

*A Hesitant Rule Shaper?***A Defining Period**

India faces a defining period. As the world's biggest democracy with an economy among the world's ten largest, India's status as a reemerging global power is being not just recognized but increasingly institutionalized, with a seat on the G-20, increasing clout in the international financial institutions, entry into the club of nuclear-armed states, impending membership in the various technology and supply control regimes, and impressive peacekeeping credentials under the United Nations. As India reasserts itself economically on the global stage for the first time since the 1500s, it will inevitably wield greater international political and, possibly, military influence.<sup>1</sup>

At the same time, geopolitical shifts create simultaneous opportunities and challenges: the opening with the United States, the rise of China, the global financial crisis, the so-called Arab Spring, the mounting crisis between Iran and the West as well as key Gulf states, and the growing international tussles over energy, climate, food, cyber security, rivers and the oceans. India has experienced rapid growth through participation in the multilateral order, and its development strategy and energy requirements make it dependent on stable globalization. India has growing economic, trade, and energy stakes in literally every corner of the globe. Much of that trade and energy flows via the Indian Ocean, where India is an established maritime player but also faces enormous new demands and challenges. At this stage in its history, India has critical interests in just about every major multilateral regime and vital interests in several emerging regimes. The boundaries between Indian self-interest and the contours of the multilateral order have blurred. In short, India might

have no choice but to influence the evolving multilateral order if it is to sustain its own interests.

Does India have the will to shape the changing multilateral order? If so, does it have the people, the tools, and the ideas to do so? How much do India's troubled neighborhood and complex domestic politics inhibit a forward-leaning stance on the multilateral order? Or do they demand it? How do India's elites—old and new—shape India's political options? How do the rising middle class and the growing urbanization influence India's multilateral outlook?

Many commentators on India's posture with regard to the multilateral order have argued that it has often been little more than a defensive crouch: that nonalignment was rooted in a geopolitical strategy, but Indian policy has neither fully reacted to changing geopolitics and geoeconomics nor genuinely sought to shape the resulting global order. To some extent, this is a caricature, although, like many caricatures, it contains an element of truth. What is certainly true is that India's posture on the multilateral order has not changed as quickly or as dramatically as the order itself.

Jawaharlal Nehru reportedly argued, as echoed by John F. Kennedy's famous charge to the American people, that states must ask not, what can the world do for us, but what can we do for the world?<sup>2</sup> This is the necessary question for a power that would seek to shape the order in which it finds itself. The history of the multilateral order is one of change from within driven by states willing to bear the costs. While India has been a key international actor since its independence in 1947, it practiced, according to one observer, "universalism of the weak."<sup>3</sup> This was evident during the early decades in its leadership of the Nonaligned Movement (NAM) and the G-77 countries and its championing of the cause of decolonization in Africa and Asia, which reflected a principled and ideological, but ineffectual, approach to multilateralism.

However, since the end of the cold war (which coincided with dramatic economic and political changes within India), New Delhi has exhibited "internationalism of the strong," which is apparent in its membership in the G-20, its quest for permanent membership in the United Nations Security Council (UNSC), its desire to provide leadership to international financial institutions, and its role in trade and climate negotiations, which has often been at odds with its membership in the G-77 and the NAM (although India's instinct to switch between the G-77/NAM and the G-20 limits its influence in both).<sup>4</sup> In addition, India's tacit endorsement of the "responsibility to protect" principle (though dampened by the Libyan experience) also indicates a shift from

its traditional notion of unchallenged state sovereignty.<sup>5</sup> Post-cold war India has started to reflect a more pragmatic, realpolitik approach to multilateralism and multipolarity—which is evident in its multiple-alignment policy. While India continues to pay lip service to “nonalignment,” its current articulation of the concept of “engaging with all with different degrees of proximity, but allying with none” and its insistence on maintaining “strategic autonomy” are unrecognizable from the original idea of a coalition of the third world as manifest in the NAM.<sup>6</sup>

