

## **India: Strategy and Foreign Policy in a Changing World**

Professor T.V. Paul

(McGill University, Montreal, Canada)

Paper to be Presented at the Alexandre de Gusmao Foundation and IPRI Conference on  
India, Rio de Janeiro, August 28, 2008

**Introduction:** The foreign policy and grand strategy of India are gradually emerging as crucial topics of interest in the contemporary international system, along with the prospective rise of India as a major power. This has especially been the case in Western official, media, and academic circles during the past few years. The reasons for this newfound attention can be seen both in economic and in strategic terms. India began the liberalization of its economy in 1991 and has since then shown considerable growth, averaging between 6 and 8 percent annually. This placed the Indian economy in terms of purchasing power parity as the fourth largest in the world in 2007. Even in absolute US dollar terms, the Indian economy is expected to move into the third place among world economies after China and US by the middle of this century. The outside world began to view India in a new light as a land of opportunities, despite several constraints in doing business in India.

In strategic terms, India's perceived role has increased given the expectation among strategic circles that the rise of China inevitably calls for countervailing power centers and within Asia, India and Japan offer the most potent nations of strength. The dramatic change in US-India relations, although partially driven by economic considerations, is also propelled by strategic calculations. While the US-India friendship is unlikely to emerge as a patron-client relationship or a typical military alliance, it has already become more like an entente for soft balancing, although it could mature into a hard balancing alliance if China assumes a threatening posture. I see the probability of the latter occurring as low given that both India and the U.S. are major trading partners of China, and that the Chinese approach to its own rise in the international system does not seem to imitate the typical aggressive route followed by European rising powers in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, calling for hard balancing strategies by affected powers.

India's search for a major power role is also somewhat akin to China's to the extent that it seeks a peaceful rise rather than a violent one.

**India as a Rising Power:** India has a number of power capabilities that are necessary ingredients for claiming a rising power status. Elsewhere, Baldev Raj Nayar and I (2003) have argued that India is perhaps the leading contender for major power status from the developing world in the 21<sup>st</sup> century due to its comprehensive national capabilities, defined in both hard and soft power resources. The hard power resources include: extant military capabilities, economic resources, and technological and demographic assets. The soft power assets include: leadership in international institutions; cultural appeal, democracy, secularism, and a federal polity. Moreover, India is geographically situated at a major strategic location with the Indian Ocean being the crucial waters for the world's oil transportation. In addition, among most of the emerging powers, India has shown the highest inclination, in terms of its elite and public positioning, and in terms of its invocation of its grand civilizational history, for the position of major power. More concretely, what are the sources of India's aspirations in this regard?

***Hard Power Indicators: Military Power:*** In terms of military power India has always been pivotal for the regional security order. In recent years, it has made some major strides. In manpower, with 1.485 million regular troops India holds the third largest armed forces after China and the U.S. In terms of conventional capabilities, it has the air, naval and land assets that it can now extend beyond the immediate South Asian region to a shorter periphery, such as Southeast Asia and the Persian Gulf. It has acquired nuclear weapons and delivery systems, including IRBMs that can reach major cities of China. The shorter range Prithvi, Agni I and II missiles are meant for deterrence against Pakistan, while the Agni III has the reach of 5000 km that can potentially offer a key deterrent towards China. It is likely to have ICBM capacity (using its PSLV) long range launching capability, but is unlikely to deploy or develop it in the near term, due to concerns about potential implications for relations with the US. It is also acquiring capabilities in the naval area and air power that would extend its power projection capabilities. Moreover, if the planned deployments of missile defense systems

materialize, India may have defensive capacities as well. In recent years India has been on a major arms buying spree, in its efforts to replace its ageing fighter jets, aircraft carriers, battlefield tanks, and other systems that will give it an edge in technological capabilities vis-à-vis major regional rivals.

*Economic Power:* In terms of economic power, India will become a leading economy by the middle of the 21<sup>st</sup> century, if its growth rate continues at the present level. This outcome is possible because at a growth rate of 6-7 per cent per annum, India's GNP will double every 10 years or so. A quadrupling of the economy in the space of 30 years could dramatically alter India's power position, especially given the prospect that many developed countries are unlikely to grow at that rate. In dollar terms the Indian economy can become number three in the next decade and number two by 2050 (Goldman Sachs, 2008). This economic change has foreign policy as well as strategic implications. Since the mid-1980s, India's growth has been incremental, but accelerated during the past 17 years. Barring unforeseen turbulence, India's economic growth will continue and it might even reach 8-10 per cent annually. In India, a domestically growing capitalist class is emerging which is making use of economic globalization fairly effectively.

