Putting Sovereignty Back in Global Order: An Indian View

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Irrespective of who wins the US presidential elections in November, the next administration in Washington will have to confront major structural changes in the international system and cope with profound internal instability. The world faces a powerful backlash against hyper globalization—in both economic and security domains—that came to define the post-1991 era. And within the United States, economic globalization and the nature of the American security role abroad are being intensely contested. The dynamic interaction between American domestic turmoil and emerging global fragility will be shaped not just by traditional US leadership but also by the role other powers, including India, might play.

As the world’s major actors take a fresh look at global economic and security orders, the unavoidable centrality of the nation-state and its sovereign responsibility to respond to emerging challenges has come back into view. At one end of the spectrum, there has been enduring political resistance to ceding that responsibility to a supra-national order. At the other end, second thoughts have arisen among those who believed appropriation of state sovereignty was needed in the late 20th century. India, like many nations decolonized in the middle of the 20th century, resisted the pressure to cede sovereignty in economic and security spheres even while adapting to the resurgent globalism of the last three decades. Unlike the American liberal internationalists and European integrationists, conservatives in the United States were wary of taking on the responsibility of
building other nations and accepting any constraints on America’s freedom of sovereign action.

India is well placed to contribute significantly to the construction of a more sustainable order that finds a better balance between state sovereignty and the pressing imperatives of international cooperation on global issues. Delhi’s biggest current challenge is to preserve its economic and political sovereignty from the danger of a China-led order in Asia and beyond, giving India a unique opportunity to help the world transcend the East-West framing of the sovereignty debate.

This article begins by providing an overview of changing attitudes toward globalization, particularly in the United States, and the new imperatives for downsizing the expansive liberal internationalist ambitions of the last few decades. It then discusses the roles the United States and India can play in reshaping global economic and security orders, including the construction of new coalitions of like-minded countries.

Reorienting Economic Globalization

Unprecedented global economic prosperity and peace among the great powers in the last few decades has been a cause for continuous and widespread celebration. Seen together with rapid technological advances—especially in the digital domain—it appeared that a dramatic expansion of human freedoms was at hand. This extraordinary optimism at the end of the 20th century turned into pessimism by the second decade of the 21st, triggering backlash against two great economic assumptions that emerged four decades ago. The first was that the balance between state and market must move in favor of the latter. Domestic liberalization that lifted regulatory constraints on capital was seen as a precondition for economic progress. The second was that freer movement of goods, services, and capital across national borders would promote national and global good by generating extraordinary economic efficiencies. Today, economic liberalization and globalization are under great stress as powerful political forces within and across nations push back.

Initial Embrace of the Washington Consensus

The great economic drift toward liberalization and globalization began in the 1980s in the Anglo-American world under Prime Minister Margaret Thatcher and President Ronald Reagan. In the United States, President Bill Clinton subsequently nudged the Democrats to embrace the Reagan revolution—domestic deregulation, state downsizing, free trade, and trickle-down economics (or what
became known as the “Washington Consensus”). In Britain, Prime Minister Tony Blair did much the same by rebranding a working-class party as “New Labour” to end nearly two decades of Tory rule under Margaret Thatcher and John Major. The socialists in France and Europe demurred at the “Anglo-Saxon” capitalist excesses but had no choice other than to adapt.

Russian President Boris Yeltsin buried the Soviet Union and turned to building capitalism in Russia. The newly liberated members of the Warsaw Pact embraced economic openness and joined the political project on European integration that had set itself ambitious goals at the end of the Cold War. It was Deng Xiaoping, however, who provided the pièce de résistance of the era by modernizing and opening China to Western capital. While Deng and his followers never abandoned socialism, they initiated an incredible era of high economic growth and turned China into the world’s second largest economy, giving a huge boost to global capitalism with profound consequences for the rest of the world. Deng and his successors also unleashed a dramatic expansion of Asian economic integration initiated earlier by Japan, the four Asian Tigers (Korea, Taiwan, Hong Kong, and Singapore), and the Association of South East Asian Nations (ASEAN). As the so-called “Washington Consensus” became the accepted global norm, there was booming international trade, super-profits for Western capital, and prosperity for China and many parts of the developing world including India.