Today, India increasingly has the financial strength to bear costs, as a rapidly growing middle class generates private and public resources. But what does it mean, politically, that India’s per capita gross domestic product (GDP) is not just the lowest in the G-20 but more than 50 percent lower than that of the next lowest member, Indonesia, and a mere 3 percent of that of the United States? Or that only 32.4 million of its total population of 1.2 billion pay taxes and that the total tax revenue collected as a percentage of GDP is among the lowest in the G-20? Or that it has fewer doctors and nurses than even the World Health Organization benchmark of at least 23 medical personnel per 10,000 population? Or that India’s Human Development Index (HDI) ranking of 136 (out of a total of 186 countries) is the lowest among all the G-20 countries. Or that it also comes in last among the G-20 in all of the other HDI indicators, except two—women’s participation in national parliament and maternal mortality ratio.<sup>7</sup> Or that India ranks last among the G-20 in the number of police officers per capita and that only 77.1 percent of all police positions are filled nationally?<sup>8</sup> Or that India’s 900-odd diplomats are around the same number as those of Singapore or New Zealand and about the same number as personnel employed by the U.S. embassy in New Delhi alone?<sup>9</sup> How will these constraints affect India’s ability to influence the evolving multilateral order?

Despite these constraints, if India does focus on shaping the multilateral order, how will it attempt to do so? Will it be content with rule taking—adhering to the existing and emerging international norms and institutions? Will it focus on rule breaking—challenging the existing order primarily for effect and seeking greater accommodation for itself in existing global institutions? Will it be inclined to rule making—establishing new norms and institutions? Or will a more realistic strategy be one that focuses on rule shaping—contributing in partnership with others to emerging norms and building nascent regimes—for example, on climate, maritime security, and cyber security? Does India have the normative claims and the arguments with which to make them? Over the past few years, India has shown greater

propensity as a rule taker and rule breaker than as a rule maker (an unlikely option in a multipolar world) or even a rule shaper.

### Rule Taker: The Original Instinct

The rule-taker instinct is most apparent in India's unquestioning adherence to the dominant Western liberal economic and democratic model, albeit with Indian characteristics. India is unlikely to jettison parliamentary democracy or return to the state-dominated "license raj" economy, even if its practice of democracy remains imperfect and its efforts to dismantle the overbearing regulations that curtail economic growth are inept.

However, while practicing a vibrant multiethnic, multicultural democracy itself, India has not sought to promote democracy or to strengthen the rule of law as a strategic tool.<sup>10</sup> In fact, its support of democracy in its immediate neighborhood has been uneven.<sup>11</sup> For instance, India's 1971 intervention in Bangladesh set that country on the long and winding road to democracy, while its 1988 role in the Maldives helped to prolong the life of an authoritarian regime. More recently, New Delhi cozied up to the military junta in Myanmar, while voting against Sri Lanka's human rights record in the UN's Human Rights Council.<sup>12</sup>

National Security Adviser Shivshankar Menon's rumination on democracy promotion sums up the Indian dilemma:

Do we not have a responsibility to spread democracy and fight for our values abroad? Yes and no. Yes, if we have the means to actually ensure that we are able to spread them. And yes if having democrats as our neighbours contributes to the peaceful periphery that we need. But please remember that a people cannot be forced to be free or to practice democracy. They have to come to these values themselves if they are to be lasting. Such a crusade for one's values is often mistaken by others as the pursuit of self-interest couched in high-tone words. We have seen how high-sounding phrases like the "right to protect" are selectively invoked and brutally applied in the pursuit of self-interest, giving humanitarian and international intervention a bad name.<sup>13</sup>

However, as India's economy becomes inexorably intertwined with countries out of its immediate areas of regional influence, its comfortable policy of masterly inactivity is likely to become detrimental to the promotion of its own national interests. Thus there is a need to recognize the strategic import of democracy promotion (beyond just increasing the contributions to the