Although China has done better than India in attracting foreign direct investment (FDI), the interesting fact is that the Indian economy is growing closer to the Chinese rate. Notably, India registers 28 per cent savings rate compared to China's 40 per cent. In 2007 China received an FDI of \$758.9 billion while India \$95.28 billion. The foreign trade statistics of China versus India is also stark. In 2007 China's exports were to the tune of \$1.127 trillion while India's \$150.8 billion. India has made some major strides in increasing its foreign trade (with a recent annual growth rate of 20 per cent or more), but it still suffers from infrastructure constraints and bureaucratic bottlenecks. India has established several special economic zones that are beginning to attract foreign investment. It is planning to reach a target of \$200 billion in exports by 2009. A dramatic opening of the economy like China is politically difficult for India. The fractious political system and the requirements of coalition governments at the Center constrain India in adopting a blitzkrieg economic strategy. But India's development seems more stable and locally-generated, relying on knowledge based industries which are likely to stay pivotal

for growth in the 21<sup>st</sup> century. If India can increase FDI flows and foreign trade, it may exceed China's growth rate. India's concentration on services is a smart strategy given the working population available, but manufacturing is also an area where India has great potential.

*Technology* assets are linked to both economic and military power and in India's case these are most noticeable in information and space arenas. India's space program has succeeded in placing different categories of satellites in space, and in developing and deploying different types of launch vehicles. With the Polar Satellite Launch Vehicle (PSLV) launch, India has been able to place heavier remote-sensing satellites at higher altitudes. On April 18, 2001 India used the GSLV (Geosynchronized Satellite Launch Vehicle) to place a 1.53 ton communications satellite in orbit at 36,000 km in space. In April 2008, India launched 10 satellites using a single launch vehicle. Currently, India has 11 national satellites including 7 remote sensing satellites in orbit (BBC News). It is also planning a mission to Moon in the near future which it will use the PSLV launch vehicle. India's emerging space capabilities will likely give it a key role in the future international system, especially if space becomes militarized and there is competition among the major powers for control of the outer space.

*Demographic* asset also provide India certain advantages (and disadvantages). India will have the largest number of working age population in the world during the next three decades or so. Between 2000 and 2020 India will add 310 million people to its population. The median age of the Indian population in 2007 was 25.1 to China's 33.6. Although 25 per cent of the Indian population still lives under abject poverty, the low age of the working population brings certain advantages. However, clear policy initiatives, especially in education and poverty alleviation are needed to bring this population to productive use. Considerable social and economic disparities exist in the Indian society along caste, class and gender bases, making it difficult to use the population asset optimally.

***Soft Power:*** In terms of *soft power* indicators, India's position is significantly high in some areas while it has considerable potential in others. India has played a leading role in world trade talks at the Doha rounds along with China and Brazil and will emerge as

crucial in the conclusion of any such deals in the future as well. At the UN, India has been very active provider of peacekeeping forces. It is not a permanent member of the Security Council yet, but this might be a continuing issue for India's peaceful integration into the world order. India has been assiduously cultivating its relationship with EU, ASEAN and other regional forums in an effort to embolden its institutional credentials.

India has unique cultural assets that not many other countries possess: cuisine, art, music, film and dance. It offers an alternative to the Western dominant cultural systems. Bollywood is second only to Hollywood in terms of movie industry and viewership worldwide. Over the years, Indian themes also have become prominent in English literature. And the wide use of English by Indians gives them an advantage as English has emerged as the key language of the information revolution. At the domestic level, India's democracy, federalism and secularism (although imperfect) offer a model for reasonable accommodation of minority rights, and adjustments of diversity in terms of ethnicity and language. The three language policy of India (Hindi, English and native language) has brought linguistic peace.

**India's Lingering Constraints:** India faces several constraints at the international/regional, domestic and perceptual levels in achieving a global leadership role in the near term. At the international level, India's late arrival as an independent state in 1947 (two years after the post-World War II order was finalized in San Francisco), precluded a leading role in the UN system. The UN Security Council was set up then with five permanent members who were allies in the winning coalition of the War. That set up still continues because the leading powers in the Security Council are unwilling to alter the composition of the Council. No systemic event has yet to upset the post-WW II order in terms of the structure of international institutional governance. The Cold War rivalry caused India to avoid joining alliances, and led it to pursue a non-aligned policy which also allowed it to somewhat compensate for the immediate dearth of hard power resources. However, India's quasi-alliance with the Soviet Union during 1970s and 80s precluded Western support for it to gain a leading role.

