alliances that she forged but also because of the Nuclear Test. But the growing proximity to USA was mainly because of India's BPO (Business Process Outsourcing) sector and software success story. The terrorist strikes of September 11 again provided a common goal for the two nations to pursue. Though, the war against terrorism has created new dimensions to the study of Indian democracy, Indian culture and her social life. Internationally, it has made India, an advocate of the Global war on Terrorism.

Subsequently, the strategic engagements of India-US have been shaped into strong military engagements that also encompass joint military exercises as well sharing of technologies. India has actually moved into diplomacy of high-tech trade relations with many countries, US being one of them. Strategic in international relations is closely related to the security aspect of the nation. So what exactly is strategic is actually the components as arms race, arms control, alliances war which were the ingredients of bipolarity pre 1990. And which later on shifted to acquire the status of high technology exchanges and military exercises, space collaboration and issues like nuclear security.

So, in the above context India-US relations can be judged from the point view of collaboration in strategic matters that are security matters. What are these security matters-?

- 1) India US joint military exercises in the Indian Ocean.
- 2) Space collaboration Vis- a Vis other nations.
- 3) Issues of nuclear and missile technology.

In many senses, India-US relations are a case of natural, still unnatural Partners (P.R Chari 1999) the biggest factor being Democracy, which is an important tool, that is held as a common chord for India-US engagements. Democracy evolved in the international system as a major form of engagements with public, in terms of institutions but as an ideology to pursue and parameters to enforce for the government. Democracy is a negotiating tool as well as a concluding device for the National Government Engagement. Then came the surge of economic engagements after the end of the cold war era. Holding these ideals in mind strategic causes, cements itself strongly in the web of such prolonged and exact areas of cooperation. We will look at when and how with or without US.

India-US relations -conflict driven in conflict areas.

It is not a difficult proposition to conclude that it is difficult for India to converge to US attitudes in all conflictual situations around the world. The non convergence simply happens because of US duality in pursuing politics which is segregated from finding adjustments with the immediate implications of exercising power and force due to her military superiority. This implies that the conflict zones like Iraq, Afghanistan, and further expansion of US hegemonic tendencies in Korean region, Central Asia, gave rise to counter tendencies in the India Establishment. The interest of US will always clash with that of India because of the clash of the “zone of influence”. Indian zone of influence has expanded from South Asia, to South East Asia, even to Central Asia and West Asia (Ashok Kapur 2006)

The end of the cold war produced two major results for India; one was her concern for managing International challenges in the UN (United Nations) established system after the collapse of the Soviet Union. The other being, taking a stride towards a market based economy to meet the challenges of a new world order. This brought India closer to US in her dealings that formed the basis of strategic interest as well.

It somewhere became imperative that US was the sole savior of the world now. Her ideals of democracy, liberalism, economic free trade were newer challenges that were to be faced by India in that situation. The post 1990 era saw a whole lot of new discourses in the international system, i will enumerate a few of them here and judge why most of the non convergence between India-US were subdued which could have enhanced their role in increasing their partnership in the economic field.

I will prove that the defense cooperation was an offshoot of economic cooperation only and were more oriented towards the phenomena of high-end technology transfer or simply technology transfer. The issue of technology transfer that has been taking place in the defense and civilian field added special importance to strategic cooperation. While in civilian field technology transfer will lead to economic exchanges while in the defense field, it will lead to defense cooperation.

The American-supported and funded defense production effort inaugurated a process of backward linkage that tied the requirements of defense production to India's overall Economic Strategy. It also involved US in the Industrial exploitation of the subcontinent for the war effort to which the further leaders of India had refused to give support (Stephen P Cohen 2001)). Though this remained true as much at the time of India's struggle with its hostile neighbors as it remained true at the Post Cold War time. The first major arms or defense engagement between India and US took place after the India-Sino war which disturbed Pakistan. Washington would therefore remain an elusive partner, as when needed it withdraw while doling out other indirect perks. In this case, the Pakistan's uneasiness was answered by offering India with military exercises; provide air defense technology, introducing the Idea of rolling the idea of five year defense plan and refusing sophisticated weapons like F-104(Stephen P.Cohen 2001).

The defeat from China made India feel that increased defense spending would lead to further economic development. Hence India moved towards a quest for defense led strategy for economic Growth. After 1962 India moved from a defense dependent upon Diplomacy to a Diplomacy strengthened by Strong Defense (Stephen P.Cohen 2001).

So how do we segregate what are interests of India alone and interests of US alone. Major policy decisions are taken in collectivity today and nations look forward to each other for support and voicing of dissent through media. Even the internal politics are commented upon with freedom taking recourse to issues of human rights that are universal and not confined or restricted to national boundaries.

The Indian defense relationships remained concerned with arming itself to meet immediate needs as it happened in 1962 till 1970. Then consolidating the gain for some time, as was evident from 1972 to 1980 until it was time to rearm again keeping in mind the needs of the International system as is evident from 1980 onwards (Stephen P Cohen 2001). The Indian establishment has not engaged in selling of arms even to smaller countries. Thus, Indian Defense Diplomacy is restricted to her meeting of requirements from Soviet Union and US in its history of survival and quest for Power.

The time line from 1990-1999 saw India coping with her economic crisis of large fiscal deficit, balance of payment crisis and therefore cut in defense expenditure. This was the time when India and Pakistan went nuclear and South Asia became a nuclear flashpoint, a cause of concern for the US and all major Powers of the World. The one military engagement that happened in the decade was the Kargil War where India had to fight Pakistan's military regulars who claimed to be irregulars. The military and the Indian Air Force were pressed into service until concessions were extracted with US involvement. The Nuclear test, Kargil War and then President Clinton's visit set the tone for the next decade of partnership, that is enhanced with India-US engagement in number of areas and not only defense.

CHANGING WORLD SYSTEM AFTER 9/ 11 AND CONVERGENCE AND NON CONVERGENCE OF INDIA-US RELATIONS

A decade after September 11 has produced lot of scholarly debate, one of the important one being US asserting the role of her super power status in the garb of the propagation of the idea that the world is moving towards securing greater freedom and protecting from threats. Before i can actually discuss about the major discourses and debates existing in the world after that and then convergence and non convergence of India-US viewpoints, it is important to understand that September 11 is a major event in the history of the world not because of the mayhem it created on that day but the repercussions of it was carried on for a long time. It changed the structure, the behaviors, the allies, the enemies for ever. The world will no more be the same place, it was said.

It was believed that the September 11 event provided the avenue for US India cooperation in full fledged terms, it gave the call for” security”. Suddenly, the term “security” gained prominence. Apart from that the role of sub-actors that were confined within the national territory showed symptoms of extending beyond and making their presence felt in the international field without the possession of army, or weaponry. Therefore it also became a war of ideology, a war against a religion. A war to secure “security” in any form. Indian domestic scene was one of securing better ties with the US after 1998 nuclear test and President Clinton visit.

September 11 brought together convergence in other fields as well. Before that the success story of Indian BPO sector and Indian economy were creating news in the world. Together with issues of non convergence as India’s diffidence towards hegemonic tendencies of the US and the other developed nations were challenged in other multi lateral engagements and multi lateral issues of proliferation and energy concerns. Amid all these stable requirements of humanity where all nations meet on common agendas, there was discord of power equation, interference in South Asian region

Post cold war also saw a surge in intra state conflicts, due to ethnic rivalry and fight for resources that were unevenly distributed because of increased interdependence of the world. The united nations system, free trade era, bilateral investments policies exert tremendous pressures on people who are unaware of the rapid changes that are taking place in a developing nation like India.

The new laws and legislation were making it difficult for people to respond to the needs of laws and regulations as the utility is not based on novelty. The 9/ 11 situation drew away attention from liberalism to fundamentalism and Religious distinction; it brought the truth of Samuel Huntington's clash of civilization almost to fruition level (Samuel Huntington 1993).

