



JULY 2025

Major Power Rivalry and Domestic Politics in South Asia

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Introduction

Major power competition has returned to Asia. Controlling Chinese access to advanced technology and managing deterrence over Taiwan pose pressing technical and military problems for American policymakers.¹ However, the most complicated political challenge facing policymakers is crafting effective strategy toward the many states in the region that are not fully aligned with China, the United States, or India.² Managing relationships with such third-party states was a crucial issue in Cold War Asia.³ And in Asia today, major powers are trying to influence these swing states to prevent them from tilting toward geopolitical rivals.⁴

These third-party countries may be smaller than the behemoths seeking to influence them, but they are nevertheless often still quite large, have growing economies, and occupy strategic locations in Asia.⁵ Major power rivalries interact with complicated domestic politics within these swing states.⁶ Their internal political divisions often do not straightforwardly line up with the interests and goals of external powers, and the priorities of local leaders can be far more focused on domestic rather than geopolitical competition.

As a result, there are important differences in whether and how domestic players in third-party states mobilize external major power rivalry in their own internal politics, ranging from making it central to their political strategies to ignoring major power competition in favor of a purely internal focus. To improve our understanding of how geopolitical rivalries intersect with swing states' politics, this paper outlines a new framework of trajectories that helps us measure and compare the *overlap* between the contours of a major power international competition and the key lines of division within the domestic politics of third-party states. It then identifies three mechanisms that can increase or undermine this overlap, both across countries and over time within them.

The goal is to help analysts and policymakers make sense of what they are seeing in a particular case, how it relates to other cases, and why it might be occurring. This paper uses a set of examples from across South Asia, with a particular focus on Nepal and Sri Lanka, helping to provide evidence of when and why outside rivalries become a domestic issue. The framework is not unique to Asia, however: it could be useful in other contexts where powers are competing in and over smaller countries, from Ukraine to the Middle East to sub-Saharan Africa.

Major Power Competition and Domestic Politics: A New Framework

Major powers are states with the ability to deploy military, diplomatic, and/or economic power beyond their border in a way that could significantly influence the choices of their neighbors. They often seek to influence the internal politics of *third-party countries* to shape or protect those states' alignment choices. Though generally weaker than the major power rivals in terms of military power and economic clout, third-party states are important in their own right and often have leverage over major powers because they can threaten to tilt toward a rival or carve out a position of nonalignment that one or more outside powers see as problematic. As a shorthand, I also refer them as swing states because they at least have the theoretical potential to shift their foreign policy alignments in ways that could advance or undermine the interests of major power rivals. By contrast, countries under direct military occupation or whose foreign policy is entirely controlled by an outside state are not relevant to this discussion, since they have little potential to change how they approach a major power rivalry.

A Framework of Outcomes

Table 1 provides a new way to identify how major power competition can align with domestic political competition. These outcomes can be thought of as changeable trajectories because political systems can move along the spectrum over time. For instance, Cambodia in the mid-1950s was much less polarized than it would become by 1970, when the spillover of the Vietnam conflict and the collapse of Norodom Sihanouk's balancing act into a direct communist-anticommunist showdown turned Cambodia into an open war zone. Major power competitions can also play out differently within the same state or region. For example, in the Sahel, China-India competition is far less relevant than U.S.-Russia competition, but far more important in Nepal. This lets us compare different countries to each other and study changes in one country over time.

Table 1. Internal Politics of External Competition

Trajectory	Characteristics
Insulation	Major power competition not a major domestic issue Example: Ne Win's Burma, 1962-1988
Consolidation	Political mobilization in mainstream politics dominated by a single approach to major power competition Example: India, 1947-1989
Contestation	Major power competition comes up as an issue in domestic political competition, but not stably or in a way that defines key divisions Example: Nepal, 2008-2024
Polarization	Clear, stable blocs aligned along international cleavages Example: Indonesia, 1959-65
Fragmentation	Armed actors (state and nonstate) aligned along international divisions in internal warfare Example: Afghanistan, 1978-1989

Insulation occurs when an international cleavage is not highly relevant to internal politics. As a result, major power competition is rarely rhetorically deployed by either a government or opposition, is not centrally featured in election campaigns or authoritarian propaganda, and is marginal to public political life. Elites and government ministers may certainly pay attention to an external major power rivalry, but this rivalry is not a recurrent political issue within domestic political competition or discourse.

