

Background brief

US INFLUENCE IN INDIA: A RELIABLE PARTNER, A MODEL OR A FADING SUPERPOWER ?

Prof. Edward Schumacher-Matos¹ and Arpitha Desai²

The Political, Military and Economic Context

India is projected to pass China as the most populous country in the world in the next five years. China's economy is five times larger and its military is considerably more powerful, but India has nuclear weapons and is an Asian power in its own right. That power will only grow and become more global.

The United States has had on and off relations with India since the end of World War II, but it has been more positive under President Donald Trump and Prime Minister Narendra Modi. Both share a populist, nationalistic style and a transactional foreign policy focused mostly on tackling China. In visits back and forth, the two on a personal level also seem to share a mutual admiration society. Modi's Bhartiya Janata Party (BJP) claimed a landslide victory for a second term in 2019. Trump is running in November for the US presidential elections.

US arms sales to India were virtually nil before 2008, but the US has sold roughly \$20 billion in arms to India since then. This makes the US India's second largest arms supplier after Russia, India's historic supplier. Russian sales are in steady decline while US sales keep growing, most recently involving helicopters and drones as the US has dropped its former restrictions on providing sensitive defense technology to India. Meanwhile, the old American tilt towards Pakistan has long since disappeared.

On trade, the US overtook China in 2019 to become India's largest bilateral trade partner. India has been purposely cutting back on its trade with China, which dropped to \$84 billion in 2019, compared to \$143 billion in trade with the US. This jump in US-India trade has been occurring despite both countries pursuing made-at-home policies. The trade balance currently favors India by \$27.8 billion.

American businesses, meanwhile, are shifting direct investments from China to India to take advantage of both the bilateral politics and India's cheap skilled labor. Facebook's recent \$5.7 billion investment into India's largest telecom company, Reliance Jio Platforms, paved the way for new technology-based partnerships. Google soon followed with \$4.5 billion in Jio Platforms to develop cheap cellphones.

¹ Prof. Edward Schumacher-Matos is director of the Edward R. Murrow Center for a Digital World at the Fletcher School, Tufts University.

² Arpitha Desai is a lawyer and independent researcher in public policy and technology. She is an incoming Master of Arts in Law and Diplomacy candidate at the Fletcher School, Tufts University.

The US and India would seem to be natural partners on major global issues such as climate change, counterterrorism, cybersecurity and freedom of navigation. But under Modi and Trump, the bond between the two countries beyond defense is narrow. Trump's decision to strip India of most-favored-nation status and to increase tariffs on Indian steel and aluminum are a sore point. More fundamentally, the Trump Administration, unlike its predecessors, has shown little interest in cultivating India's rise as a global leader. Former collaboration on humanitarian issues and in education, agriculture and science and technology have withered. The Trump Administration has paid little attention to the Modi government's treatment of Muslim immigrants and autonomy in the Muslim majority region of Jammu and Kashmir.

And even on how to treat China, the Indian vision is different from the American one. The Modi government has remained mostly silent on Chinese actions concerning the Uighurs, Hong Kong, the South China Sea and Covid-19. Modi sees more of a place for China in what he calls a "free, open and inclusive Indo-Pacific" than does the US. The recent border clashes between India and China may be driving India more into the US corner. But Chinese "Wolf Warrior" diplomacy under Xi Jinping has sought to raise doubts about US reliability as an ally and its willingness to exercise power.

Public Opinion on the US and on Democratic Values

While polls show declining views globally of the US under Trump, India is an exception. A Pew poll published in January 2020 found that 60% of Indians have a favorable view of the US, up from 49% in 2017. The approval rating for Trump himself was 56%, according to Pew. The favorable views were especially prevalent among conservatives and those who favor right-wing populist parties. The 48% who say they disapprove of Trump cite mostly his protectionist trade policies, as opposed to the American political model or US influence in the world.

Barack Obama had an approval rating of 58% at the time he left the office—not so different from Trump's. Shifts in US leadership and even ideology thus seem to have had limited on Indian opinion of the US. A poll published by the Lowy Institute before Trump's election suggested one reason why. In it, 78% of Indians thought it would be better if India worked more like the US. A separate poll by the Eurasia Group in 2019 found that nearly 80% of Indians favor "American ideas of democracy." US protection of individual liberties and minority rights are especially admired by Indians.

The remarkable success of the 4 million-strong Indian diaspora and 200,000 students in the US have had a great impact on opinion back home. That Indians have risen to be governors, congressmen, CEO's, professors, writers, artists, ambassadors and now a candidate for vice president reflect what Indians see as a vibrant and open American society and democracy.

But recent anti-immigration actions by Trump are damaging those views. These include the recent executive order by the president to temporarily stop issuing H1B professional work-visas, 70% of which are granted to Indians. Most are for tech work. The Trump administration's failed attempts to deny student visas to students who will be taking classes remotely this fall and to cut back on apprentice visas for foreign graduates have also been met with a sour response.