UN's Democracy Fund) for strengthening the economy and furthering the national interests, particularly in areas undergoing profound political changes, such as the Middle East (a significant trade partner). For instance, while promoting democratic practices and the rule of law might be of limited relevance to the Indian economy in the short term, such practices are likely to benefit the country's economic interests in the long term as opposed to the interests of undemocratic powers, such as China.<sup>14</sup>

India's rule-taker (indeed rule-defender) instinct is also evident in its unstinting support of the peacekeeping and peacebuilding principles of the United Nations.<sup>15</sup> In fact, India has adhered to the existing Western liberal democratic norms, notably in Africa, even though these have been found to be wanting. At best India has sought to have a greater say in the peacekeeping mandates but has not challenged the established norms behind the UN's peacekeeping and even peacebuilding efforts.<sup>16</sup> In fact, in the United Nations India has been an absent-minded peacekeeper—deploying troops because it could and not because it needed to. Ironically, India's peacekeeping also benefited former colonial powers that did not contribute as many troops and whose interests Indian peacekeepers ended up defending through the various UN missions. This undermined not only India's own interests but also its principle of protecting the sovereign interests of the states where the peace operations were conducted.<sup>17</sup>

Clearly, then, India has not challenged the dominant Western liberal paradigm for peacekeeping and peacebuilding. In fact, it has staunchly defended this model, seeking the UN imprimatur for multilateral armed interventions. While some experts have called for India to reduce, if not entirely cut off, its contributions to UN peacekeeping, this is unlikely to happen for several reasons.<sup>18</sup> Instead, given India's economic rise and the growing risks of peace operations, which are now tasked with protecting civilians, among other duties, there is a need to align participation in UN peacekeeping operations with New Delhi's evolving strategic interests.<sup>19</sup> While India's increasing economic and political stakes in many of the countries that host UN peacekeeping operations further highlight the need for a strategic shift, New Delhi has sought only tactical adjustments so far.<sup>20</sup>

### **Rule Breaker: Seeking Greater Accommodation**

There are some international organizations and institutions that India neither is a member of nor is interested in joining or associating itself with, even though it could do so. The North Atlantic Treaty Organization in the security

sphere is one such institution and the Organization for Economic Cooperation and Development in the economic realm is another. There are other international institutions and arrangements where India either is an outsider or is seeking to have a greater role. India has displayed the rule-breaker trait toward the latter set of institutions. Perhaps the preeminent example of this is the quest for membership in the UNSC and reform of the international financial institutions, notably the International Monetary Fund (IMF) and the World Bank.<sup>21</sup> The rule-breaker approach is also evident with regard to various nuclear nonproliferation instruments, where India has sought to establish its exceptionalism by challenging the norm of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and by seeking recognition as a nuclear weapon state. Recently, however, India has taken the rule-breaker route by seeking membership in the Nuclear Suppliers Group (NSG), the Wassenaar Arrangement, the Australia Group, and the Missile Technology Control Regime, which it had previously dismissed as “technology cartels.”<sup>22</sup> In doing so, India reflects a curious dichotomy of being a rule breaker only to become a rule taker eventually.<sup>23</sup>

India has also proved to be a rule breaker or norm challenger even in international institutions where it has been a long-standing member. This is best exemplified by India’s role in the collapse of the July 2008 World Trade Organization (WTO) negotiations on the Doha Development Round of trade liberalization. Speaking on behalf of the poor and subsistence farmers in the G-33 group of developing countries, India insisted on a “special safeguard mechanism” to protect them from the sudden surge of cheap food imports.<sup>24</sup> India’s stance was prompted in part by the domestic opposition of thirty-five farmers groups. Besides, for the Congress-led coalition in power then, “Farm subsidies remain a crucial electoral clutch. Nearly 70 percent of the population lives in the countryside and the vast majority of Indians [about 700 million] derive their income directly or indirectly from farming, even though agriculture makes up less than a fifth of India’s . . . economy.”<sup>25</sup> As the noted Indian agronomist and director of the National Commission on Farmers, M. S. Swaminathan, cautioned, “If the government were to agree to something which will kill our agricultural sector, then their political futures will be finished.”<sup>26</sup>