Insulation can take place in authoritarian regimes. An example is Burmese military dictator Ne Win's autarkic Burma during the Cold War, in which the primary axis of competition was over ethnicity, the military's role in power, and other internal questions that did not easily fit into a U.S.-Soviet framework.⁷ The Cold War did not structure support for or opposition to Ne Win's regime—both China-backed communists (the Communist Party of Burma) and Thailand-backed anti-communists (Karen National Union) fought against the military. The internal politics of Burma operated with only a very loose connection to the geopolitical rivalries raging around it. Similarly, in contemporary Afghanistan, multiple outside powers, including both China and India, are pursuing rapprochement with Kabul, and Afghanistan's internal political dynamics do not seem tightly linked to these external states.⁸

Insulation can also occur in democracies during periods when a major power rivalry is simply not an issue that is deployed in electoral politics. For instance, Malaysia's 2022 general election did not see much discussion of U.S.-China rivalry (in contrast to its 2018 election),⁹ nor have most Bangladeshi elections (though, as noted below, the 2024 election did show U.S.-China-India dynamics to be much more publicly relevant). In some elections, domestic politics are far more pressing and urgent than distant and abstract questions about the liberal international order or the grand future of Asia.

Just as foreign policy only sometimes matters in American politics, so too does it only sometimes appear in other countries' politics: while U.S.-China rivalry is a fundamental concern in Washington and Beijing, it may take a backseat in third-party states compared to a variety of other issues.¹⁰ This is a useful reminder to analysts and governments in major powers that their priorities are not universal. It does seem likely that insulation is difficult to maintain for long periods (though Burma provided an example), because major power rivalries invariably tend to attract some degree of domestic attention. Yet there are still important periods in which external contests are not domestically important.

Consolidation occurs when a major power competition is domestically present, but the government's position on the issue dominates the political arena. Opponents to that foreign policy view are marginal. For example, under both military and (nominal) civilian rule in Pakistan, friendly relations with China since 1963 have represented a broad consensus and only featured mildly in political competition.¹¹ There has been growing domestic consolidation in India about a more competitive approach toward China in recent years.¹² Crucially, both the Bharatiya Janata Party (BJP) and Indian National Congress have sparred over which party could better implement this strategy, not over whether to adopt fundamentally different strategies toward China.

Consolidation can also emerge after the repression of domestic opposition that eliminates or suppresses an alternative vision of foreign policy alignment. Cold War–related political contestation in Indonesia was replaced by consolidation after the massacres of 1965–66 and the rise of Suharto's authoritarian New Order.¹³ In Sri Lanka under then president Mahinda Rajapaksa from 2005–2015, the political system was slightly pro-China. Rajapaksa deployed Chinese support to limit Sri Lanka's vulnerability to pressure from other countries over human rights concerns during the last years of Sri Lanka's grim civil war. He also used China's political and economic support as a pillar of his efforts to spur Sri Lanka's economic growth, entrench patronage networks, and consolidate the ruling party's domestic power after defeating the Tamil Tigers in 2009.¹⁴

Consolidation thus has two manifestations. First, it can signal something like a consensus in foreign policy orientation, suggesting a relatively firm domestic basis for pursuing a particular foreign policy approach. Second, it can be used by governments to target domestic opponents, tarring them as tools of outside powers or radically beyond the political pale. Both may be happening simultaneously, fusing together external and internal government strategy.

Contestation exists when both government and opposition mobilize a major power rivalry, but unevenly and fluidly, in their internal competition. Geopolitics in this outcome is an important object of domestic politics but has not congealed into a deep divide with fixed positions. For instance, during the 2018 Malaysian election campaign, the question of relations with China (and implications for Chinese money and labor in Malaysia) arose, but then largely disappeared as core electoral issue.¹⁵ In the Philippines, Rodrigo Duterte

tacked back and forth in his approach to China and the United States during his time in power, rather than pursuing a consistent policy that was locked into his domestic political coalition.¹⁶ The key here is the lack of recurrent, stable, internal blocs that reflect external alignment preferences.