In the upcoming US election, a poll in September by Indiaspora, a diaspora organization, found that 66% of Indian Americans currently favor Biden, versus 28% for Trump. Still, Trump's support has grown compared to that in his campaign against Hillary Clinton, when he won only 16% of the Indian-American vote.

Under the BJP's stress on Hindu nationalism, India has dropped 10 places to 51st on the Democracy Index 2019, as reported by the Economist. Then again, the US also dropped from 17th in 2010 to 25th in 2019. The shared values in both countries—the world's oldest and youngest democracies—may be eroding.

The Impact of US Entertainment and Digital Platforms

Hollywood films and TV shows have long been immensely popular in India, with the cultural influence that implies. The highest grossing film has been Marvel's superhero movie, "Avengers: Endgame," which grossed \$46 million at the Indian box office. Television and streaming distribution add to the impact. The growing presence of Indian actors in American films and TV further enhance their attraction.

Hollywood's direct cultural impact has hit a ceiling, however, as the production quality and popularity of Bollywood continues to surge forward. But the American industry has resourcefully joined in, suggesting a continuing, more subtle American cultural impact. American streaming platforms such as Amazon Prime, Netflix, and Disney+ are teaming up with Indian production houses to create content in English as well as regional Indian languages. Netflix has proposed to invest a whopping \$ 30 billion to create original content in India. Amazon Prime Video is also doubling down on its investments and has stated that it's streaming service is doing better in India than anywhere else.

India has one of the world's largest social media markets. More than 40% of Indians are online, as the government pushes affordable smartphones. While Facebook has the greatest number of users from India, WhatsApp has almost 400 million users and 62 million use LinkedIn. Though India was once the largest market for Chinese social media platform, the Indian government banned TikTok in May, citing data privacy and national security concerns.

Facebook has been embroiled in a recent dispute in India after the Wall Street Journal reported that the platform, allegedly to protect its business interests, failed to take down anti-Muslim comments by a politician from the ruling BJP. The Indian Parliament and the Delhi state government are investigating, but the BJP has been silent.

Meanwhile, the Indian government is pursuing a policy of becoming digitally self-reliant by supporting local technology. One result is a boom in homegrown social media platforms. The Indian government has proposed several related legislative changes to favor Indian companies. The draft Information Technology (Intermediary Guidelines) Rules and the E-Commerce Policy not only require foreign companies to establish local presence, but also call for stringent data localization norms.

Medical Diplomacy

The COVID pandemic has dented US soft power. American withdrawal from the World Health Organization and its virtual hijacking of medical shipments headed to friendly nations have been poorly received in India. On the flip side, the Trump Administration donated ventilators and gave \$2.9 million in aid to India. US tech giants and other companies are providing free digital education platforms, face masks, and ventilators to convert shipping containers into ICU's. The pandemic may have a silver lining.

Bibliography

Shivshankar Menon, *How Trump and Modi Refashioned the U.S.-Indian Relationship*, FOREIGN AFFAIRS (September/October, 2020), <https://www.foreignaffairs.com/articles/united-states/2020-08-11/modi-india-league-nationalists>

The Hindu report, *India's arms imports from U.S. up by 550%: report*, THE HINDU (Mar. 13, 2018), <https://www.orfonline.org/research/india-us-defence-trade-continuity-under-trump-68919/>

Narayan Lakshman, *The Trump visit as India-U.S. trade booster?*, THE HINDU (Feb. 23, 2020) <https://www.thehindu.com/business/Economy/the-trump-visit-as-india-us-trade-booster/article30891368.ece>

India - International Trade and Investment Country Facts, BUREAU OF ECONOMIC AFFAIRS (2019) <https://apps.bea.gov/international/factsheet/factsheet.cfm?Area=612&UUID=b1cc358e-6945-4b90-92c4-5a98da08d924>

David Fischer, Ajit Mohan, *Facebook Invests \$5.7 Billion in India's Jio Platforms*, FACEBOOK (Apr. 21, 2020) <https://about.fb.com/news/2020/04/facebook-invests-in-jio/>

Grady McGregor, *Google invests in India's red-hot Jio Platforms to build cheap cellphones*, FORTUNE (Jul. 15, 2020) <https://fortune.com/2020/07/15/google-jio-platforms-india-facebook/>

Kat Devlin, *While India's public views Trump positively, there's less enthusiasm for his trade policies*, PEW RESEARCH CENTER (Feb. 20, 2020) <https://www.pewresearch.org/fact-tank/2020/02/20/while-indias-public-views-trump-positively-theres-less-enthusiasm-for-his-trade-policies/>