Regionally, India has been constrained by the conflict with Pakistan and China and the need to bifurcate its military forces into two fronts. The off and on alliance that

the US and Pakistan have formed and China's continuing balancing coalition with Pakistan have constrained India's power in the region. The conflict in Kashmir also took considerable amount of Indian attention, and it is still simmering. In recent years, India has been affected by the weak states populating its neighborhood, especially Afghanistan, Pakistan, Bangladesh, Nepal and Sri Lanka. All these states have internal conflicts that have affected India. Nepal has emerged as major source of security challenge to India, through the Maoists (Naxalites) who now form a corridor in India's tribal belts from North to the South. Large scale migration from Bangladesh has caused internal conflict in Assam and Tripura.

The external pressures have been accentuated by the weak state syndrome of India itself. The Indian state has strength in some areas, but it is often called a 'soft state' in dealing with pressing national problems. Many parts of India, especially in states such as Bihar, UP and Jharkhand are similar to Sub-Saharan Africa in terms of state control and governance. The ability of the state to provide public goods, and services, especially in the security area, has been in decline or stagnant, despite the fact that the State has acquired considerable resources in the globalization era. A potent manifestation of state weakness is the increasing number of radical Islamic terrorist outfits in India and the increasing incidence of terrorist strikes. In 2007-08 India emerged as the number one country in terms of casualties caused by terrorist attacks.

As for *soft power* resources, strategy and diplomacy are crucial components to compensate for some of the weaknesses in the hard power area. Moreover, effective utilization of national power would require a proper grand strategy. Until recently, the Indian elite avoided this subject due to the fractious nature of its domestic politics. Grand strategy, in contemporary times, focuses not only on military security, but on economic security as well; it attempts to increase wealth of the country as economic capability is equally important in gaining and retaining a state's power position. A grand strategy is often an intervening variable in translating a state's power capabilities into actual power and influence in the international system. India's lack of a proper grand strategy may be due to the need to accommodate divergent interest groups and political ideologies within India.

**Changing Strategic Circumstances:** By 2000, India's strategic position had improved appreciably. Many reasons are ascribed for this change. First of all, the US has increasingly perceived India's potential in balancing China. "Economic liberalization, growth, changes in strategic environment, nuclear tests, measured response to Pakistani provocations," all these have earned India the status of a "mature regional power." Through its nuclear tests in 1998, India repositioned itself from a largely marginal player in the international system to a serious candidate or contender for major power status (Nayar and Paul, 2003). The test allowed India to get out of the fence-sitter mode on the nuclear weapons issue. Had it remained there, India would have been clubbed with Iran and North Korea by non-proliferation advocates today. It is true though that in the immediate aftermath of the tests, India's relations with Pakistan deteriorated as the so-called stability-instability paradox entered the strategic relationship between these two states. Despite the initial intense opposition by the major powers, all of them in the end entered into a strategic or security dialogue with India. The reason for India's acceptance as a de facto nuclear power by the international community is the realization among the leading powers that with two nuclear rivals and no membership in any nuclear protection arrangement, India may well have different security dynamics from those other states pursuing the nuclear option. Moreover, India has behaved maturely in the nuclear proliferation area by refusing to offer assistance to other states seeking nuclear weapons. While India has thus elevated itself from a middle power to become a candidate major power, as Ayoob (1999) states, this has been achieved without much forethought or strategic preplanning. The strategic dialogue with the US and other major powers also has helped India in clarifying its objectives, but greater levels of cooperation would require concrete policy postures and advancements in capabilities.

**India's Foreign Policy:** Some incremental but crucial changes have taken place in India's foreign policy over the past two decades that reflect the economic and strategic realities that I outlined above. The foreign policy changes are also driven by the conviction of the Indian elite that they ought to make use of the favorable economic and strategic circumstances in order to emerge as a leading world power. These new attitudes are caused by changes in the international system as well as India's internal confidence deriving from

newfound economic progress. There are multiple elements to the new foreign policy dynamism that India has exhibited over the recent years. 1. Deepening of the strategic and economic relationship with the United States. 2. Improving relations with all major powers. 3. Increased vigor in pursuing the Look East Policy toward its ASEAN neighbors and East Asian states. 4. Engaging with pivotal regional power centers such as Brazil and South Africa in order to form bargaining groups that would strengthen India's position in world trade forums and other issues. 5. A focus on economic diplomacy including vigorous search for new oil sources in Africa and Latin America. 6. Building up of the armed forces, even while pursuing dialogue with neighboring states. 7. Continue peace process with Pakistan and China although major concessions from the Indian side on the border issues are unlikely to come anytime soon. This is largely because of the constraints operating in the fractious democratic polity.