Nepal since 2008 has provided a classic example of contestation since the end of its civil war and the creation of a new federal republic. Both India-China and U.S.-China rivalry have intensified around Nepal, while the country's internal politics have become competitive and unpredictable. In the mid-2010s, domestic nationalism led many Nepalis to resent Indian dominance (especially Indian criticisms of Nepal's 2015 constitution)¹⁷ and look to China for balance, including segments of both the left and right of the political spectrum.¹⁸ Other Nepalis look more favorably on India, especially those affiliated with the Nepali Congress and ethnic minorities in the south. This would seem to set the stage for a deep cleavage between pro-China and pro-India coalitions, especially as new forms of democracy and political mobilization have emerged in Nepali politics.

Yet over the last fifteen years, while India and China have certainly featured as issues and players in Nepal's domestic politics, no stable or enduring cleavages have emerged of pro- and anti-India/China forces. Coalitions have shifted repeatedly, leaders who campaigned in part on a foreign policy plank have adjusted their positions after taking power or when trying to change their coalitions, and domestic rivalries and issues have tended to take priority over foreign policy issues. Nepal's politics simply do not overlap enough with the China-India rivalry to make its domestic coalitions rigidly align with either side. This has also made it very difficult for outside states to consistently shape the direction of internal Nepali politics. Indeed, as Santosh Sharma Poudel wrote in *The Diplomat*, "Nepali politics continues to confound observers."¹⁹ Coalitions emerged and collapsed in 2022 and 2023.²⁰ As the *Nepali Times* summarized the pre-poll coalitions in 2022,

"The once extreme left Maoists are allies of the centre-right Nepali Congress. The Unified Marxist-Leninists (UML) has suddenly found friends in the Hindu-right RPP and has partnered with the Madhes-based JSP. Top Maoist comrades who had fallen out big time, are back together. Shifting alliances ahead of the November polls prove that ideology does not separate political parties anymore. It is all about finding a partnership that is most likely to propel them to power."²¹

India's efforts to manage Nepal's new order led to major backlash between 2015 and 2018, with public opinion turning against India and India-skeptical parties winning the 2017 election.²² This experience has since encouraged New Delhi to adopt a much more restrained posture rather than seeking to micro-manage the country's politics.²³ This upsurge in anti-India sentiment opened space for a greater Chinese role, but China has in turn struggled to hold together communist coalitions or to have them pursue consistently pro-China policies.²⁴

This was also true in the tumultuous 1950s, as Nepal tried to navigate both the India-China rivalry and the broader Cold War. Domestic alliances were often surprising and did not tightly align with the contours of external rivalries. Nepal's king from 1955, Mahendra, sought to gain some distance from India by pursuing stronger ties with China, while the Nepali Congress was consistently supported by India. But this did not generate stable domestic-political polarization around foreign policy: "although the right-wing Mahendra remained wary of China under Mao . . . he encouraged Nepali communists to isolate the Congress in domestic politics,"²⁵ while other political leaders shifted their positions on foreign policy issues.²⁶ While the Nepali Congress was viewed as pro-India, once in power it was careful to engage China rather than firmly tilting toward India. The 1950–60 period was one in which intensifying major power rivalry interacted in complicated, unpredictable ways with an ever-changing Nepali domestic sphere.

Contestation can be a difficult context for external powers to navigate. It is sometimes uncertain whether it will turn into polarization, as the depth of actors' commitments to foreign policy alignments is often difficult to assess, while foreign policy initiatives risk being swept away by changing domestic politics. This is where regular, intentional stress-testing of outsiders' assumptions about the internal politics of a country is particularly important. Similarly, external actors need to avoid being reactive to tumultuous domestic politics, since they are both incredibly difficult to manipulate and can also change suddenly. Consistency in policy and a certain amount of distance from the byzantine workings of a third-party state's internal politics are wise when dealing with a case of contestation.

Polarization occurs when major power rivalry aligns with a significant, recurring domestic cleavage. Blocs form and certain parties, factions, and/or politicians are clearly associated with a particular foreign power. The cleavage may involve two, three, or more sides, but in any case these blocs are deeply intertwined with the fundamental domestic political struggles for power. Polarization does not require that domestic actors be genuinely ideologically committed to either side (though they can be), but instead that the issues they care most about have become deeply tied to international alignment choices.