Richard Wike, Jacob Poushter, Janell Fetterolf and Shannon Schumacher, *Trump Ratings Remain Low Around Globe, While Views of U.S. Stay Mostly Favorable*, PEW RESEARCH CENTER (Jan. 8, 2020), <https://www.pewresearch.org/global/2020/01/08/u-s-image-generally-favorable-around-the-world-but-mixed-in-some-countries/>

Open Doors India Fact Sheet, INSTITUTE OF INTERNATIONAL EDUCATION (2019) <https://www.iie.org/-/media/Files/Corporate/Open-Doors/Fact-Sheets-2019/Country/India.ashx?la=en&hash=958604A4EE364FB46C3182578EEA1FE2AC95A86E>

ET Bureau, H1B visa curb: India to seek discussion on work visa suspension by US, THE ECONOMIC TIMES (Jun. 24, 2020) <https://economictimes.indiatimes.com/nri/visa-and-immigration/h1b-visa-curb-india-to-seek-discussion-on-work-visa-suspension-by-us/articleshow/76541598.cms?from=mdr>

Indian Americans Vote 2020: Voter Survey Results, INDIASPORA AND AAPI DATA (Sept. 15, 2020) <https://www.indiaspora.org/indian-americans-vote-2020-voter-survey-results/>

Mark Hannah, From Democracy Promotion to Democracy Attraction: How The World Views American-Style Democracy, EURASIA GROUP FOUNDATION (2019) <https://egfound.org/wp-content/uploads/2019/05/1905-08-Modeling-Democracy-Interactive-1.pdf>

Report by the Economist Intelligence Unit, *Democracy Index 2019*, THE ECONOMIST (2020) <http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy-Index-2019.pdf&mode=wp&campaignid=democracyindex2019>

Samreen Ahmad, *Amazon to double investment in Prime Video*, BUSINESS STANDARD (Jan. 17, 2020), https://www.business-standard.com/article/companies/amazon-prime-to-double-down-investment-in-india-says-jeff-bezos-120011700042_1.html

Lata Jha, *'Avengers: Endgame' now highest grossing movie in the world*, LIVEMINT (Jul. 22, 2019) <https://www.livemint.com/industry/media/-avengers-endgame-now-highest-grossing-movie-in-the-world-1563776194175.html>

Lata Jha, *Netflix on India binge, to spend Rs. 3,000 cr*, LIVEMINT (Dec. 6, 2019), <https://www.livemint.com/industry/media/netflix-to-invest-rs-3-000-crore-in-india-over-2020-11575618897466.html>

Rishi Iyengar, *Facebook has more users in India than anywhere else. It's now dealing with a hate speech crisis*, CNN BUSINESS (Sept. 24, 2020), <https://edition.cnn.com/2020/09/22/tech/facebook-india-hate-speech/index.html>

Prasid Banerjee, *WhatsApp announces 2 billion users worldwide*, LIVEMINT (Feb. 12, 2020), <https://www.livemint.com/technology/tech-news/whatsapp-announces-2-billion-users-worldwide-11581516342061.html>

Gaurav Laghate, Vinod Mahanta, *LinkedIn's India user base up 24% in a year to 62 million*, THE ECONOMIC TIMES (Dec. 4, 2019), https://economictimes.indiatimes.com/tech/internet/linkedin-india-user-base-up-24-in-a-year-to-62-million/articleshow/72360947.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Jeff Horowitz, Newley Purnell, *Facebook's Hate-Speech Rules Collide With Indian Politics*, THE WALL STREET JOURNAL (Aug. 14, 2020) <https://www.wsj.com/articles/facebook-hate-speech-india-politics-muslim-hindu-modi-zuckerberg-11597423346>

David Smith, *Trump halts World Health Organization funding over coronavirus 'failure'*, THE GUARDIAN (Apr. 15, 2020) <https://www.theguardian.com/world/2020/apr/14/coronavirus-trump-halts-funding-to-world-health-organization>

Laurenz Gehrke, *Berlin accuses US of 'piracy' over face masks*, POLITICO (Apr. 3, 2020) <https://www.politico.eu/article/berlin-accuses-us-of-piracy-over-coronavirus-face-masks-diverted-from-germany-to-us/>

Meeta Parti, *USAID provides \$2.9m to support India's Covid-19 efforts*, US AGENCY FOR INTERNATIONAL DEVELOPMENT (Apr. 6, 2020) <https://www.usaid.gov/india/press-releases/apr-6-2020-usaid-provides-29m-support-india-covid-19-efforts>

Press Trust of India, *How American companies like Google, Uber are helping India fight COVID-19*, LIVEMINT (Apr. 16, 2020) <https://www.livemint.com/companies/news/how-american-companies-like-google-uber-are-helping-india-fight-covid-19-11587012627499.html>