**Changing Tides**

A generation later, when it appeared that deeper global integration was an irreversible phenomenon, the losers from globalization, especially in the West, showed up in sufficient numbers at the right moments and places to ruin the party. In Britain, the Brexiteers successfully mobilized against integration with Europe in a 2016 referendum. In the same year in the United States, Trump whipped up passions on trade to squeak through to the White House, arguing that globalists had outsourced American jobs to China and vowing to bring them back. Both campaigns underlined their strong opposition to immigration and the need to restore the national culture from being swamped by foreigners.

Both British Prime Minister Boris Johnson and Trump are now actively undoing the Thatcher-Reagan consensus on neoliberal economics. Under Trump, the Republican Party is claiming to be a champion of working people fighting against inequities perpetrated by a globalist elite. Boris Johnson won a massive mandate in 2019 by reaching out to Britain’s working class and breaching Labour’s “red wall” in the north.

Most of the core elements of the 1980s consensus—free trade, fiscal prudence, state downsizing, and open borders—are under pressure today. In the campaign for
the US presidency, the nominee of the Democratic Party, Joe Biden, is pivoting to the left on economic issues, partly in response to pressure from Bernie Sanders and so-called progressives who have emerged as a strong force in the Party. These issues include promises to raise the federal minimum wage to US$15, expand health care options, reverse the Republican tax cuts, implement a progressive tax code, cut student debt, decrease the cost of college education, and promote green growth. It is by no means clear if a Biden administration would stay true to these promises; what is evident, though, is the change in the American discourse.

Within the United States, the terms of debate on globalization and trade have turned on a dime. If Trump underlined the importance of “fair trade” between America and its economic partners, the Democratic Party (which always had strong anti-globalization factions) has made the slogan its own. Biden has been quick to adapt and declare that he “will not enter into any new trade agreement until we have invested in Americans and equipped them to succeed in the global economy. And I will not negotiate new deals without having labor and environmental leaders at the table in a meaningful way.”\(^1\) The two sides also seem to be drawing close to recognizing the need for some kind of industrial policy to strengthen manufacturing at home and reduce excessive dependence on imports. Trump and the Democrats, however, differ on which industries ought to benefit from government support—Trump favors “traditional manufacturing and fossil fuels industries,” while the Democrats prefer “green manufacturing’ such as renewable energy.”\(^2\)

This sentiment has been reinforced by the COVID-19 crisis that exposed America’s dependence on China for vital medical supplies. The pandemic has compelled a fresh look at the importance of shorter and more resilient global supply chains as well as the need for restoring the domestic capacity to manufacture essential goods. China’s role as the global factory was sustainable only so long as the rest of the world trusted Beijing not to abuse that special position. But as trade deficits with China mounted and as Beijing compelled foreign companies to cede technology and stepped up industrial espionage, that trust by the United States and many other countries has broken down and reinforced growing political resentment against economic globalization.

Starting in the 1980s, it was assumed that globalization would inevitably lead to an equitable distribution of the resulting benefits within and among nations. As globalization gained ground, there were indeed skeptics in both the developed and developing countries that questioned the rosy assumptions about economic globalization. As economic nationalism gained traction in the 21st century, sovereign states are under compulsion to respond and take remedial action to achieve greater equality.

If US-China economic cooperation had set the tone for the dramatic expansion of the global economy in the last few decades, it is also at the heart of the current
contestations in the US elections. Democrats are under pressure to respond to Trump’s charges that they are complicit in letting China gain the economic upper hand over the United States through free trade and refusing to see the emerging political challenge from Beijing. As Trump tries to tie China, globalism, and China’s responsibility for the pandemic to Biden and the Democrats, the conversation has moved toward decoupling the US and Chinese economies that have become so intertwined in recent decades. The political imperative in the West to separate from China has been reinforced by President Xi’s abandonment of Deng Xiaoping’s line on keeping an open economy and a low international profile.