A dramatic example of polarization emerged from 1958–1965 in Indonesia, where the international Cold War battle for influence became fused with preexisting domestic cleavages. The U.S.-China rivalry in particular contributed to the hardening and intensification of the internal competition that eventually arrayed Indonesian leader Sukarno and the Communist Party of Indonesia against the Indonesian military and various nationalist and Islamist parties and militias.²⁷ External actors intervened in Indonesian domestic politics, but were often guided by misperceptions and surprised by the results of their policies, rather than being the key players.²⁸ Indonesian politics became polarized along Cold War lines by 1965, despite a comparative lack of direct outside influence or intervention, setting the stage for a dramatic and violent sequence of events that eventually led to the creation of Suharto's New Order.²⁹

Fragmentation. Fragmentation is a rare but dramatic outcome in which internal political order is broken in part by external pressures, and armed domestic actors become heavily aligned with, and actively supported by, competing major powers. This is more severe than a low-level peripheral insurgency and includes the division of a substantial swath of territory, a serious challenge to state power, and armed actors arrayed roughly along an international rivalry’s battlelines.

It is important to distinguish fragmentation from a more extreme version of polarization; the latter can be contained within “normal” politics for at least some period of time, while the former involves the breakdown of the political system into “internationalized” civil wars.³⁰ Examples of fragmentation include 1978–1989 Afghanistan, 1970–1975 Cambodia, and 1959–1975 South Vietnam: in each instance, external pressures from major power rivalries combined with internal armed rebellions to shatter political systems, with domestic states and armed groups backed by outside powers.

What Links Major Power Rivalry with Domestic Politics?

This framework offers a new way of thinking about how major power competition affects political systems. What factors drive closer or looser alignment of these external rivalries with domestic political competition? Table 2 outlines three mechanisms that help us understand when and how external rivalries can become present in swing states’ internal politics.³¹

Table 2. Mechanisms Linking Major Power Competition and Domestic Politics

Mechanism	Characteristics
Ideological	International competition straightforwardly “maps” onto local ideological differences
Embedding	Local actors embed geopolitics in broader domestic power struggles, even when not clearly ideologically linked
Distributional	Competing material implications of international alignments for factions and institutions within domestic politics

An *ideological* mechanism is when internal ideological competitions can be straightforwardly “mapped” onto an international competition. These are situations in which local actors’ political views are linked to the ideologies of the contending rivals. For instance, the existence of powerful pro-Moscow Communist movements and Western-backed anti-communist governments reproduced external competition internally when these forces squared off. At least contestation, and certainly polarization, become possible when ideological linkages create overlap. For instance, in Cold War Thailand and Pakistan, the political position of the military was closely connected to geopolitical alignment with the United States; foreign and domestic politics were tightly entwined—a change in one would affect the other.³² This is a particularly important mechanism in a very ideologically polarized international system, providing clear predictions on which local factions will align with which global powers.³³

However, international ideological competition is not necessary to bring external politics into domestic competition. In contemporary Asia, ideological competition between the United States and China is much more muted than communist/anti-communist rivalry in the 1950s and 1960s. In that earlier period, domestic players sometimes had deep commitments to one side of the superpower competition—there were true believers and radicals on both sides. Maoists, counterrevolutionaries, capitalists, center-left democrats, and many others found ideological sympathizers abroad. The same dynamic does not exist today. Instead, domestic blocs tend to have their roots in other issues and cleavages; neither China nor the United States is an obvious ideological model for many Asian political systems.³⁴ But that does not mean that U.S.-China competition will not play out inside these countries.

A second important mechanism that can increase overlap is when political elites fuse salient domestic political issues to a geopolitical rivalry as part of their internal power struggles, even if this linkage is not driven by ideological attachment to either major power. This involves local players tactically *embedding* external rivalry in their domestic disputes. Elections, coalitional bargaining, competitive mass mobilization, and civil-military conflict are all contexts in which one or more local actors might play up an external rivalry to delegitimize rivals, find new sources of domestic support for themselves, or hope to attract outside backing for their side. Major power rivalry can become one of the many issues used to distract, impugn, or otherwise complicate the lives of opponents in primarily domestic power struggles.

Ethno-nationalist domestic politics are a prominent example of an internal issue that can be linked to external politics. Political entrepreneurs often use the specter of external states as a tool to mobilize ethno-nationalist sentiment against their domestic rivals, accusing them of being pawns of outside forces or a fifth column within. In this mechanism, whether around ethno-nationalism or some other domestic cleavage (like region, language, or class), political

entrepreneurs graft international politics onto domestic politics in hopes of generating advantages in their internal power struggles. Often, the foreign policy issue then disappears from these parties' or leaders' rhetoric when the specifics of domestic struggle changes and it is no longer useful.