In this scenario India actually became a strategic partner of US. US needed the world to practice her hegemonic intentions without much dissent. Few traditional dissents were always going to be the bone of contention but still the supporters outnumbered the critic. India was one country that extended full fledged support to the US in her war against terror. Indian purpose of sidelining Pakistan was almost true.

Many nations voiced concern about the intra-state rivalry and the role of sub-state actors, assuming alarming proportions. Even their being in mutual contact with each other was ringing the alarm bells. In this circumstance, while US became a powerful player in India's extended neighbourhood and hence her immediate neighbourhood also. This time it almost was impossible for India to ignore US and US to ignore India. Trade and economics took back seat and the purpose of strategic partnership became important.

Strategic – not only in terms of common benefits that can be accrued to the two nations, but also in identifying and influencing common goals for long term benefits. That is the reason why issues like energy and joint exploitation of resources have increasingly become important, in realizing strategic goals.

Therefore the study should throw light on convergence and non convergence in issue areas between India and the US. US being a super power will look for better opportunities of resource mobilization while simultaneously looking forward to economic integration with the developing nations who are in a quest for achieving goals of economic and technological, scientific and defense preparedness in a better way.

The clashing styles witnessed in the pre cold war era can be mainly attributed to the philosophical outlooks and historical settings that were always divergent in nature. Those issues have been either taking a back seat off lately. That were divergent security interest only that pull apart India and US in most cases . in short it is the strategic issues that were hampering Indo-US ties, in the pre-cold war era. The most glaring example of it is US arms trade with Pakistan, China, to fulfill her immediate strategic goals that directly clash with those of Indian strategic goals(Anit Mukherjee and Manohar Thyagraj 2012).

Post 9/11 the strategic differences stayed as it was but the behaviors in the field of economic cooperation as well as the India- US civil nuclear Deal, together with the “Global war on Terror” definitely allowed India- US to eschew old strategic differences to cope with the changing situation. South Asia as a region was unable to deal with the US hegemonic tendency, under the garb of war on terror. Also because sub state actors inside India creating mayhem for India, probably thought of being redressed through extending support to the US wars.

The war in the rough terrains of Afghanistan, provided opportunity for India to ensure aims of securing better ties with the US.

This inclination could be due to many factors, 1) Indian liberalization and the economic policy inclination bending towards neo- liberal policies. 2) India’s quest for acquiring a status of a major developing nation with high economic growth rates. 3) India’s participation as an important decision maker in forums like WTO, G-20, and her quest for permanent UN Security Council seat.

There may be other reasons as well that must be producing similar effects of putting in the back burner previous strategic divergence between India-US towards a more acceptable Strategic partnership, fostered through engagement in “ **Indo- US strategic Dialogue**”, in three phases until 2010. Majorly, India-US strategic dialogue tries to forge a global strategic partnership over a bilateral strategic partnership that in any case has been alluding due to historical and ideological differences (Ministry of External Affairs of India Quoted by The Hindu on 19 July, 2011).

Strategic dialogue has now under her ambit issues like science & technology, defense, and intelligence and security. So under the changed circumstances of post cold war era strategic partnership has widened to a larger area but still technology can be seen as one component of economy only. Even the defense cooperation encompasses the sale of materials and air crafts. Now it is important to note here that Pakistan is elevated to a status of non- major NATO ally of the US. India doesn't enjoy a security sharing with US ever. Even the BJP government in India showed strong inclination towards forging ties with US, especially after the 9/11 attack.

But the vision of India to take all sub- state actors who try to work under the patronage of some states like Afghanistan and Pakistan cannot be fulfilled to completion. The technological might of US only helped in signing deals for intelligence cooperation as well as the cooperation of institutions. The fundamental difference of approach in handling issues of international importance still remained intact in the case of US and India. To cite, the cold war behavior still affected the opposite thinking of US and India. The US military engagements with Pakistan, and US intention of controlling China by any means proved difficult for India at all cost (Anit Mukherjee and Manohar Thyagraj 2012).

But September 11 somewhere made those lines indistinct, for the issues of internal security almost subsumed the issues of national security. The issue of fundamentalism was voiced to be able to synchronize national State Power and International or all State Cooperation.

The championing of global war somewhere brought under wraps those conflicts, which were to be dealt with state forces on coercing other states that promoted such policies. In this case Pakistan was always considered a territory of fomenting troubles for India so much so that the NDA (National Democratic Alliance) government in India (1998-2004) demanded Pakistan to be declared a "Terrorist State". 9/11 and the resolve of the world community to engage in global war against terror, provided the base for India to direct world's attention towards states like Pakistan and Afghanistan. But even here the role of Pakistan for US was contrary to India's ambition.

India knew that Pakistan's territory was to be used for attacking Afghanistan. This made south Asia murky. Despite India always opposing US intervention in the region she finally, somewhere, gave up past postures to join the global war on terror under the leadership of US.

This is the major shift of strategic behavior in the case of both US and India. Previously the mutual frictions kept getting aggravated because the military supply of arms to Pakistan by US that was always a concern for India. But now Pakistan being at the brink of internal turmoil, somewhere addressed the problem of India. While India was buying US arms, Pakistan was being supplied with arms to handle conflict zones.

There are fundamental differences in both the approaches. The discussion here can just conclude how the strategic approach has shifted after 9/11. Though India's economic miracles were bringing newer challenges to India in the late 1990's and early years of the first decade of the twenty first millennium. The strategic role became indistinct or more distinct only after the global war on terror.

Strategic forces became better with the visit of all the Presidents of the US in the last decade and a half. It started with the Clinton visit, Bush visit and then President Obama visit, recently. We can study a transition in the focus of all the three presidents while they visited India (www.usembassy.gov)

While president Clinton visit focused on India's growth story in IT sector, and asserted India's economic growth and power that makes India the next leader of the world. It was President Bush who actually took the ideas forward and set the international energy market open for India by opening the nuclear commerce market. This approach of helping out India to emerge from the traps of the clauses of non cooperation in energy trade market and be able to develop and expand her own energy options are well taken across sectors. The Indo- US nuclear deal not only set new debates for the importance of nuclear energy but also a new chapter was added to India-US relationship.

The recent visit by President Obama added new dimensions to the expansion of what can be called a Strategic partnership. This includes cooperation in the energy sector and exploitation of resources, understanding how these resources can be put for sustainable use. Among the cooperation that is included in the strategic partnership of India and US, one very important field is the renewable energy sector. US cooperation here includes biofuels, carbon capture, solar energy, building efficiency, etc (www.usembassy.gov) and (Times of India 8th Nov, 2010).

The strategic goals have repeatedly shifted from regional issues to world system to economic issues to technology transfer to attain larger goals of climate and energy, natural resources which in any form is economic cooperation.

The end of cold war gave rise to the US hegemony and the rise of unipolar world. Still a non convergence zone. The zone of convergence was explored only in the 1998 after India's Nuclear Test. Though sanctions were imposed immediately which were eased in 2001 after the visit of President Clinton. After the three visits by the successive presidents of US, These areas of convergences are taken to expansion mode by discovering and engaging in new avenues like civil nuclear deal and further collaboration in the field of science and technology, climate change,etc(Virginia I Foran 1999)

Accordingly, the new strategic relations has given further impetus to defense relations between the two nations. India and US have cooperated in defense matters in terms of dialogues, military exercises, defense trade, personnel exchanges, and Armament

Cooperation. The role of strategy in the partnership of India and US are manifold in the present scenario. The defense cooperation and defense deals are off shoots of economic cooperation because the security system of India has remained self dependent.

India has been a guiding factor for regional man oeuvre so that a particular strategic balance is maintained. A strategic scale can be drawn where India can be shown to possess prowess on the basis of her economic growth and her increasing needs of exploiting resources and materials for enhancement of her status.