Return of the State

Though the global rightward shift transformed the global political economy and international affairs four decades ago, national economic strategies everywhere and politics among nations have shifted to the left more recently. Driving the leftward shift in the last few decades has been growing economic inequality in most nations. There is much evidence now that since the 1980s, income inequality has increased rapidly in North America and, although less steeply, in Europe. In China and India, globalization has certainly lifted hundreds of millions out of poverty, but it has also generated massive income inequalities. It was perhaps inevitable that there has been a blowback against the Washington Consensus and the policies of the 1980s in many parts of the world.

Political leaders have used different techniques to cope, counter, or channel the resentments against growing income inequality, with varying degrees of success. Some see the problem as manageable with innovative policies, others see a deeper crisis in capitalism that needs radical solutions. The growing traction for the idea of socialism in the United States is indicative in itself, and so is the notion that stakeholder capitalism must replace shareholder capitalism.

The idea that corporations must serve more than their shareholders is not new. It goes back to the management theories of the 1950s but has gained ground in recent years. The Business Roundtable, a forum for top American CEOs, summarized the responsibilities of the corporation in the new age: deliver value to customers, invest in employees, deal fairly with suppliers, support communities around their location, and protect the environment, all while delivering long-term value to shareholders. Notwithstanding the widespread skepticism about stakeholder capitalism, many large corporations seem to be becoming more sensitive to the concerns of society.

Capitalism is not new to crises. Its history has been full of recurring crises. The popular pressures triggered by these crises have led to its reform. The current
Popular pressures are reversing the balance between the state and the market.

Juncture is leading to one important change: reversing the balance between the state and market. A central element of economic liberalization in recent decades has been the steady downsizing of the state in relation to the economy as a whole. There is a growing recognition today that such downsizing of the state has created havoc across societies and the state’s role needs to return. As Columbia University economist Joseph Stiglitz and his colleagues recently put it, “by eating up the state, capitalism eats itself. For centuries, markets have relied on strong states to guarantee security, standardize measures and currencies, build and maintain infrastructure, and prosecute bad actors who attain their wealth by exploiting others in one way or another.”

Well before the pandemic, calls for bringing the state back in both the developed and developing world were growing louder. When the financial crisis enveloped the world in 2008, states everywhere had to step in. The COVID-19 crisis has seen an even more expansive involvement of the state and the breaking of many economic policy taboos across the world. As the Economist put it, “it is no accident that the state grows during crises. Governments might have stumbled in the pandemic, but they alone can coerce and mobilize vast resources rapidly. Today they are needed to enforce business closures and isolation to stop the virus. Only they can help offset the resulting economic collapse.”

But the clamor for a larger role of the state in providing public goods has been growing before the pandemic and has become louder since. Consider, for example, the intensifying demand for universal health care in the United States. The idea of universal basic income (UBI)—or unconditional, regular payments to all citizens regardless of means—is being debated largely in the context of developing countries. Although no major developing nation has implemented it, variations of UBI are being conducted in a pilot form in many places. Put another way, strengthening the welfare state in the advanced world and expanding it significantly in the developing world have become powerful themes in the new global economic discourse.

An internal reform of capitalism, especially in the advanced states, will inevitably reshape global economic order. At the heart of the debate is the trilemma identified by Harvard economist Dani Rodrik. He discusses the tension among mass politics, sovereignty, and globalization and the difficulty of having all three of them. At the peak of economic globalization, some states constrained mass politics while others were willing to cede a measure of sovereignty to facilitate economic growth. The last few years have seen the resurgence of mass politics in many places demanding restrictions on globalization and reclaiming sovereignty.
over their economic decision-making. The age of free run for capital within and across societies has become politically unsustainable.

President Trump’s criticism of the global trading order and candidate Biden’s promise to make US foreign economic policy that works for the American middle class are political responses to popular concerns from below. As the former treasury secretary Larry Summers put it, “We have done too much management of globalization for the benefit of those in Davos, and too little for the benefit of those in Detroit or Dusseldorf.” Summers underlines the importance of a “global agenda that is about broad popular interests rather than about corporate freedom.”