For instance, Sri Lankan ethno-nationalist politics have been primarily internally-focused, but at times have also become a powerful basis for rejecting major power strategies of influence that are seen to infringe on sovereignty, ethnic and religious identity, and political autonomy.³⁵ In the 1980s, Sinhalese ethnic nationalism was a potent tool deployed against Indian efforts to first mediate and then directly intervene to forge an accommodation with the Tamil minority: indeed, the bloody Janatha Vimukthi Peramuna (JVP) insurgency of the late 1980s made Indian intervention one of its key critiques of the Sri Lankan government.³⁶ In the 2000s, it was used by the Rajapaksa government and its supporters to push back against Western and, to a lesser extent, Indian efforts to emphasize human rights protections: these outside forces were framed as opponents of the Sinhalese majority's interests. This was directly relevant to the Sri Lankan government's tilt toward China, which was seen as less threatening to Sinhalese ethnic interests compared to other outside powers.

The third mechanism involves *distributional* politics. Geopolitical rivalries can have different material implications for factions and institutions within domestic politics.³⁷ These distributional politics can emerge quickly, even unexpectedly, as domestic players seek material benefits from externally backed projects and countries. This was an important dynamic in the Solomon Islands in 2021–22. The country's policy toward recognizing the People's Republic of China (versus Taiwan) mapped onto the regional distribution of material benefits within the country: regions that formed the government's political support base received more Chinese aid as a result of its tilt toward Beijing, generating resentment in opposition-backing areas.³⁸

Sometimes these politics are relatively small-scale, with disputes over the location of investments or projects; sometimes, they have much larger implications for a country's political economy. Contemporary Asia is dominated by the politics of economic development. In this context, alignment with major powers (or avoiding such alignments) can advantage particular sectors, industries, and elite actors in ways that can generate coalitions of support or opposition.³⁹ Unlike the ideological mechanism, there may not be any deeper political visions at play; unlike embedding, this is a straightforwardly material and economic account of why particular local actors' interests might overlap with the external competition.

This framework and set of mechanisms provide insights into South Asia's third-party states today and how American foreign policy should proceed in the region. The next two sections consider these in turn.

South Asia Today

Major power rivalry is back in South Asia, and with it has come increasing interest in the region's third-party states. As Shivshankar Menon notes, “for most south Asian countries China offers a welcome alternative and balancer to excessive dependence on India. . . . China also serves to make them attractive to the United States, the most occasional visitor.”⁴⁰ These third-party countries, however, have their own internal politics that rarely align straightforwardly with grand geopolitical competitions. This section turns to three of contemporary South Asia's “swing states”—Nepal, Sri Lanka, and Bangladesh—to broadly identify their current status in the U.S.-China and, where applicable, India-China rivalries.⁴¹ Chinese and American interest in these states have grown over the last twenty years, given their size and strategic locations, while India has worked hard to deal with new forms of competition. The region is ever-changing, so this should be considered a snapshot as of mid-2025, but some possible shifts are considered using the framework as well.

Nepal, sandwiched between India and China, has long been exposed to major power rivalry. Since the end of its civil war in 2006 and transition to a new political system, China has become a far more important presence.⁴² Anti-Indian sentiment has at times become a powerful spur for Nepali politicians to appeal to China, both in foreign and domestic policy. Yet the overall trend has been one of *contestation*: there is not a stable pro-China/anti-China cleavage determining the alliances and strategies of the major political parties. There are certainly some broad ideological preferences toward India, China, and the United States, among different political actors (for instance, the Nepal Communist Party looking more favorably to China, the Nepali Congress and Terai-based parties looking to India).