Some Indian scholars have argued that India’s posturing at the WTO was the result of New Delhi’s assessment that the United States would not be prepared to make a deal in an election year.<sup>27</sup> However, the U.S. trade representative, Susan Schwab, argued that India’s impending election in April 2009 was, perhaps, more consequential in India’s rule-breaker posture than the 2008 U.S. election. She noted, “It turned out that we were worried about

the wrong election when we were negotiating Doha.”<sup>28</sup> Yet other scholars have revealed that India’s stance was inevitably the result of the lack of the Indian state’s capacity for multilateralism.<sup>29</sup> While India’s blocking of the negotiations can certainly be justified, it is not evident that this benefited either India or poor farmers. As the head of the WTO, Pascal Lamy, observed, the breakdown allowed a package of about \$130 billion a year in tariff savings to “slip through their fingers.”<sup>30</sup>

Despite the negative connotation of rule breaking, India is not seeking to destroy or even replace the existing international governance institutions with alternative or new institutions; it is merely knocking on the door to gain entry or have a bigger say or protect its interests. In fact, New Delhi has consistently argued for preserving, reforming, and strengthening these institutions and claims that its membership in these exclusive clubs will contribute toward those efforts. Were India to have a greater or permanent role in these institutions, it would most likely fall back into a rule-taker position rather than become either a rule breaker or a rule maker.

In practice, however, India has not been able either to attain membership in the UNSC or to reform the international financial institutions. The only exception is the unique exemption that it won from the NSG to circumvent the provisions of the NPT. This achievement was largely the result of the controversial 2005 Indo-U.S. nuclear agreement, which paved the way for the NSG exception. Although India has signed similar nuclear agreements with France, Russia, and other NSG members, there is no doubt that the Indo-U.S. agreement is more equal than these others.

India’s efforts to reform the international financial institutions and seek a greater role for itself have made excruciatingly slow progress and even that only when it has joined forces with other emerging economies, notably Brazil, Russia, China, and South Africa (collectively the BRICS). However, even here India has been tentative to seize the opportunity, as in the race for leadership of the IMF. India and the BRICS are clearly eager to take the lead, as evident in their challenge of the “obsolete unwritten convention” of a European leading the IMF, and also have qualified and talented individuals to offer as candidates. However, they neither provided an alternative leadership model nor a consensus candidate who was acceptable to all BRICS at the very least. Their inability to do so again conceded leadership of the IMF to the Europeans.<sup>31</sup>

In retrospect, this is not surprising for at least three reasons. First, major differences among the BRICS make it difficult to create a united front. This is particularly true of the India-China relationship. Apart from the divergent political ideologies, the presence of the longest disputed border and the

shadow of Tibet loom large and sustain mutual mistrust. This distrust is evident even in the 2012 BRICS Delhi Declaration, which calls for reform of the UNSC but falls well short of supporting the Indian case (along with that of Brazil and South Africa) for permanent membership in this exclusive club. Second, although the BRICS have started to challenge the dominant Western discourse on issues as diverse as leadership of the IMF and the World Bank and the crisis over Iran and Syria, they have been either unable or unwilling to formulate and lead an alternative approach. Thus even in the case of the World Bank leadership, their call for “an open and merit-based process” of selection does not reflect their democratic instinct, but rather the inability to agree on a consensus candidate. Finally, given that all BRICS have strategic partnerships with the United States and value their relationship with Washington more than with each other’s capitals, they have no incentive to confront the leader of the Western bloc.

A similar story is unfolding over India’s ambitions for a permanent seat on the UNSC. When India was overwhelmingly elected for a two-year tenure on the UNSC in 2010, it was clear that success would be measured against two criteria. First, could it contribute to restore the council’s legitimacy by supporting resolutions that are effective and implementable? Although the UNSC has been prolific in passing resolutions, their implementation has been extremely uneven and detrimental to its credibility. This effectiveness will have to be proved across some of the most contentious issues: Iran, North Korea, the crisis in Sudan, and, closer to home, Afghanistan, Myanmar, Nepal, and Sri Lanka. Second, can India play with the big boys—the five permanent members of the UNSC? As these five, particularly China and the United States, have the ultimate say in any reform of the UNSC, including its enlargement and acceptance of new permanent membership, New Delhi has the unenviable task of assuring them that it can be a reliable partner.