In the end, a reformed global economic order must recognize that nations are not merely about generating economic efficiency. They are communities with a culture and shared values that make them a nation. The idea that borders and barriers must be pulled down to make it easier for the free movement of capital has come up against the reality that the state has the responsibility to ensure a measure of equity in the distribution of costs and benefits of economic transformation. The manner in which a state does that is deeply tied to the nature of the social contract between each state and its citizens as well as the values that bind the people as a political community.

The proposition that globalism can replace the function of the state was never sustainable. And a new global economic order must necessarily be one that is negotiated between states and not imposed on them. For Princeton’s John Ikenberry, who popularized the notion of liberal international order, the challenge is to “reconnect international cooperation with domestic well-being.” Any new international economic order, according to Ikenberry, “must rebuild the bargains and promises that once allowed countries to reap the gains from trade, while making good on their commitments to social welfare.” These bargains can only be negotiated and implemented by sovereign states.

**Returning Security from the Globalist Brink**

The idea of a globalist economic order transcending the system of nation states is not the only one under pressure today. The visions of a liberal security order underwritten by peace among great powers has also come crashing down. Central to this vision were four premises; all four have become difficult to sustain.

The first was the assumption that American preponderance in the global system would endure. Although the United States remains the most powerful nation,
others like China have grown in strength to contest or constrain American power wherever they can. Even as the unipolar moment gave way to a complex multipolar world, there has been vigorous questioning within America of the pursuit of primacy.12

Second was that the adoption of capitalism as the framework for economic development by China and Russia and their growing economic interdependence would make conflict among the major powers less likely. Many in the West had assumed that the transition of Russia and China toward capitalism would inevitably make them democracies or at least more like the West. Russia and China have evolved their own variants of capitalism, which is not surprising if we take a historical perspective on the evolution of capitalism and democracy. Scholars today point to variations in capitalism—identifying differences between liberal capitalism in the West and authoritarian capitalism in China and Russia—as sources of potential conflict among them.13

Third was the proposition that cooperation among the major powers would help build strong global institutions and enforce universal norms. The idea that China and Russia would simply accept the primacy of the United States and go along with it on all global issues turned out to be unrealistic. While they acquiesced in American primacy in the 1990s, they began to question the US-led order, most certainly since the US occupation of Iraq in 2003. If the absence of great-power rivalry in the immediate aftermath of the Cold War heralded a new peaceful globalist era, the return of great-power rivalry now threatens to undermine the possibilities for a cooperative supra-national order.

Renewed great-power rivalry has inevitably weakened the UN Security Council. If Russia and China were willing to go along with the US on major security issues in the 1990s, they began to resist the Western initiatives in the decades that followed. Meanwhile, Russia and China have sought to build new international institutions, including the BRICS (Brazil, Russia, India, China, and South Africa) and the Shanghai Cooperation Organization (SCO) that brings China and Russia together with a number of Central Asian Republics as well as India and Pakistan. China has devoted special attention to promoting its ambitious Belt and Road Initiative (BRI) that is at once economic and geopolitical.14

Fourth, like the idea of global capitalism persuading societies to rearrange themselves to become more efficient, there was the hope that great powers or supra-national institutions could intervene to resolve internal conflicts within societies. The expectation that international institutions, backed by American power, could remake failed and conflicted societies into progressive nations has run aground amidst the costly and spectacular failures of Western interventions in Afghanistan, Iraq, Libya, and Syria.15
The US Role in Redesigning Global Order

The Trump administration has triggered the long overdue questioning of the post-Cold War consensus on the international policies of the United States. The intensity of the current domestic debate promises to produce significant change in America’s foreign policy. Those, in turn, will have a powerful effect on the rest of the world and the structure of the international system. To be sure, the United States is no longer in a position to restructure the world system on its own. It needs to work with others to produce change and make it stick. Although its power has ebbed since the unipolar moment, the United States remains weighty enough to lead a significant rearrangement of the global order. The current vigorous domestic debate on its external role makes the United States the most important agent of international change.