The change in US attitude toward India began in early 1990s, when in response to Soviet collapse, India began to adjust its foreign policy. However, the nuclear issue intervened as a major stumbling bloc. In 1998 India tested its nuclear weapons that caused a major furor in international relations and the US response was harsh with Washington and its allies imposing a series of sanctions on India. However, the US and India initiated a dialogue which eased considerably much of the irritants. The 1999 Kargil conflict was a watershed, when President Bill Clinton sided with India and forced Pakistani Prime Minister Nawaz Shariff to commit to a withdrawal of Pakistani forces from the Kargil Hills on the Indian side that the former had occupied. The Clinton visit to India in March 2000 was a major success, but it was the George W. Bush administration that initiated major changes in the US policy toward India, especially in the nuclear area. The 1995 India-US nuclear deal that the US president signed with Prime Minister Manmohan Singh elevated India to the status of a de facto nuclear weapon state while allowing it to engage in international nuclear trade. A series of steps were undertaken which included India bifurcating its civilian and military facilities, the Hyde Act which exempted non-NPT signatory India from nuclear trade sanctions, the 123 Agreement and the waivers from the IAEA as well as the Nuclear Suppliers Group (NSG), which is expected in September 2008. This deal has major repercussions in both strategic and economic terms for US-India relations. In the post September 11, 2001 world, the Indian perception of the US has



changed in a big way. The US war on terror in Afghanistan against Islamic radicals is part of the reasons for the change. It is very plausible that had there been no September 11, attacks, India-US relations would have matured even further. The need for Pakistan's support in the war in Afghanistan somewhat mellowed the level of cooperation that the U.S. could develop with India.

A number of concrete steps have been taken to strengthen this relationship. They include the joint exercise that Indian and US military branches have conducted, several defense deals that made US one of the leading sources of weapons for India, cooperation in the energy field, and bilateral dialogue. The two-way trade also has seen considerable progress over the years. It is not only US companies that invest in India, but the reverse, with more and more Indian companies investing in the US. The US-India economic relations are bound to improve as Washington needs India and India needs the US for continued economic growth and innovation. Economic, strategic, and demographic reasons call for optimism with the latter emerging as a very important in the coming years. Indian technical students are populating all US graduate schools and Indian technology workers are the largest recipients of H-1 visas. They will be a key force in linking Indian and American knowledge-based economies in the decades to come. The Indian diaspora is very active as a lobbying group in the U.S. and is emerging as a powerful electoral segment. When economic and security links improve, popular perceptions of Americans and Indians of each other will also change. Today, India is one of the few countries that genuinely sympathize with the US on the war on terrorism (I don't mean Iraq invasion). However, India's foreign policy may diverge on the issue of military action against Iran as well as on global trade issues.

India has also maintained strong ties with Russia, especially as its traditional source of weapons acquisition. It is however, difficult to see the emergence of a deep strategic relationship as happened in the Cold War era even if Russia emerges as a global power once again. This is because India has been diversifying its economic and military sources and Russia has only very limited non-military and non-oil resources for India's fast globalizing economy. With respect to China, India's foreign policy has maintained an outward cordiality, but there are simmering tensions in relations. Over the past few years, several border incidents have occurred that are not reported by the world media. These

incidents reflect the continued rivalry that these states have over territory, influence and policies over Tibet, Pakistan, and the emerging US-India relationship. As China attempts to expand its military bases in Tibet and in the Indian Ocean rim countries such as Myanmar, India is starting to feel the pressure to counter such moves as evident in the increased activism by the two states in Myanmar. The increasing economic links between China and India somewhat cushion the rivalry from escalating to a full-fledged military competition

*South Asia and India's Foreign Policy:* While India has improved its engagement with the major powers, a notable weakness of the Indian foreign policy approach has been the neglect of its own immediate region, South Asia. This is an inevitable result of India's desire to transcend the region and not to get mired in the quarrels of the smaller neighboring states. The regional states are all weak countries with multiple security, economic and demographic challenges that spill over to India. India is affected by internal and external Islamic terrorist cells that have emerged in the region.