US, as a superpower can look forward towards enhancing her partnership with India. Under this the evaluation of defense framework agreement, 1995 and defense framework agreement of 2005 can throw light on the evolving partnership of US and India, which showed transformation within a decade.

The new world order is supposed to be based on peaceful rise of new powers, economic dynamism and constructive defense cooperation. India, US and China are guiding the new format of world relations. The strategic framework agreement will look reluctantly to transform the new ways of managing state affairs that will see the military engagements in new format.

The US state department takes special focus on building this new partnership. The base work has been going on for quiet some time. Since the end of the cold war and India's liberalization. Rise of emerging powers and evaluation of power equations are all entwined together to produce a strategic partnership that will look formidable in all respects.

The question is how this strategic partnership became formidable or will look formidable in times to come. The later part of the 21st century has seen the evolution of INDIA-US strategic relations in concrete and solid basis.

The solid basis can be discussed in some details. Few of them are military exercises, defense trade, personnel exchanges and armament cooperation. All these ingredients are critical to mutual development of defense partnerships. Especially the joint military exercises, personnel exchanges are more towards enhancing partnerships while those of defense trade and armament cooperation are enhancing defense relations.

As it has been discussed before that defense partnership in the case of India has more to do with India's factoring the benefits with other powerful nations due to her liberalization policies. Even the investment in the defense sector has been enhanced to promote foreign participation, the major benefits accruing to the defense industry of the developed nations. US has been evincing interest in the India defense sector for long. The modernization of Indian army can be a crucial factor in taking ahead this partnership as has been already evident in the trade deals that are recently signed. The major upset for US being the loss of the deal of 126 multi-role aircraft for the Indian Air- Force.

All this discussion brings to light the importance of economic interests in strategic interests and overall the defense diplomacy being only a tool for understanding both the strategic interest and economic interest of India and the US. A very important strategic partnership was the Indo- US civil nuclear deal that was signed during the Bush administration. This deal set the ball rolling for a new look partnership that was awarding for India in many respects, especially for being a responsible nuclear nation.

Apart from this, it is important to note that all the strategic framework agreement, be it in the field of science-technology, technology transfer, also defense framework agreement as well as civil nuclear deal though being strategic in approach, had considerable measure of economic implications.

The left bogey in India has not lost any opportunity to highlight the economic interests that are attached with all the strategic man oeuvres that has been dovetailed to India. Apart from the civil nuclear deal, the strategic implications of which will be discussed a little later in this chapter, it is important to note what activities comprises of defense diplomacy or defense cooperation in the case of India- US . The major activities and the importance of all that can be charted out are as follows. The regular military exercises have exceeded recently to surpass the joint military exercises as has been carried out by any other nation.

All the three wings have been involved in the joint military exercises and the different wings of the military components has been accruing to various joint collaboration as can be given below. The importance of these exercises are that both navies run the gamut of high end naval warfare including the integrated air/ missile defense, anti surface warfare, anti- submarine warfare and naval special warfare. MALABAR is the premier bilateral military exercises conducted to reinforce maritime tactics, techniques and procedures. In alternate years, MALABAR has been a multinational exercise including navies of Japan, Australia, and Singapore (Report to Congress on India US security Cooperation, US department of Defense 2011).

The US army engagement with India conceived in 2001 centers on the annual YUDH ABHAYAS that started on 2004, after conventional armies exercised together in India since 1962. YUDH ABHYAS has expanded its utility to discussions of mutual concern apart from just being training exercises.

Marine corps of US has enhanced India's amphibious doctrines and operations. Indian air force exercises capture a range of issues like mobility assistance given in humanitarian emergency situations. Interoperability across a variety of mission sets including interdiction, air superiority, defense suppression, airlift, aerial refueling and reconnaissance.

These military trainings and exchanges have goals that are varied according to scholars. While these activities tend to reduce mutual suspicions against each other as well as the utility of these exercises can be single and multiple(Report to Congress on India US security Cooperation, US department of Defense 2011).

Strategically, these activities trigger a sense of insecurities in the region and sends signals that can be beneficial to both India and the US in the region. Considering this fact in mind, the collaboration in the field of handling terrorist related activities are also important .the major arguments are regarding US expansion from the Atlantic ocean to the Indian ocean. How much is this activity concerning to China or India is also debatable. Though china takes South China Sea as its exclusive domain, India is not too forthcoming in the case of Indian Ocean. The military exercises carried out by the navy of some other region should be an issue of concern (S.P Seth 1975).

But the super- power has almost been able to put itself succinctly, in the Indian Ocean. The man oeuvres that is potentially dangerous for strategic India-china relations. This can also be taken as a tactic understanding among the strategic thinkers in the Indian side of brow beating china to some extent. The potential benefits for India are less discussed in comparison to her being used as a tool to answer and exercise the hegemonic powers of the US.

The geopolitics of extraction of natural resources are another important strategic issue. They are supposed to compensate India for her extra reliability on Iranian crude oil that is under scanner in order to cut off Iran from the rest of the world so that the economic suffocations are strong enough to rein over Iran's nuclear programs.

Strategic partnership of India- US lacks a joint approach to handling issues of international importance. The major discourse runs with the argument of underlying difference in tackling situations in the ground that will differ despite the new bonhomie exhibited in the Indo-US relations through partnerships and agreements. The major scholarly approach varies due to the impression that India is succumbing to the pressures of the US strategic plots.

The acceptance of US hegemony and the impending rise of India and China are crucial factors for framing global partnership of India and the US. It is important to discuss threadbare what are the basic rules that should govern the man oeuvres of India and the US. The debates should turn to what will India benefit out of US rather than how US has been trying to place India in her quest for displaying strategic skills , by playing the cards of choosing the right partners all around the world. In this context, Indo-US partnership should move towards the acceptance of both being mutually beneficial to each other.

But the misadventure of US in our extended neighborhood of Afghanistan is a issue of concern. The strategic partnership in this case is not bilateral but multilateral. That means, the bilateral relations will guide the behavior of other nations in the regions. India's benefit being her ability to pressurize US to mend Pakistan's behavior and hence enable a relatively stable situation. But on the other hand it also, proves difficult for India and Pakistan not to engage in defense build up as US provides the ammunition to establish her Hegemony in the South Asian region (Dennis Kux 1992).

Even in the case of Indo –US nuclear deal, as well as collaboration in other fields, the newer world order based on economic and resource interdependence are the guiding principles.

STRATEGIC GOALS OF INDO-US NUCLEAR DEAL.

The Indo-US nuclear deal can be viewed in two perspectives:- on one hand it can be said to be a culmination of previous efforts towards strategic goals and it further laid down a roadmap for further future collaboration in other issue areas of multilateral forums. In order to understand how the strategic goals converged with this treaty, we

need to look into the basis of this engagement. The deal that was signed during the visit of president George.W.Bush in 2005 saw US engaged in two wars, the popularity of which was fading, an impending economic crisis that was still not visible at that time.

The need for partnerships that were forged during the “Global war on Terror”, were to be cemented carefully. Nuclear deal for India served two very important purposes:- once it gave importance to the rising energy needs of India, acknowledged her right to participate in buying nuclear reactors and nuclear materials from the world market. Thereby, giving her the platform to negotiate on her own accord her position with all other countries who are engaged in the sale and purchase of nuclear materials. The opening up of dialogue for India’s membership in Wassenaar agreement, Australia group, etc demonstrated her credentials as a responsible Nuclear Power. These positive aspects of deal has already been discussed for quite a long time(N.Ram for The Hindu 2005,2006).

Since research and development form an integral part of the deal, the collaboration in the field of science and technology, as well as operation and maintenance of the reactors are imbued in the deal. The provision of the termination of the deal will come only in the case of changed security environment. Though this changed security environment clause is misleading and throws doubt on the long term strategic partnership of the US as has happened in the past. This also somewhere, proves how the present global system has envisaged the partnership of US with India that is need based but has been transformed with further expansion of interests in these fields.