An important element of this debate is the kind of goals that the United States must set for itself on the world stage. Can the United States really continue to pursue an overly expansive international agenda of the kind that has been promoted since the end of the Cold War? Trump’s questioning of endless wars and the need to bring them to a close has had its echoes among progressives, and Biden has at least rhetorically embraced them. But there continues to be a big difference between the America First emphasis of the Trump administration and the foreign policy establishment’s emphasis on American leadership.

On the face of it, the Democratic party does not appear to be in a hurry to abandon a burdensome foreign policy that tries to do too many things. The draft Democratic platform lays out a large international agenda—from climate change to corruption and nuclear nonproliferation to promoting LGBT rights across the world. It stands to reason that no government in the world, even one representing the world’s most powerful state, will be able to pursue such a diverse range of goals with any credibility or in a consistent manner. The compulsion to be selective is real, and so is the imperative of finding trade-offs between different objectives.

In the Gulf region, for example, the United States has always weighed the balance between promoting human rights and preserving all important strategic relationships with countries as different as Israel and Saudi Arabia. In Asia, it had to deal with the competing imperatives of sustaining engagement with China on global issues such as climate change and challenging its aggressive policies against Beijing’s Asian neighbors. Even when American power was at its peak, policymakers had to resolve the tension between the pursuit of American economic interests and the promotion of declared political values. Amid the
relative decline of American power today, it is much harder to pursue, simultaneously and with significant purpose, all the goals listed in the of agenda the Democratic party.

During the Cold War, the main objective of containing the Soviet threat imposed much discipline in the conduct of US international relations. Although the United States continued to advocate human rights and democracy promotion, it had to continuously befriend dictatorships of different kinds, support military coups, align with Communist China, and actively fund anti-modern jihadi groups fighting Soviet occupation in Afghanistan. The collapse of the Soviet Union and the absence of threat from other superpowers appeared to open unprecedented possibilities for deploying American power for all kinds of causes. The confidence at the turn of the millennium that the United States could reorganize other societies led to the rapid squandering of American power in what are now described as endless wars.17

The tragedy of endless wars did generate calls in the United States for a less ambitious foreign policy based on a modest definition of US interests. There have been some calls to pursue a pragmatic foreign policy agenda that defines US interests in a limited manner. Council on Foreign Relations president Richard Haass, for example, argued for a foreign policy that limits its military interventions, nurtures a balance of power system in Europe and Asia, and leads multilateral efforts to address global challenges.18 While these calls have not found resonance over the last decade, they are gaining traction now.

To be fair, both Obama and Trump in their own way have sought to pare down the ambitions of the US foreign policy. Both were hesitant to be drawn into new major military adventures in the Middle East. Skeptics, however, point to the deep and enduring resistance in Washington against significant downsizing of American foreign policy ambitions. Three factors are likely to induce some change. First is that the need to compete with other great powers will demand tamping down a range of other goals, especially those linked to the promotion of political values. Second, securing better economic terms for the American people in a competitive global economy will assume a higher priority than other political goals. Third is the somewhat counter-intuitive proposition that the pursuit of less sweeping goals might produce more positive international outcomes.

Stanford’s Stephen Krasner, who had served as Policy Planning Director in the US State Department, illustrates the virtues of doing less in the arena of democracy and good governance: “For the purposes of US security, it matters more that leaders in the rest of the world govern well than it does that they govern democratically. And in any case, helping others govern well—at least well enough—may be the best that US foreign policy can hope to achieve in most countries”19 (emphasis added). Krasner offers a useful corrective to the continuing ambitions in Washington that the United States can and should right all wrongs in
other societies. The efforts of external forces to compel positive internal change, as we have seen in recent wars, is at once costly and ineffective. Outsiders can certainly try to alter the internal balance of forces, but that does not easily translate into desired political outcomes.