At the end of the two-year term, India’s performance has been mixed on both fronts. The UNSC has certainly not been united, let alone effective, in addressing some of these challenges. The only claim that India can make is the Presidential Statement on Syria, which was the only unanimous agreement achieved on this vexing issue (although Lebanon distanced itself later). As president of the UN’s Counterterrorism Committee, India introduced the concept of “zero tolerance,” and it remains to be seen whether this will be implemented successfully through the UN’s actions. Similarly, India’s initiative on anti-piracy is noteworthy. Apart from these, India’s contribution to addressing urgent peace and security issues has been undistinguished.

Similarly, India has not done well to build on the initial support that it received from at least four of the five permanent members (P-5) for its candidacy, including Barack Obama's public endorsement during his visit to India in 2011. The primary reason for this is that the U.S. support was, as the joint statement noted, subject to making the UN (and the Security Council) more "efficient, effective, credible, and legitimate." While India's presence doubtless enhanced UNSC's legitimacy, it did not make the UN more efficient, effective, and credible. One indication of this is that while India was elected to the UNSC with an unprecedented 187 votes, it has not been able to get even a two-thirds majority of UN members to support its resolution calling for reform of the UNSC. The fact that it has done far better than Brazil, which lost Washington's support when it voted against a hard-won resolution on Iran in 2010, is no consolation. A related factor might well be that India remains hitched to the G-4 (Brazil, Germany, India, and Japan), despite the diminishing prospects of some of its members being admitted into the UNSC.

As National Security Adviser Menon noted, India's "tactical caution and strategic initiative, sometimes simultaneously," reflect not only a deep ambivalence but also the inability to take action that would be to India's advantage.<sup>32</sup> "Power," according to Menon, "is the ability to create and sustain outcomes." India has been unable to effect, let alone sustain, outcomes. As Menon candidly admitted in reference to the Kashmir issue, which also holds true for India's time on the UNSC, "We had underestimated the protean forms of power politics."<sup>33</sup> Sadly the same situation prevails even today.

### **Rule Maker Or Rule Shaper: Moving To A Realistic Approach**

Some scholars have argued that India should aspire to the position of rule maker. This is an unreasonable standard. Historically no country has been a rule maker of global order primarily because no single country has had the overwhelming power and influence to do so. The only exception has been the United States, especially during the period between 1945 and 1949 when it was the sole superpower. During that time, the United States alone led the establishment of the UN and the related international financial institutions. Even later, when the Soviet Union was a competitor in strategic terms, the United States was the primary force behind the establishment of other rule-making institutions, such as the International Atomic Energy Agency. However, for most of the cold war even the United States alone could not play the role of rule maker; norms and institutions were made only if the interests of the two superpowers converged. Following the collapse of the Soviet Union and the

end of the cold war, the brief “unipolar moment” disappeared in the wake of America’s strategic overstretch. It was soon replaced by a rapidly emerging multipolar world in which “no longer the CEO [chief executive officer] of Free World Inc., the United States now holds a position akin to that of the largest minority shareholder in Global Order LLC.”<sup>34</sup>

As leading Indian experts have argued, in this changing world,

Alongside the U.S. and China, there will be several other centres and hubs of power that will be relevant, particularly in regional contexts . . . [which will] . . . require a very skillful management of complicated coalitions and opportunities—in environments that may be inherently unstable and volatile rather than structurally settled. This also provides India with rich opportunities, especially if it can leverage into the international domain some of its domestically acquired skills in coalition management and complex negotiation.<sup>35</sup>

Similarly, the 2012 U.S. National Intelligence Council also notes the shift from a U.S. dominated world to “networks and coalitions in a multipolar world.” However, the report cautions that these rising powers, despite “strong fundamentals—GDP (gross domestic product), population size, etc.—will not be able to punch their weight unless they also learn to operate in networks and coalitions in a multipolar world.”<sup>36</sup>

Thus in this non-unipolar world, no single power, including India, will be a rule maker by itself. A more credible ambition is for India to be a rule “shaper”—one of a small number of powers with the ability to play a major role in shaping the evolution of rules of the road.