This Strategic partnership has dimensions of Power acknowledgement, interest satisfaction and most importantly referencing of global world order that is searching for security in two ways:- 1) Caricaturing the internal dissents of the developing world as the global war on terrorism, and 2) By differentiating dissents that if not addressed for quiet more time, can virtually lead to more challenges to the state power(John Cherian 2011) and (Robert D Kaplan 2000). India- US strategic partnership hence leaves an imprint in this regard. The defense diplomacy they engage in are to substantiate this strategic partnership.

CHAPTER-FOUR

ECONOMIC INTERESTS IN INDIA-US DEFENSE DIPLOMACY IN THE POST COLD WAR ERA

ECONOMIC INTERDEPENDENCE AND DEFENSE COOPERATION

Economic interests in international relations are evaluated through the prism of political economy as well as strategic thinking. Market and state converge to form political economy (Robert Gilpin,1987) India-US relations in the post cold war era can be a case study of the liberal economic era that has given a wide area of operation to market forces. India after her liberalization has taken a turn towards liberalism and hence the byproducts of this economic force have produced results of new labor laws, and new ways of management of public and private industries.

The underlying theme of mixed economy of the Indian state, that bore the socialistic tone has further moved into the domain of restructuring the role of state towards enabling the disposal of the market allocation of resources (Mishra and Puri,2008) This free market ideology is a major factor of bringing in India and US at convergence table. What has India and US achieved out of this partnership? This has further been expanded into the domain of financial sector from the service sector boom.

Economic growth and democracy together became synonym. India and US enjoyed better relations because of a transformation in the structure of Indian economy that brought with it market reforms and hence the western economy found a new territory to savor. The export and import figures as shown in graphs (figure 1, figure-2) in the subsequent page depict the trend of increased growth in economic activities. This further proves the point that the concept of Democracy that has been the ground work of India-US relations till now shifted its focus towards economic growth and India's stature as an economic powerhouse. The concept of developing nation and the negotiations for the permanent seat in the UN Security council were all tabled on the basis of the economic performance of India post liberalization of its economy.

It is important to note that the two important phenomena – one in the international system and the other in the domestic domain of India together produced a strong momentum for bridging the gulf between the two largest Democracies of the world. The mutual distrust and suspicion gave way to cooperative efforts. In other words, as the scholars subscribed to the idea of two major phenomena- the unipolar world and the era of economic growth that was sweeping countries of different regions. It was

the time of introducing economic reforms to enhance energy, infrastructure, health and education opportunities in the developing nations. Henceforth, the debates were more about structural adjustment programs as well as administrative capabilities. The administrative capabilities, itself was to be produced from a churning of political dimensions of India. In that case the coming in power of BJP (Bhartiya Janata Party) led NDA (National Democratic Alliance) regime in 1998 was also an important factor. The “India Shining” campaign was the campaign of showcasing a strong middle class of India and the growth story of India’s software skills as well as the BPO (Business Process Outsourcing) industry added fervent to the new growth miracle in the country. Apart from this, when a comparative perspective is drawn towards what the economic reforms brought for Asian economies, African economies as well as Latin American, we reach a common conclusion that a thrust towards privatization has brought competitiveness and market oriented results for economic engagements especially with the western world. The OECD (Organization for Economic Cooperation and Development) countries have grown in terms of expansion of trade and flow of capital as well as other economic indicators that evaluate a nation’s economy. Here the macroeconomic indicators have continued to show increasing interdependence of functionality between the nations.

Under this paradigm, I will try to understand the India-US relations. The facts and figures will substantiate my arguments. The economic dimension will prove that the interdependence of the world economy has brought defense relations, being debated on the basis of economic interests rather than a mere exertion of power, or changing the status quo of the systematic placement of the different states in the world system.

The major defense agreements that are signed between India and US are the framework agreements of 1995 and later the 2005 India-US nuclear deal. The purchase of arms also showcased the economic well-being of India in the world system. This implies that the economic reforms, democratic credentials and the stable macroeconomic indicators of India that showcased her strong fundamentals during the Asian currency crisis and later the financial crisis that took the world for shock in 2007 and later kept unfolding with new doubts and new challenges, even for the Indian economy. It is important to note that what exactly economic indicators imply for India-US defense diplomacy. Diplomacy is a specialized field of international

relations and economic growth sustained by India in the past two decades has gained the world attention. This economic growth trajectory has to be evaluated so as to lay down the risks as well as the benefits of engagements with the western nations. Classical economics to neo-liberal economics has an implication in the functioning of the state-system. But apart from that classical statecraft has also changed to statecraft that pursues neo-liberalist tendencies.

How can defense diplomacy between two nations pursue neo-liberal tendencies. That can be said when the economic demands of a country like India that till 1990 had a strong public sector domination is made to follow the structural adjustment programs of the World Bank and the International Monetary Fund, that enables the economy to adapt to its system to absorb more portfolio investments, as well as FDIs(foreign direct investment) and FIIs(foreign institutional investment).

The table below will show the exports and imports of India and US from 1990-2010. The graph will represent the growing economic interdependence. The growing interdependence of economic activity together with the established understanding of democracy between the two nations has taken India and US to launch their partnership into the defense sector. The Indian defense sector witnessed increased allocation with the rise in economic growth in India. With it came the following important things:- modernization of existing fleets and acquisition of new armaments and especially the provision of co- production and joint production.

Though the India-US relations have not moved towards joint production or co-production that also takes into her ambit the concept of technology transfer. The term technology transfer in the military has gained importance.

INDIA-US DEFENSE FRAMEWORK AGREEMENT, 2005

The Indo-US defense framework Agreement of 2005 expands into new realm unprecedented and unimaginable when India and US signed “Agreed Minute on Defense Relationship” in 1995. Major thrust areas of the latest Defense agreement is Hardware defense trade, transfer of technology, co-production, collaboration and research and development, Joint and combined military exercises.

The framework agreement does not commit for a radical relationship but partnership in these broad areas, Capacity building, military hardware trade, Bilateral and multilateral security. US wants ally in all regions of the world so that a tactical support is present for its war against terrorism, Next step in strategic partnership (NSSP). NSSP agreement was signed in 2004. it is the preceding draft of the “defense cooperation agreement of 2005”(K Alan Kronsadt 2005).

The economic underpinning of defense agreement also became glaring with the wikileaks cables. Political ambitions behind the deal are possibly the threat for US for rising China, India will be a counterweight, US needs partners for Global War against Terrorism, economic dependence of US on military technology, India’s new Power projections through defense collaborations and enhanced partnerships (Sridhar Krishnaswamy 2005). Further, the defense agreement is supposed to work only when it is synchronized with wider economic and technological benefits for India. Therefore the appreciation of facts should come from the economists who run the country rather than the military establishment of India (Wikileaks cable 29616 dated march 28,2005:confidential accessed through The Hindu).

ECONOMIC ENGAGEMENT PRELUDE TO DEFENSE AGREEMENT

Since it is the western world that has been industrialized first and a very important phenomena in inter-nation relations are observed when a particular economic activity extends her dimensions to reach out to solve or provide new impetus to the relations of the two countries. It can be said about India and the USA as well. The modeling of economic activity taking place between the two nations, can henceforth provide forward linkages to development or forging of ties in new segments. Two nations just not talk about strategy, mind games and defense preparedness, but even the military and intelligence wing of India and US are actively cooperating with each other for the global war on terrorism. The involvement in perpetual mind games with each other, occupy foremost position in all the important space, relating to decision making, the engagement of the economic process involves the population, or a mass of people, who have been given a particular picture, created and painted, so that the state’s decision regarding territoriality, her spirit of fight back and posture making gets enhanced to a considerable strength. Under this paradigm, defense cooperation

gathers momentum only because of the economic activity of the nation as can be seen in the case of India (Siddhartha Varadarajan 2007)

But otherwise as realists have argued it is the state and the military that decides the importance of relationships in inter- state activities of international relations. While liberals speaks about channeling of interests in such a way that all interests are itself taken care of in the system. Similarly, the need for economic relations are interest based but the need for defense relations are channeling itself so as to create, a framework for itself in the economic domain. The action is neither purely realist nor liberalist, but somewhere in between. Similarly, the India-US economic relations as well as Defense relations are addressing liberalist tendencies under the garb of realist obligations.