However, these ideological inclinations have not been consistently turned into actual political outcomes. Overlap has been uneven, at best, and often quite low. Indeed, efforts by China to help build and hold together a united Nepali Communist Party from 2018–2021 collapsed because of intra-party rivalries and feuds.⁴³ The key cleavages in Nepal include secularism, federal and ethnic politics, and corruption—the U.S.-China competition does not offer particularly clear guidance about how to respond to any of these, nor is there a pro-/anti-democracy division among the key parties in the system.⁴⁴

Instead, the dominant mechanism that has pulled major power rivalries into domestic politics in Nepal is *embedding*: politicians have appealed to anti-India, anti-China, and anti-American sentiment in fluid and deeply uneven ways to gain support. Sometimes, the same politician or party gives contradictory messages on these issues at different points in time. Coalitions have shifted dramatically since 2008, with the same three parties—Communist Party of Nepal (Unified Marxist-Leninist), Communist Party of Nepal (Maoist Centre), and Nepali Congress—regularly changing their alignments with each other. Even when one or more of these parties deploy an external rivalry as an issue, they sometimes then drop it either once in power or when coalitions change. Geopolitics can be fused with

internal competitions, drawing on various articulations of Nepali nationalism (which can be skeptical of India, the United States, and China around different issues) but without locking political actors into any rigid foreign alignment position.

This political configuration seems likely to persist, with Nepal pursuing a nonalignment strategy that does not reach its full potential because of political instability and coalitional fluidity.⁴⁵ Changes from this status could occur if one party consolidates itself into a powerful ruling party able to pursue a long-term agenda, or if there is a shift in the salient political cleavages in Nepal in a way that enduringly aligns them with external rivalries. Neither seems likely in the near future, but analysts should pay careful attention to whether clear, and above all stable, coalitions emerge that cluster around different foreign policy orientations.

In Sri Lanka, during the 2005–2022 period, both ideological and embedding mechanisms pushed external rivalries into some form of domestic politics. Under the height of the Rajapaksa's rule from 2010–2015, there was *consolidation* toward a pro-China tilt. All three of the mechanisms identified above were at work and overlap was relatively high: ethnic nationalists argued that India and the West were inimical to Sinhalese interests, the Rajapaksa limited democratic space in ways that partially aligned with the Chinese political model, and there were clear benefits for pro-Rajapaksa regions and supporters from Chinese investments. From 2015–2019, by contrast, there was *contestation* as the complicated internal politics of the island in this period made India and China relevant domestic issues but neither central nor stable. Issues like Islamist terrorism, the distribution of patronage, coalitional disputes, and the relationship between the president and prime minister all featured internally in ways that did not overlap very clearly with U.S.-China-India competition.

Yet since 2022, these kinds of cleavages have largely been wiped away by a grinding economic crisis that has reshaped domestic politics in Sri Lanka. The 2024 election victory of Anura Kumara Disanayake (known as AKD) defeated the traditional parties and politicians and did not centrally feature divisions over foreign policy, beyond general support for Sri Lankan sovereignty, a balanced foreign policy, and a desire to accept whatever useful help is available for managing the economic crisis.⁴⁶ The current situation is a blend of insulation—foreign policy simply was not a major area of division in the election—with consolidation, since external states' policies toward Sri Lanka are very relevant to its economic future. The system is consolidated around a willingness to take help from any outside powers credibly able to provide it, without a major set of domestic divisions about which countries to look to for support.

This status quo is the most likely short-term path as Sri Lanka tries to climb out of its deep domestic challenges. In this case, the embedding and distributional mechanisms will be the keys: in the absence of clear ideological divisions, major power politics may become politically relevant either because aid projects or external investments may have uneven internal

effects (favoring some parties/regions over others, for instance) or become a tool for the government or opposition to attack the other. For instance, if there are new strategies by outside states that tap into factional, regional, ethnic, or partisan divisions in Sri Lanka, then there might be greater overlap. If AKD runs into political trouble, it is possible he will deploy anti-India or even anti-China sentiment as part of a strategy for managing public unrest. Observers should also carefully watch for how the opposition positions itself and whether it sees openings to use major power politics as a wedge with which to target the government, for instance, by arguing that the government is selling Sri Lanka out to some external power.

Bangladesh has changed dramatically since the summer of 2024. Sheikh Hasina's government was largely consolidated around political alignment with India, with which it maintained good ties, and avoided playing up anti-India nationalism at home, while also maintaining good relations with China. There was an ideological component to this alignment, given the Awami League's (AL) historical sympathy with India. Ties with India were particularly politically salient, with the AL occupying a pro-India position and the Bangladeshi Nationalist Party (BNP) being more skeptical of India.⁴⁷ There were periods in which this led to open polarization between the parties, but as the AL established its dominance in the 2010s, the space for polarization receded and more muted contestation emerged. Sheikh Hasina also began to play up alleged American threats in 2023 and 2024.⁴⁸ This was part of embedding these external politics into her domestic strategies, rather than a deep ideological component of the AL's political program.