Indeed, this “rule-shaping” notion is already in evidence, for example, in India’s approach to climate, energy, and maritime security. In climate negotiations, as Navroz Dubash vividly illustrates, India has succeeded in shaping the international narrative about the principles for action, especially in its firm and sustained defense of the principle of “common but differentiated responsibilities.”<sup>37</sup> India cannot simply dictate the rules of the climate change game; neither can the United States or China or any other actor. But India is both a significant enough economy and a skilled enough diplomatic actor that its policy and position cannot be ignored in climate negotiations. Particularly in the early years of the negotiations, India adopted a principled approach based on equity and differentiated responsibility around which it was able to mobilize a broad and supportive coalition. Seen from the European Union perspective, India could be counted as blocking action, along with China and the United States. But

India has been clear that it will act on climate issues, so long as such action does not violate its fundamental interests in tackling the deep poverty that characterizes a large swath of its population. As Dubash makes clear, the future challenge is to do a better job updating its principled stance in order to forge a renewed coalition more reflective of both shifts in the climate debate and in geopolitical context. This will allow India to contribute to shaping the emerging international regime.

The same is the case with maritime security. India has huge stakes in the evolving maritime arrangements, with regard to both terms of trade in the Indian Ocean and security concerns related to sea-borne terrorism.<sup>38</sup> What makes India distinct among major powers is the high percentage of Indian nationals who serve as merchant seamen in the vessels that are the subject of piracy concerns. India used one of its two presidencies of the UNSC in 2011–12 to seek a Presidential Statement calling for new approaches to delimiting boundaries in high-risk areas. This kind of initiative represents a significant change in India's multilateralism and an important shift in global arrangements as a whole—one of the few times that one of the emerging powers, rather than a Western power, has led policy discussion on an issue of shared global concern. That it needed the support of the P-5 and other elected members of the Security Council—that it could shape, not simply make, the new rules of this particular part of the game—is simply a reality that India will confront, as will every other power. Rule shaping, along with other powers, is the maximum ambition that is achievable within the current distribution of power. Only on rare occasions will even the United States be able to act alone to shape new rules.

As National Security Adviser Menon admitted,

In today's world we must also be ready to contribute within our capacity to the global public goods that are increasingly important to our well-being, such as freedom of the seas. Are we ready to shape outcomes on critical issues such as energy security and in areas such as West Asia? Not yet. We have internal hesitations due to what I would call the Partition syndrome and our fear of the communalisation of discourse. But more than that, our capacities, though growing, are still limited in certain fields critical to national security.<sup>39</sup>

In addition to its own capacities, another crucial element in India's rule-maker capabilities is its ability to manage "complicated coalitions." A review of India's participation in various existing and emerging coalitions, ranging from the G-4 to the India, Brazil, and South Africa (IBSA) group to the BRICS

and the G-20, reveals a mixed record, at best.<sup>40</sup> This is partly on account of India's lack of capacity to manage these coalitions. It probably also reflects New Delhi's perception of the transient nature of these ad hoc groupings and, hence, its reluctance to invest more time and effort in their management.