This is greatly proved true by the growth stories of Indian software industry, especially because this particular activity of India found a huge market in the US. US became the largest trading partner in many economic sphere, but the most important being the Indian software industry. A number of economists and social scientists have talked about this particular industry, the growth miracles, the change of societal aspirations, a new middle class dream in India. Especially the rise of a strong middle class in India is greatly attributed to her software industry and her growth witnessed in the engineering sector in 1990's. These trends are continuously being monitored by international institutions and government agencies.

A continuous belief of India's BPO and software industry as the driving factor in India-US relations has been molded by the Vajpayee government. So much so that The slowdown in US economy witnessed from 2001 and after the sub prime crisis in 2007, the growth trends of India is fiercely being studied vis-à-vis the US economy. Though India has gained her place in the decision making table as a representative of the developing economy which is being debated because of the change in the trends of the economy, the debates ranging from the financialization of economy, the autonomy of Indian banks etc. The endeavor will be to forge a link between Indo-US defense ties facing acceleration due to the frantic economic expansion in other sectors. Or understanding that a dilution is seen in the efforts of engagements in the form of alliances. The defense relations therefore are focused towards sale and purchase of armaments and conventional weaponry rather than subscribing to the realist

arguments of self help and maintaining the balance of power in the international system

The question of India's BPO industry being an agent to prove this theory, but apart from that there are other issues concerning the trade disputes which are represented by India as a emerging economy while the US represents the developed economy along with the EU. US growing skepticism for Indian software prowess is exhibited through the protectionist tendencies clearly exhibited in the recent passage of bills and rhetoric.(Ashwami Saith and M.Vijayabaskar 2005).

It is important to know that the rise in the service sector of the Indian economy of which BPO (Business Process Outsourcing) and software industry is only a component carries with it a substantial portion of India's all those macroeconomic indicators like GDP (Gross Domestic Product), trade balance, export, import which further provides a platform for the further growth of India's debating position in other multilateral institutions.

The recent trend post 2001, and after the recession in the US economy became more pronounced was the signing of bilateral free trade agreements with the economies of the southern world. Shifting the focus of the Indian economy creating one to one linkage with the US economy through her software industry which later on gave rise to revisiting international relations theories in the new light.

WHAT HAS THE ICT INDUSTRY ACHIEVED?

Given the importance of communication in today's world, it's spread in developing economics is critical for their development. The objective was to create a comparative advantage based on national technology in international markets as the multinational company emerged in 50s-60s.

Evidence suggests that successful countries have exploited the ease with which technology can be acquired on international markets. Japan, Taiwan, South Korea built their high technology development in large measure on imported technology from US. Brazil and India have relied much less on foreign technology and in informatics are specifically are seeking to master their own technology . Brazil and

India have consciously sought with apparent success, to increase the market share of nationally produced equipment and technology. Defined in terms of products , high technology markets are inevitably limited unless one can assume open borders and rising income levels around the world, which generates the demand for these products, and rapidly accelerating innovations to meet this demand.

High technology affects productivity and output in all products- especially agriculture, and less sophisticated products- textiles, steel, services. The way country defines high technology influences its strategy. India, Brazil and to a lesser extent France have tended to define high technology in terms of the technical mastery of sophisticated products. Taiwan, Japan, South Korea defined it in terms of enhancing value based on improved manufacturing, management, and marketing technology(C.P Chandrasekhar 2005).

The information sector is the epitome of high technology development .communications and information services are essential to the modern economy.(The IT sector in India is a much hyped success story, a globally competitive industry that for the first time has placed the country on the global map of rapidly growing sector. The Indian IT industry was a 10 billion dollar sector in 2000, two – thirds of which was software and one third hardware. India’s software sector is predominantly export oriented, with about two-third of it’s turnover coming from the foreign sales.

Out of total software export, almost 60% went to the USA and Canada, 24%to Europe, 4% to Japan. There indication of increasing industry concentration.. India’s IT sector is heavily dominated by exports and its labor market is almost as flexible as that of silicon valley. The six IT clusters in India, Bangalore, Chennai, Hyderabad, Mumbai, new Delhi, and Pune, had the highest concentration of public sector R& D establishment (especially defense) as well as publicly funded science and engineering educational institutions(Nagesh Kumar 2005).

WORLD ECONOMIC SYSTEM POST COLD WAR

The economic scenario of the world after the cold war has presented a myriad picture for different countries. Not only it segregated the countries in the so called the “developed” and the “developing” nations and introduced a one fair system of

international trade through WTO .But the internal dimensions of the economic indicators has always influenced the ways through which international system has evolved in the past last two decades.

One very important ingredient of it being is that the active participation in an open economy requires some surrender of economic sovereignty. Or, to put the point more positively, it requires willingness to coordinate policies more effectively. The possibilities include:-

- 1) Stronger surveillance by the International Monetary Fund (IMF),
- 2) Direct and public recommendations by IMF, G-20, or others .

An appropriate reserve currency and international liquidity represent another central concern. Dollar as a reserve currency has always given vast privilege to US that is the reason for India export and import as well as trade in services and goods being made subservient to US interests. The industrialized countries already had a upper hand on the production of services and goods. The liberalization of Indian economy brought India towards debates of globalization, liberalization and privatization. The rising inequity in the Indian subcontinent coincided with the rising stock exchange market, the health of indicators like balance of payment, reserve currency kept improving in the past decade.

INDIAN ECONOMY: THE SKEWED GROWTH STORY AND THE US INTERESTS

The economic agenda that was supposed to be perceived for long in other nations was unleashed in India. India being a large nation, the middle class immediately grabbed the opportunity of service sector. The economists have spoken about the skewed growth story of Indian economy due to her software prowess and her BPO sector. This was this turning point in Indian economy that brought the President Clinton's visit to a great success. Later on the cities like Hyderabad and Bangalore were portrayed as the silicon valley of India. The BJP led NDA took it as their election campaign in the 2004 national election.

All these variables gave rise to a better India-US partnership. The economic growth was clubbed together with the cooperation in the energy sector. The India-US civil nuclear deal was a progressive step towards fulfilling the rising demands of Indian energy needs. The economic dimension of India-US nuclear deal will throw light on interests that transcend India's acknowledgement as the Nuclear Power. The liberal economic agenda as well as the search for the market for American nuclear reactors were highlighted in the Indian media as well as by the left parties (Venkitesh Ramakrishnan 2007).

As it has been said that liberalism is a approach not a theory. Similarly it can be said that the increasing India-US relations thaw and improvement has more to do with economics and trade as well as the services that these two countries have been engaging with recently. Economic well being is closely related to the politics of resources and energy. The oil demands of India has increased steeply. The Indian oil demand on one hand increased the proximity of India towards countries like Iran.

This further involves the strategic angle that has been already taken care of in the first chapter. The economic angle of the India-US defense Diplomacy can be seen in terms of trade of conventional arms as well. US remains the biggest supplier of the conventional arms and India the largest recipient of the conventional arms. But the statistics are not directional towards each other.

The defense relations are strong with Russia though US companies have lobbied through the defense department for the purchase of new equipments. The important point here is that of neo liberal agenda of US, economic growth of developing countries like India as well as the rise in trade and services in India that finally culminates towards greater strategic relationship and greater cooperation in the defense sector. The defense sector cooperation then becomes a purchase and buy phenomena rather than the security regimes and alliances of the pre cold war era.