As the United States recognizes the limits of its own power, acknowledges the existence of other sovereign societies that walk to rhythm of their own, and addresses the emerging challenge to American regional and global interests from other powers, especially China and Russia, moving away from the conceptions of a Liberal International Order (LIO) seem inevitable. What might take the place of the LIO that has so animated recent international discourse? Support for the idea of a new coalition of democracies to address contemporary challenges has come from diverse sources. The idea has been around for some time. Princeton’s Ikenberry and Anne Marie Slaughter had developed the idea of a Concert of Democracies at the turn of the millennium. Late Senator John McCain had called for a League of Democracies in 2007. As LIO’s difficulties have come into sharper view, there is a fresh articulation of the idea.

Ikenberry now suggests that the United States and other liberal democracies “need to reconstitute themselves” into a “functional coalition” for “outlining broad principles for strengthening liberal democracy and reforming global governance institutions.” He visualizes a two-track approach to the world order in which the “club of democracies” coexists with multilateral organizations, including the UN. The latter are needed to develop cooperation on global issues while the former is more relevant in the issue areas of “security, human rights, and the political economy” where “today’s liberal democracies have relevant interests and values that illiberal states do not.” “On these fronts,” he posits, “a more cohesive club of democracies, united by shared values, tied together through alliances, and oriented toward managing interdependence, could reclaim the liberal internationalist vision.”

The Trump administration, too, has veered around to the idea, especially in the wake of the pandemic. Trump’s plans for an expanded G-7 meeting in Washington this year, to include India, South Korea, and Australia, has found little resonance in the United States or Europe, given his interest in inviting Russia into this group. While Trump was careful not to call it an alliance of democracies, Secretary of State Pompeo has been more enthusiastic in talking up the idea of such an alliance. What matters more than this rhetoric has been this year’s consultations among the United States and its partners on a range of issues—from 5G to the pandemic—that hold the potential for developing the idea of a coalition of
democracies. Although a formal and institutionalized coalition of democracies is unlikely to materialize soon, the current discourse throws light on the possibilities for the United States to look beyond multilateral institutions, great power accommodation, and the old alliance systems. It is also a discourse, as I will argue in the next section, that India might find quite compatible amidst its changing international goals and interests.

India and New Global Coalitions

India’s massive contributions to the allied victories in the First and Second World Wars are largely forgotten. India itself is largely responsible, because its political classes chose to draw a curtain over the two wars. During World War I, nearly 1.2 million Indians were recruited for service in the army that saw action in Europe and the Middle East. In World War II, the Indian army served on fronts ranging from Italy and North Africa to East Africa, the Middle East, and the Far East. When the War came to a close, the Indian army numbered a massive 2.5 million men, the largest all-volunteer force the world had ever seen. With Britain refusing to meet the demands for early independence during the Second World War, the Indian National Congress dissociated itself from the mobilization. Once it took charge of independent India, the Congress simply turned its back on India’s role in the two wars. That has changed under Prime Minister Narendra Modi, who has reclaimed their legacy as a symbol of India’s contribution to global security and order. Besides the active combat role in the Second World War, India was a signatory to the Atlantic Charter and a founding member of the UN, the Bretton Woods system, and the Global Agreement on Tariffs and Trade (GATT). Recalling the forgotten Indian contribution to the war underlines the reemerging possibility for substantive collaboration between India and the West in the 21st century.

These did not, however, translate into a deep partnership between India and the West. The failure of British colonial rulers to win nationalist support for the War and the Partition of the Subcontinent two years after the War ended sowed deep distrust not just between India and Britain, but between India and the West as a whole. The drafting of Pakistan into Cold War alliances, the Western tilt toward Pakistan in the Kashmir dispute, India’s non-alignment, and its socialist economic orientation saw the slow but steady marginalization of India from the post-War order. India was the only large democracy that stood apart from the free world during the Cold War and steadily distanced itself from free market economies.

That distance between India and the West has steadily narrowed since the Cold War came to an end. And in more recent years, India has deepened economic
cooperation with the United States and Europe. India and the United States have also managed to take long-standing political disputes over Kashmir and nuclear weapons off the table. As the United States reconsiders its international policies, the prospects for India becoming part of a coalition of democracies and reshaping the global economic and security order have begun to brighten. Seven factors drawing India toward a global coalition of democracies stand out.