The revolution that overthrew Hasina has unsettled this previous status quo. There is much greater anti-India sentiment, and more effort to bring in both China and the West as a counterbalance to India, where Hasina continues to reside as of this writing.⁴⁹ However, it remains to be seen how this plays out: the interim government has sought to carve out a new equilibrium in which Bangladesh is less tightly aligned with India, but without making the relationship openly acrimonious.⁵⁰ Relations between Bangladesh and outside powers are certainly an issue of political discussion and mobilization, so at minimum this is a case of contestation.⁵¹

Too much is uncertain in Bangladeshi politics to know whether a continued effort to balance good ties with major powers (but with greater distance from India) is the new consolidated consensus, whether foreign policy will recede into a contested but fluid issue that parties and social movements deploy in their competition, or whether deep-seated disagreements will emerge over how to align Bangladesh within the U.S.-China-India triad. Bangladesh's choices are consequential because of its own large population, and because of its proximity to the civil war in Myanmar and simmering conflicts in Northeast India, geographic potential to connect different regional economics, and openness to Chinese investment and military sales. Observers should carefully watch how emerging political parties position themselves toward major power competitions and whether there are tensions over foreign policy among political parties, the students' movement and its successors, and the army as elections loom in 2026.

Policy Implications

Managing the India Relationship

An immediate challenge for U.S. policy is managing its relationship with both India and with its smaller neighbors. The United States seeks to closely cooperate with India as a central part of its broader Indo-Pacific strategy. But this creates potential tension in how to approach South Asia's smaller states: they are often suspicious of India and may want to use both China and the West as leverage against excessive Indian influence.⁵² For instance, the new Bangladeshi government has reached out to Pakistan and China for support in a period of tension with India, while Nepal has a long history of trying to bring in the United States as an extra-regional partner.⁵³ If the United States coordinates too closely with India, it will be seen as a *de facto* extension of Delhi in these regional third-party states, which can undermine the effectiveness of American policies.

Yet directly competing with India over these states would create conflict in the broader relationship and undermine America's overall Asia strategy. There is no simple solution to this potential dilemma, and it will need to be considered on a case-by-case basis. But the United States should consider two basic principles. First, bilateral relations with the region's swing states should not be considered an extension of America's India policy. The United States needs to maintain a distinct portfolio of interests and investments in these states, providing the United States with access to political support and economic opportunities that might be foreclosed if it simply followed Indian policy. It is likely that India and the United States would align on the vast majority of policies, but American and Indian interests are not identical.

Second, disagreements with India that do result from this approach should be kept private and discreet, acknowledging that there are differences but seeking to avoid open clashes and adjusting American policies as necessary. Delhi is very sensitive about its regional position, and India's contemporary domestic politics are primed to push back on Western interventions in the region, much as the swing states in the region often react against Indian influence. The United States should err on the side of speaking softly and carefully about these topics.

India-U.S. tensions over the 2024 Bangladeshi election and the later fall of Sheikh Hasina show the dangers of disagreement over strategy toward regional states, but also the problems with simply following Delhi's lead. American concerns about the legitimacy and stability of Hasina's government were proven correct, but the visible way in which the United States criticized Hasina triggered backlash in Delhi at the time and an enduring suspicion that America was behind her overthrow. Following the two principles above could have laid the basis for a more successful approach that did not simply fall into line behind Hasina's regime, but also did not trigger Indian resentments.

Analytical Strategies

A key analytical takeaway is that there is huge variation in how much foreign policy matters in domestic politics, even amid major power competition. Understanding when these linkages develop requires meaningful knowledge of local contexts and politics that can help policymakers assess where there is overlap between internal and external politics and what processes are driving it. Analysts should take particular care not to assume that local actors align with external priorities: there may not be stable pro-China or pro-America blocs within South Asia's swing states. Sometimes these do exist, but more often political players' top priorities are domestic and local, and that may be where analysts need to focus their attention.

A crucial analytical strategy for tackling this challenge is stress-testing assumptions about the geopolitical leanings of domestic actors within these countries: what actual evidence exists of their preferences? What does their track record suggest about the stickiness or malleability of their foreign policy attitudes? What is the best argument *against* the conventional wisdom regarding these actors? Policymakers should use detailed local knowledge to figure out how to best adapt American strategic approaches to the specific political contexts in a country. This will allow a focus on long-term thinking and nuanced policies for meshing broad goals with local realities, rather than becoming purely reactive to Chinese initiatives or misunderstanding the domestic political sources of politicians' rhetoric or popular sentiment.