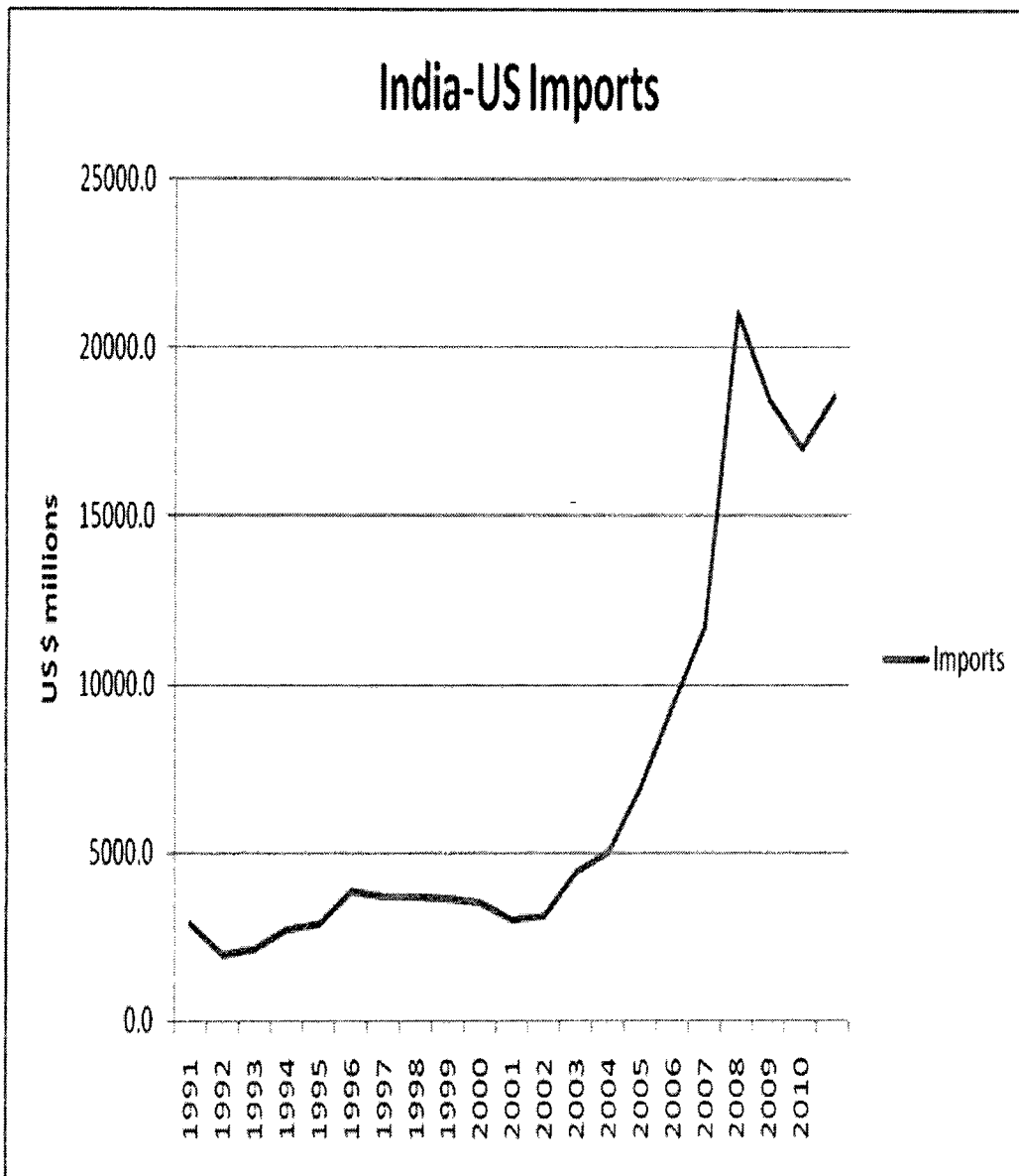
India-US relations can be judged solely on the basis of neo liberalism, economic interdependence. This implies that we will take into account neo-liberalism and India-US relations. What is neo-liberalism? What did India get from her growth story? The

left wing economist have repeatedly set the trail towards rising inequity but the liberalized economy brought with it a positive impact on Indian industries, apart from increasing competitiveness and productivity. The Indian manufacturing sector showed a rise in productivity. Then the technology up gradation in various sectors of economy automatically brought skill enhancement (Swati Mehta 2011).

Visualizing from the point of view of the US, the neo liberal policies, that has been adopted by almost all countries is only an exertion of her economic hegemony. This economic hegemony translates itself in the form of trade relations that bring inequity along with growth miracles. As India has always been an agrarian country, it is important to note that the distress of rural economy, shrinking of rural credit as well as a complete neglect of agriculture sector were hurting Indian economy in totality.

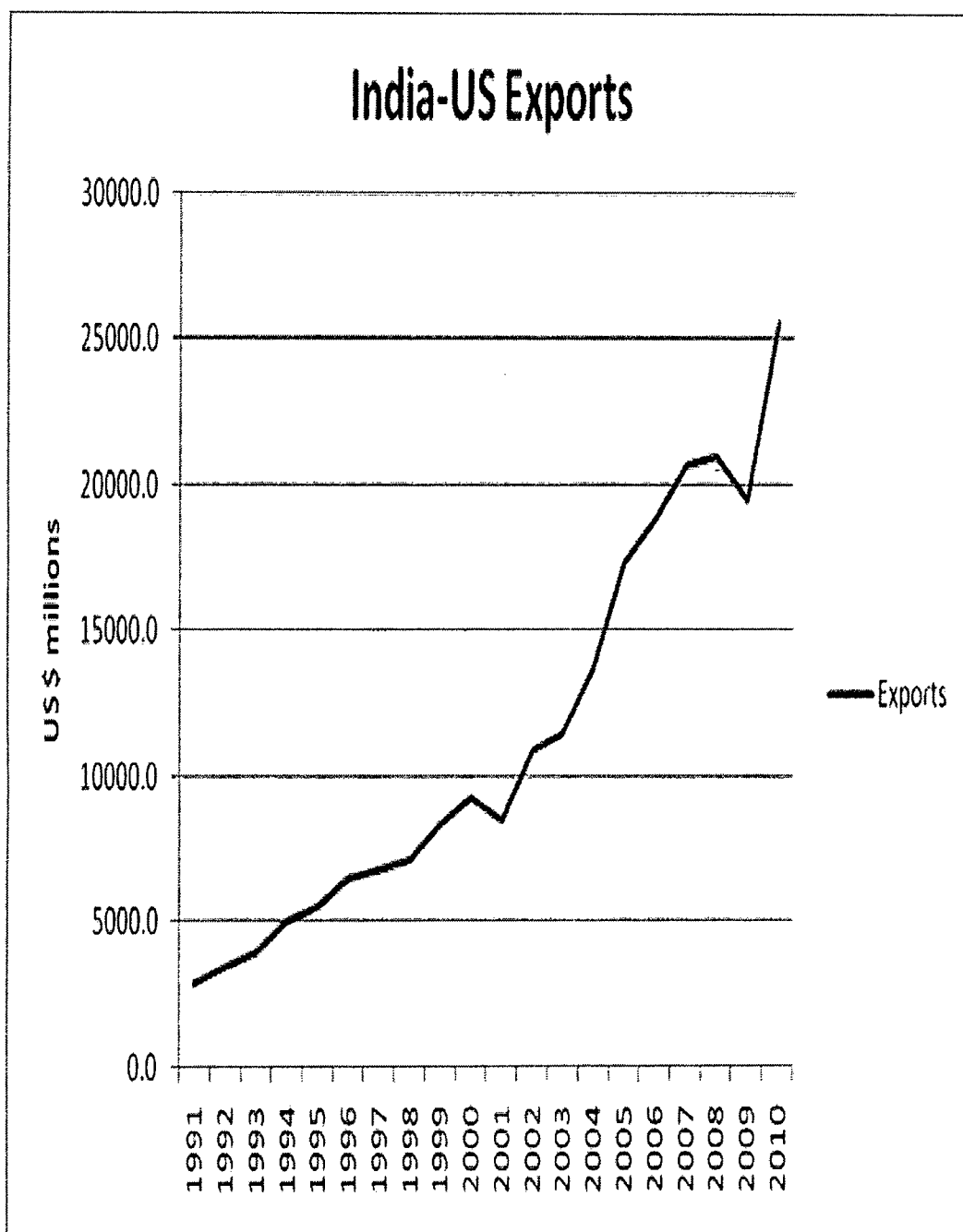
The neo liberal policies actually come from the institutions like World Bank and International Monetary fund. Since these institutions are headed by the western countries. It becomes but obvious that under the garb of institutional supervision and guidance, it is the US policies that are being implemented. That itself brings to light the serving economic interests of the US. The challenges of Indian economy are very different from that of a developed nation like US. The economic growth as well the market based solutions of dealing with corruption in developing societies like India acts as tools of celebration for closer ties of India and US.