First, India has begun to look beyond its traditional anti-colonial and anti-Western identities to claim its status as one of the world’s leading democracies. Delhi joined the Community of Democracies initiated by the Clinton administration in 2000 and has since supported a variety of democracy initiatives. Unlike the United States, India does not see democracy promotion as a crusade but as an exercise in encouragement. India’s unsuccessful intervention to promote minority rights in Sri Lanka has only reinforced Delhi’s traditional cautionary approach to reshaping other societies.

Second, India over the last two decades has joined a number of explicitly political coalitions like the Quad—the quadrilateral security framework also involving the United States, Japan, and Australia that has found a fresh momentum in the last two years. India also joined the European Alliance for Multilateralism in 2019, a Franco-German initiative to strengthen multilateralism amidst the growing strains on it. These moves have drawn flak from Delhi’s traditionalists, who view them as departures from the presumed canon of non-alignment. Official Delhi, however, no longer sees its traditional championship of the Global South and its growing plurilateral and multilateral political engagement with the West as contradictory. As Delhi transcends the North-South framework that limited its international possibilities in the past, some of its Western partners do see India’s leadership role in the developing world as an asset rather than as a problem. India’s foreign minister Subrahmanyam Jaishankar has begun to talk of India as a “South-Western power” that can bridge Global South and the West.23

Third, Delhi has begun to profoundly reorient its strategy of economic reform that was launched in the early 1990s. India has begun to redefine the meaning of its globalization by emphasizing self-reliance. Modi and his advisers are at pains to emphasize that this is not a return to the era of autarky or India’s socialist era from the 1950s to the 1980s. The Indian debate is not very different from the unfolding discourse on globalization in the United States and other parts of the West. Delhi is positing that blind adoption of globalization has wiped out India’s manufacturing capabilities and made it difficult to create decent jobs for the fast-growing Indian labor force. While rethinking globalization, Delhi’s economic nationalism appears...
to be focused on liberalizing the business environment at home, joining non-Chinese global supply lines, and strengthening domestic capabilities in partnership with Western companies.

Fourth, as in the United States, the trigger for much of the new debate on India’s globalization has been China. Well before the deadly clash in the Himalayas in June 2020, Delhi had chosen, at the end of 2019, to stay out of an Asia-wide agreement on the Regional Comprehensive Economic Partnership (RCEP) that brought together the ten-member ASEAN and its six regional partners (China, Japan, South Korea, New Zealand, Australia, and India). India has been increasingly concerned about its massive trade deficit (nearly US$55 billion in 2019 out of a total trade of about US$90 billion) with Beijing and its impact on India’s manufacturing sector. Delhi believed that RCEP would make the trade deficit much worse for India. Since the clash in the Himalayas, Delhi has also chosen to limit India’s significant exposure to China’s digital penetration of India’s market and limit a range of investments from Chinese companies. Delhi is expected to join other Western capitals in excluding Huawei from its plans for rolling out fifth-generation wireless technology (5G).

Fifth, as it limits India’s economic linkages with China, Delhi has sought to attract companies like Apple and Foxconn to begin manufacturing in India with a range of initiatives. It is certainly interested in the US discussion on redirecting American supply chains to a network of trusted partners. Whether these efforts fructify in other sectors or not, India has already begun to draw significant investments from US technology companies into its digital sector. Delhi is also actively engaged in a US-initiated regional conversation, at the level of vice-ministers, for coordination on issues posed by the pandemic. The grouping, dubbed in the media as “Quad Plus,” includes the United States, India, Japan, Australia, New Zealand, and Vietnam (as the head of the ASEAN).

Sixth, there is an important factor that makes India more open to coalitions among like-minded states. It is the prospect that the new coalitions are not alliances led by one dominant power. Anxieties about losing its strategic autonomy have long prevented Delhi from realizing the significant potential of cooperation with Washington. Coalitions are looser than an alliances and less elegant than collective security solutions. But they offer more comfort and space for India in partnering with the United States. Such coalitions of sovereign partners will also contribute to the better management of transnational challenges.