**Future Strategic Trajectories:** In the next decade or so India is likely to pursue low cost soft balancing strategies to achieve its security and economic objectives. It is unlikely to conclude a deep alliance with any of the great powers, but may indeed pursue somewhat of a non-aligned policy even when it is not stating so. The peace among the great powers is a major variable in this approach. Although situations can change, and crisis can develop over Taiwan, relations between Japan-China, US-China, and US-Russia, I see no intense hard balancing - based on arms buildup and alliances –emerging in Asia anytime soon. Hedging, economic balancing, pre-balancing, soft balancing, asymmetric balancing, are all more likely strategies for states including India in the foreseeable future. Countries are playing sophisticated strategic games in the 21<sup>st</sup> century, partly due to globalization and the difficulties of waging inter-state wars. A form of recessed general deterrence has taken root among major powers as well. However, all the key states are likely to continue their military and technological competition even when they do not expect a major war. Much of it is hedging against future rivalries and maintaining their own lead role in the international system.

India's economic and military developments may be crucial to neutralize China's dominance in Asia and beyond. While the full economic containment of China is difficult, economic balancing may be possible. The sheer existence of multiple economic powerhouses such as India, and Japan in Asia may mellow down China, especially in the strategic arena. Beijing will not be the Middle Kingdom, as it has no takers in the region on alliance creation, except for probably Pakistan. Even Russia is unlikely to join China anytime soon for a new Cold War with the West. China's economic power will be much less felt if there are other states with strong economies in the region. In that sense, both US and India do not require active balancing for now. The China- US-India relationships are unlikely to become zero-sum in the near-term as too much interconnectedness is built into these relationships.

Tight Cold War era style alignments are also unlikely because of the absence of intense ideological competition among the great power states. During the Cold War, the Soviet Union posed fundamental threat to West and vice versa as the USSR was ideologically revisionist and it was perceived as a major challenge in the Western liberal order. Although China professes Communism, it does not yet pose a major ideological challenge to the West, or to its Asian neighbors. China is also an intensely Westphalian sovereignty-conscious nation and has little inclination to engage in regime changing in other countries. Without a direct Chinese military challenge, it is unlikely an intense balancing coalition will emerge toward it.

In the next decade *Pakistan* is likely to give considerable difficulties for the US and India. This is because the Pakistani society is not transforming into a progressive socio-political order. A virulent form of Islamic ethos has taken over its society (despite the presence of an active middle class) due to the educational system and the involvement of the state in many geopolitical ventures with the help of Taliban and al Qaeda. The control of the state over many parts of the territory is weak, especially in the Northwest Frontier provinces. Even when it manages to elect a civilian government, the military and the intelligence apparatus, the ISI, control parts of the government, creating a hybrid form of government.. Its military elite engage in tactical posturing and try to undermine civilian rulers. Without a radical mindset change, Pakistan's revisionist tendencies are

unlikely to go away. I have argued a kind of truncated asymmetry has prevented accommodation in South Asia (Paul, 2006).

In the face of its regional challenges from Pakistan and China, India might expand its nuclear capability, but is unlikely to go for an expansive nuclear force as some critics fear. Considerable internal and external constraints exist to prevent such a move. India may have little to gain by creating too many weapons, unless it has a first use posture. Doctrine and posture rule that out at least for now. However, a steady expansion of naval power is likely in the face of China's growing capabilities and the expected reduction of US projection capabilities in Asia.

Globalization is creating both opportunities and constraints for India and other states in Asia. They have more money to arm, but less propensity to wage wars as the costs of war are too high. In Asia, we may get a kind of stability that is both deterrence-based and economic interdependence-based. A kind of mixed realist-liberal world is emerging which is more complex than in the Cold War era. More complex tools may be necessary for states to encounter the multifarious problems they encounter.

India also is likely to increase economic and security interactions with US allies like Japan and Australia and ASEAN. India-Brazil relations have great potential here. The economic synergies of India and Brazil and the role that technology play in each other's economies, and the convergent positions on international institutions including the World Trade Organization offer greater avenues for future cooperation.

Much will depend on how India sorts out its domestic politics. If inward-looking regionally or caste-based political parties emerge as power holders in New Delhi, India may slide into a period of global inactivity. However, coalition governments led by either the Congress or the BJP are most likely to pursue vigorous foreign policy goals, especially if they are not constrained by smaller coalition members as the Congress-led UPA was by the Communists until recently.

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