The economic dimension can be better judged, as US moves towards India are also seen as countering the growth potential of China, rather US stimulating India's growth in order to counter China in coming times. The closeness of India-US in the recent decades was just not the rising exports and imports in the past two decades as can be seen from the table.



Source- Reserve bank of India, accessed on 1 june,2012.

India's imports from US post liberalization of Indian Economy.



India's exports to US post liberalization of Indian economy.

Source: Reserve Bank of India accessed on 1 june,2012.

ECONOMIC INTERESTS AS SHARED VALUES

What are the convergence point in India-US economic partnership. The quest for greater investments to be invited to India and enhancing greater exports to US. The economic engagements of two countries can be better understood by taking a closer

look at the cooperation and difference of opinion in the multilateral trade negotiations as the Doha round. Though India has a tendency to oppose the issues brought forward by the developed country in areas like tariff and non tariff barriers, pharmaceuticals, intellectual property rights etc.

“Shared values” reflected through 2005 joint India-US Global Democracy Initiative is another effort to build a partnership along with strategic dialogues and economic dialogues that have become common in India-US dealings. The agenda of neo liberalism and the proximity that is witnessed in the relations between India and US contains negative connotations. The economic repression theory in the form of neo liberalism brings to the fore interests and interests alone. When India is set to follow these agendas, it can be to suit her domestic needs but the tip-toeing of US interests reflects more in major left oriented writings(John Cherian 2007).

The concept of shared values thus tries to soothe the negative connotations. US-sponsored democracy has generally meant “regime change”. The participation of India in this promotion of democracy, development and freedom is also seen toeing the US lines where the other developing nations will view it with suspicion. The two major powers that are potential rivals of US are China and Russia(John Cherian 2007).

The economic and business opportunities are also the shared values on which both nations are working. The examples being the civil nuclear deal and the defense agreement framework. The senate foreign relations committee hearing on 123 agreement openly stated that the Indian Government has provided US a strong letter of intent, stating its intention to purchase reactors with at least 10,000 Mega Watts (MWe) worth of new power generation capacity from US firms. India has committed to devote atleast two sites to US firms. Clearly with the imminent revival of nuclear power all over the world, the US is looking at India as a test bed for reviving its dormant nuclear industry and nuclear technology development(Frontline October 10,2008).

The issue of non proliferation was only secondary as was evident from the extraordinary manner in which the US pulled out all the stops to counter the strong

opposition from some nuclear suppliers group(NSG) member to the clean and unconditional waiver that India sought. Further when we look theoretically, we can only say that the post cold war, the political economic theory is just the expansion of two themes of economic reforms, rising inequality, complex interdependence of markets, state, and the inter linkage of global capital.

Under this theme, India's economic growth was a starting point, her trajectory shifting from the Hindu rate of growth of 3% to the high growth rates of nearly 8%-9% was a stepping stone towards more militarized economy, an economy that was oriented towards attracting investments and its good health denoted by high forex reserve currency and further increase of exports due to demand of goods and services abroad.

Then comes the role of technology and technology transfers. This is the next root of mutual interaction. When coming to technology, the technological leadership of US has further moved towards technology diffusion, towards developing societies like India. India has been especially conspicuous in being an innovator of technology as well. India has maintained her niche in software development that which is an area of technical innovation almost at par with the western economies. The dual use agreements of technology transfers, are treacherous because of this purpose only.

The potential for technological innovations subsides in one part of the region whereas the technological diffusion, even to a small account can lead to better innovation and improvements. The world system, is moving towards the information and knowledge economy, this challenge is difficult to be imbibed in the society whereas the transport of it is an easy phenomena. India as a "knowledge economy" has another economic fragility because the shift to information and communication age had taken place in a very rapid manner, almost a decade and a half, this has brought a rapid proximity to the western nations and the celebration of state has become loud.

The recent Indo-US partnership is a fit case for depicting complex interdependence. The first one will be to prove that the military engagements are important as a power projections beyond the region. The agenda of interstate relationships are not arranged in hierarchy but are multiple. The military security comes after other issues. And finally multiple channels connect societies and the government.

The trade policies of India and US reflects business outlook but political bias. The trade in services is one area that has shown immense potential for growth. Apart from India's growth in IT/ITES as presented by NASSCOM, the trend shows that the trade in services is outdoing the trade in merchandise. Trade in transportation is a major component of bilateral trade. The rise in foreign direct Investment from US rose remarkably and that implied increased engagements(www.nasscom.org)

Though, US investments in India is half the investment that US has in China. But the rising liberal policies and the rising engagements in economic field has a bearing on defense sector too. Though India has no bilateral trade or bilateral investment treaty with the US. The engagements are in multilateral institutions like the World Bank and the IMF. In the field of technology transfer the treaty that was signed between India and US was the VEU (verified end user agreement), that will provide license free sale of otherwise controlled US exports to Indian Users. Then India is a beneficiary of US Generalized System of Preferences(GSP) that provides duty free tariff treatment to certain imported products from designated developing countries(US Department of Defense Report to Congress November 2011).

The recent engagement is the India-US Economic Dialogue. And the focus areas are trade policy forum, finance and economic forum, commerce dialogue, and environmental dialogue. In 2005 session India and US agreed on three new initiatives under Economic Dialogue. They are information and communication technology group, CEO forum, US- India agricultural knowledge Initiative, and the reconstituted High Technology Cooperation Group. It involves the participation of both the public and the private sector.(www.indianembassy.org).

The liberalization of FDI foreign direct investment has set the tone for FDI promotion act. The US investments in India increased thereby. Similarly, the comparison of GDP of the four major economies with India is denoted from the graph of planning commission. The US economy shows decline from the year 2008 while a steady state of growth is witnessed in the case of India, though in absolute terms India is way below the US, UK and the Chinese economy. This figure also shows the rapidly rising Chinese economy, on which the US economy is interdependent though the economic

rise of China is portrayed as a bad news for US and the Indian Economy is shown as a rising rival to Chinese economy. All these arguments denote the strategic utility of economic angle of relations between India, US and China.

Further the first table depicts the comparison of the Indian Economy from the G-20 nations the Indian and the US economies are found in large gap. But in comparison to the economies of the developing societies, the Indian Economy is the leader. The economic statistics add value to the bargaining power from the developed nations in the negotiations in multilateral trade forum. India and US relations shares important negotiating stand in these debates.

CONCLUDING REMARKS

The defense framework agreement and the trade relations between India and US have the multiple linkage for expansion of relations in the coming times. Chinese economy that is economic model for India because of the common problems of rising inequity in both the country is moving ahead of the US economy. The strategic ploy of Indo-US defense Framework agreement and the Indo-US Civil Nuclear Deal will impact the economy of India vis-à-vis China.