Nationalism and Backlash

Second, nationalism and concerns over sovereignty are a crucial political resource across South Asia (and elsewhere) that can be mobilized effectively against large powers seen as coercing or undermining smaller states. There is a risk that U.S. strategies intended to counter China may be seen as intrusive or bad for the smaller state's interests, triggering backlash and hostility. There is particular suspicion of the Indo-Pacific Strategy (IPS) as being focused on containing China, especially its military competition aspect.⁵⁴ American policy should try to explicitly distance smaller states from the IPS, rather than trying to make the IPS seem to encompass all of America's Asia strategy. The United States may end up pushing away third-party states if it emphasizes China, because those states may worry about becoming entrapped in an escalating conflict or forced into policies that are not in their self-interest.

More generally, the United States should be extremely careful to limit its rhetoric when commenting on the internal politics of the countries in the region. Nationalist backlash can occur when foreigners are seen to be meddling in or inappropriately passing judgment on local politics. Such rhetoric may sometimes be necessary to send a clear message on topics of vital American interests, but should otherwise be avoided. American governments have a tendency to speak in sweeping moral tones that are often seen as hypocritical,

inappropriately meddlesome, or both. Public pronouncements, or private pressure that could easily leak, need to be considered through this lens of domestic sensitivity and backlash, rather than being pushed by top-down strategic imperatives from Washington to compete with China, support liberal democracy, and/or gain market access for American firms and capital.

Focus on Complementarities while Reinvesting in Soft Power and Diplomatic Tools

America's physical distance from the region provides opportunities to be seen as a welcome complement and alternative to swing states' sometimes overbearing major power neighbors. At different points in their histories, Nepal, Sri Lanka, and Bangladesh have all sought to bring in American aid and/or political support, in part because American influence is (sometimes) less politically sensitive in these countries' domestic politics than that of either India or China. Anti-Americanism certainly exists in the region, but it has not consistently been a core part of political mobilization in most of the swing states.

The United States should thus cultivate a role as a friendly outsider, being flexible and open to working with a variety of local players. It can carve out a narrow but valuable niche in the region's smaller states as a provider of expertise, technology, and capital that helps these countries develop economically and achieve political stability. This approach will be most effective when explicitly *not* framed as simply reactive to China: consistent engagement can limit Chinese influence as a consequence, but it should not be the explicit driving force behind American strategy in the region. Indeed, there may be times when it makes sense to adopt a similar approach to China in order to advance American interests in a particular third-party state.

Such a nuanced, case-by-case approach that invests in deep knowledge of local political coalitions and public opinion can help the United States navigate a new era of rivalry in the region. Yet this goal has been undermined by sweeping cuts to American aid and development initiatives, as well as planned reductions in the U.S. State Department.⁵⁵ Eliminating soft power instruments and regional expertise is a curious way to pursue major power competition. Such tools are obviously not always effective in building political influence for the United States—but it is very difficult to beat something with nothing. China has devoted substantial resources, both diplomatic and financial, in South Asia, while U.S. President Donald Trump's administration appears to have decided to simply not compete in these countries. For instance, for months it appeared that the United States had cancelled the Millennium Challenge Corporation (MCC) agreement with Nepal, while the elimination of the U.S. Agency for International Development has removed one of the main tools of American engagement in the region.⁵⁶

As Carnegie’s Evan Feigenbaum has warned, the United States risks being seen as the “Hessians of Asia,” primarily useful in the military realm but absent, or even adversarial, in other domains.⁵⁷ The Trump administration has further accelerated this drift in American policy—it is extremely unclear what a positive, forward-looking American policy message in the region could be. Emphasizing military aid and cooperation makes sense with countries locked in rivalries or deep territorial disputes with China, but that does not apply with much force to South Asia’s swing states. They do not want to be dominated by China, but also are not looking for American weapons or military backing. Development, domestic political survival, and governance are vastly more pressing domestic priorities. Without reinvesting in the tools and strategies that can help address these countries’ actual goals, the United States risks sitting on the sidelines.

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Notes

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