As India’s comfort level with the West grew in recent years, for example, Delhi has moved from being a problem in climate change negotiations to a part of the solution. It has taken initiatives of its own, such as in the construction of an international solar alliance. But as the American dalliance with the supra-national forms of international organization comes to an end and the United States looks at a world where national sovereignty regains some ground, India will be
an enthusiastic partner for America in shaping those coalitions. That these coalitions do not rule out engagement with China on global issues like climate change should also make it easier for India to be part of them—there is little support for a strategy of containing a giant neighbor like China that India must live with by excluding it, even as Delhi is willing to base its efforts through a coalition of like-minded democracies that frequently engages with China, Russia, and other states.

Finally, India is also open to the idea of shared responsibilities in the management of international security. In the United States, the focus on burden-sharing has become intense amidst concerns that America’s treaty allies are not contributing their fair share. Unlike most of the US treaty allies, India is eager to expand its own role in regional and global security. There is much convergence here that opens space for security cooperation between India and the United States. It is important, here again, that the terms of that sharing are not determined unilaterally by the stronger power but through a common understanding negotiated by the two partners.

**Rediscovering Sovereignty**

It is entirely possible that the American shift from globalism to a more familiar world of sovereign states will not happen smoothly. To be sure, a Biden administration could herald the return of globalists and renewed attempts at restoring the supra-national experiments of the last three decades. But success could be harder the second time around, and objective conditions are likely to nudge the United States toward a foreign policy that comes to terms with the enduring power of nationalism and territorial sovereignty. As Harvard professor Stephen Walt put it in a recent essay, “the Westphalian model of sovereignty has never been absolute or uncontested, but the idea that individual nations should be (mostly) free to chart their own course at home remains deeply embedded in the present world order. The territorial state remains the basic building block of world politics, and, with some exceptions, states today are doing more to reinforce that idea than to dilute it.”

To be fair, Trump seemed to recognize the power of sovereignty as an idea of taking up cudgels against globalism. No recent US president has so often and with such vigor underlined the virtues of national sovereignty. It is a pity that it was so directed at the globalists at home and ignored the potential advantages of extending that argument toward potential partners outside.
In Asia, the idea of sovereignty has a particular resonance today, not only due to the enduring anti-colonial legacy, but also because of the growing fear of being swamped by China’s regional hegemony. China’s push to unilaterally alter the territorial status quo, whether in the South China Sea or in the Himalayas, has begun to strain the once strongly held belief in the region that Beijing’s rise will be peaceful. Given the massive power differential and deep economic interdependence with China, few Asian leaders are willing to speak up against Chinese aggression. But silence should not be mistaken for Asian acceptance of Chinese dominance.

Seventy-five years ago, as the Second World War drew to a close, many Asian nationalists were confident of American support for decolonization. The exigencies of the Cold War in Europe, however, saw Washington defer to European colonial powers that wanted to hold on to their possessions. If America wants to strengthen Asian partners to defend themselves against China today, India will not be the only one responding positively. Nationalism in Asia is deep and could be a natural partner for the United States in constructing a stable regional balance.

As we look beyond the liberal order of the last few decades, democracies—both emerging and advanced—need strong states that can preserve national coherence against the economic vagaries of the market and the political forces of illiberalism that have been vastly empowered by new technologies. Democracies can’t cede their obligation to preserve social equity and political stability to supra-national institutions. Democratic powers need to band together not only to preserve their own sovereignty, but also to lay the foundation for a sustainable global order that is not vulnerable to exploitation by one power or another. Deeper economic and security cooperation among sovereign democratic powers, rooted in the principles of mutual benefit and shared responsibility, is a necessary precondition for redesigning global order. Democracies can’t expect that the United States will continue to bear a disproportionate share of the burden. Nor can Washington expect that other democracies will simply defer to American leadership. Such cooperation is critical for changing the terms of engagement between democracies and non-democratic powers on economic and security issues and will create the basis for productive engagement with China on such global issues as climate change and pandemics.

Notes