Economy is closely related with Energy today so the Nuclear Deal is one hand addressing the economic interests of Both US and India. While the defense purchase and the modernization of Indian fleet recently, by purchasing arms and ammunition from US and other western economies defense industry exhibits India's growth that will sustain her military prowess in the recent times to come.

CHAPTER- FIVE

CONCLUSION

As the title suggests “Strategy and Economics in India-US relations in the Post Cold War Era”, my conclusion should throw light on what loopholes are still left in my study, rather what puzzles are still unattended in my study. It cannot be elucidated by reaching a statistical inference that can point out to what level my study reached the precision point. Since a qualitative study cannot be judged statistically. It is left up to whoever takes interest in this topic to work for further enhancement of the topic or if possible to add further dimensions to the thinking.

So, what are the major points I would conclude from my study. That will depend on what was I set forth to study. The theoretical aspects of economy and the strategic maneuvers of statecraft are not very mutually exclusive. While the strategic angle leaves space for speculation, economy is the present status of the Nation. The economic parameters measure the National Power as can be seen from the bonhomie associated with the rating of the government bonds. This is the recent example of present Economic crisis witnessed by the World.

My study was to deal with the bilateral engagement of India and US but the larger issues of economic and strategic parameters are involved. This made the study interesting and left a whole lot of issues to discuss in details. The study therefore, helped me to discover India-US relations but also the issues of territoriality and sovereignty of Nations. The newly independent India had to face lot of pressures of the cold war.

The mixed economy of India moved towards a liberalized era in 1990s which coincided with the end of the Cold War. The historical roots of any relations set the tone and tenor for further directions to the international relations theory. My study was not theoretical, neither was completely variable driven. It is the approach of the study that matters. In this context, the approach of my study was to judge how strategy and economics changed the dynamics of Indo-US relation. Rather it was the thought of Realism that guided the Indo-US relations till the Cold War but the Post Cold War Era has moved towards Liberalist tendencies.

The theoretical paradigm is left unattended, in this study. In the first chapter while evaluating the strategic dimensions or interests of India –US defense Diplomacy, the terms of definition of strategy and defense diplomacy needs to be clearly demarcated to understand how these two

factors affect each other. Strategy is an ingredient of Power while Defense Diplomacy is an engagement between two nations either in friendly terms or in order to change the status quo of the Power Rivalry, it can also be to be able to perpetuate Power Rivalry.

Defense remains a variable in the International Relations. Especially in military terms, the defense personnel command a distinct space of their own, that which are politically sensitive for political bosses too. The defense trade happens between two nations when the economic angle is also involved. While the transfer of arms that happened in the cold war era was mainly due to winning alliances. Defense needs here imply those needs that are fulfilled by weapon systems, fighter planes and fighter ships. Recently, defense cooperation also implies indigenous production through foreign know-how. India has been a strong advocate of such understanding with the developed Nations. Though it has been difficult to reach with the US government. The US government has always stayed firm for non transference of sensitive technologies, Military or Civilian.

The recent Indo-US deal was a multiple requirement fulfilling deal. Though the pros and cons of the deal are not very clearly discussed in the chapters. But it surely engulfs technology, strategy and economic aspect of Bilateral Engagement of India-US. Further the economic growth of India mainly laden by her service sector provides a further field of enquiry in judging her standing with other powers. It can be said that this dimension of India's growth was studied partially in this work. Still a keen economist sensitivity is missing. Even the political dimensions of it could have been traced in a more subtle way. The links of a economic dimension could have been compared to provide a better picture of understanding the changed dynamics of Bilateral Relationships.

The India-US relations, through this study throws light on engagements that could withstand the test of time due to Indian Democratic credentials. The aspirations of India to rise as a Global Power and get seat in the UN security Council as a Permanent Member required the help of G-5, hence the importance of Partnership with US was but required. Otherwise, the Diplomatic efforts are also an attitudinal engagement. The attitudinal factor can be further studied so that the flip-flop of relationships are better understood. The study here is a study of systemic factors where personality traits and third Country e.g (China and USSR) behavioral importance is laid to rest.

Though the word strategic implies that it is but natural that the relations between two countries will get affected by friends and foes in the International System. My economic and strategic paradigm tests bilateral utility as much as possible, hence the role of USSR, China, Pakistan are relegated sideways. The strategic factor therefore concentrates on economic well being, use of natural resources, convergence on issues of dealing with other states, and most importantly” the Global War on Terror”. The Regional issues also becomes Important to a certain extent.

Then further the comparison of India-US relations in the Post Cold War era and in the Cold War era can further give glimpse of Indian Struggling Economy and the need for various US aids. The Aid diplomacy also proved tactical and strategic in many terms. Though the nitty-gritty of it is still to be completely understood, and the impact of study can be further elaborated. Two other very important debates of Cold War Era was Indo-Sino War of 1962 and the Peaceful Nuclear Explosion of India in 1974, India’s Diffidence to Non Proliferation Treaty.

The third chapter, a supposedly case by case study of high and low points in India-US relations in the Cold War Era, could have been more comparative in terms of the reasons of failure for reaching reciprocation in bilateral relations then and how and why it changed course in the post cold war era. The post cold war era has more to do with the impact of Globalization, liberalization and privatization. The critical dimension is highlighted to gulf the divide it fosters in the Developing nation like India.

US therefore stands apart as Super Power for India though, a much needed Friend in the Present context. The US congress though, doesn’t have a strong Indian Lobby despite many Indian Immigrants contributing to US economy just like in the case of Israel, the US government has shown sympathetic tendencies towards Indian needs at both Domestic and International levels.

With all limitations present, we can say that the major dimensions of India US relations are collaboration in the field of Security, Strategy. Then education, research, economy and trade are other drivers of joint efforts. The collaboration in the field of science and space research can expand the domain of technology transfer on which the Indian Government has mainly insisted. Till now it was in the field of military hardware production on which the attitude of US government has always been uncooperative.

The aim of the study was to bring forth the changes in the defense diplomacy in the post cold war era. Further the changes in the strategic and economic dimensions that has enhanced defense sale and purchase in the modern world. Especially the Indian Military is on the threshold of major modernization and overhaul and US is offering an important option. It is important to end the study with few conclusions. The major one being that the defense framework agreement itself satisfies the economic needs of the western nations. Further the economic growth of India close to 8% has increased the budget outlays on defense sector. Rather India can spend for her Military as much as it can spend for her social sector reforms. While Defense cooperation with Soviet Union has declined while India is open to approaching other countries for her defense needs. India, for US thus becomes a market for sale.

Then, further an important conclusion that is reached is about an evolution of relationship between India and USA. While the India accepted US aid in adverse circumstances, it was not a nation whom US would affect by her aid policies. It is evident from what the US bureaucracies think about India. The primary reason being India is a Democratic state. Similarly, the arms aid taken by India were strategic when viewed from the US angle, it was important for India to accept the aid keeping regional issues in mind(China War, and Pakistan war).

Then India's resistance to "Atoms for Peace Program" and the Non Proliferation Treaty became the bone of contention. From the 80's India's economy and Indian leadership moved towards defense modernization and digital, technology driven growth. The partnership with US kept becoming strong as well as a need. To put it better, the first decade of 21st century recognized the growing capacity of India and doled out ways for fulfilling energy needs of India. The Civilian nuclear deal thus became important as it opened nuclear commerce just not with US but with all the other nations of the world. The strategic intent in the post cold war era is a slow transition from a unipolar world to a multipolar world and the new engagement called "The War on Terror" that requires US to search and sustain allies. While the duel between communism and US capitalism remained rampant in the cold war era, it has transited to a multipolar world where a single theme led by US is being pursued.

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