In his thoughtful contribution to the compendium for the G-8 plus G-5 summit in L'Aquila, Italy, in 2009, titled *How the World Is Governed in the 21st Century*, Prime Minister Manmohan Singh gives pride of place to the UN-centered system of global governance, noting that "groupings [such as the G-8 plus G-5] do not have any special legitimacy within the UN System" and asserting that India "will continue to strive for the reform of the United Nations to make it more democratic." However, he also acknowledged that "efforts to reform the system have made little headway" and argued that the "unworkability of the existing structures [based around the UN system] has led to greater reliance on plurilateral groupings."<sup>41</sup>

### **Domestic Politics, Economics, and Multilateralism: A Symbiosis**

There is broad agreement among scholars that India's approach to multilateralism and its role as a rule shaper will be determined by domestic economic and political drivers. As Sanjaya Baru argues, "India's biggest security challenge, in its journey to major power status, is largely internal, both economic and political."<sup>42</sup> Indeed, it could be argued that India's initial embrace of economic liberalization, globalization, and renewed engagement with multilateralism was directly related to the domestic political situation. As David Malone observes, in the 1990s at the domestic level there was the "growing pragmatism of political parties, which were compelled to engage in electoral alliances, more often ones of convenience than of ideological sympathy."<sup>43</sup> This "ideological unmooring of the domestic sphere was reflected also in the international arena," when India embarked on a pragmatic policy of multiple-alignment and built myriad strategic alliances in an uncertain world. Second, since 1991, foreign policy not only "assisted India in creating higher levels of economic growth" and allowed global opportunities to benefit "domestic constituents in the hope of ameliorating poverty," but also provided a "pathway to great-power status." Thus the Indo-U.S. nuclear deal was sold in Parliament not as a "strategic alignment" with the United States, but as an essential step to ensure energy security.<sup>44</sup>

This positive attitude toward liberalization, globalization, and multilateral engagement was made possible by three premises. First, it served the objectives of India's national power, grew out of sophisticated nationalism, and did not

in any way negate it. Second, globalization depended heavily on the ability of elites to manage domestic politics. Finally, globalization also required a broad ideological consensus, a compact among global elites in favor of certain modes of regulation.<sup>45</sup>

In turn, globalization and economics are subtly transforming Indian politics. India's integration into the world economy, contrary to most fears, has lessened, not increased, the politics of anxiety. Politics is often shaped by subtle changes of mood, and India's self-image has changed considerably. It is beginning to have a sense of being able to change its own destiny for the first time in modern history. Some of this sense of self-importance is exaggerated. But there is a palpable sense in which India is less anxious and more hopeful as a nation. And nations in such a frame of mind are less likely to be hostages to a politics of resentment. At one level, India being a repeated target of terrorism is a grim reminder of how incompetent its state can sometimes be. But the fact that, despite all that, there was no significant internal backlash or politics of reprisal is a sign, not of apathy but of quiet self-confidence, which makes for more equanimity in politics. Again, this is an area where politicians, out of desperation, may try to score their own goals; but the undercurrent is toward creating a more sophisticated Indian nationalism, not one swayed by momentary frenzies.

Economics and liberalization have subtly transformed Indian democracy and the state. The Indian state is still often corrupt, venal, incompetent, and fragile. But under the surface a quiet transformation is taking place. First, Indian growth has been made possible by a high savings rate, which is now touching Chinese and East Asian levels. But 40 percent of the increase in the savings rate has come from enhanced government savings; the last decade was the first in which government went from being a net drain in narrow financial terms to a net contributor. The recent profligacy of spending and irrational subsidies and avoidance of the Fiscal Responsibility and Budget Management Act notwithstanding, the state is becoming more responsible in its fiscal approach. Indian reform has not followed a first-principles template, and it never will, but in unexpected ways the general direction of growth will prevail.

Similarly, identity politics will not disappear. But the default template is beginning to shift to performance. Economics has brought about this shift. The scale of government spending is altering the incentives for politicians. Until the late 1990s, even the best-performing government could not make much of a difference in the lives of the poor. A scheme worth about 1,000 crores (about \$180 million) used to be considered a big scheme. So the default position of both voters and politicians was that the marginal impact of the

state was low; it did not really make a difference who came and who went. Now schemes are of a greater order of magnitude; in some cases, more than 100 times bigger. This is leading some Indian politicians to conclude that if they perform well, the voters will reward them; they have enough resources to send credible signals to large sections of the population. There is an old argument in political science that, with the exception of India, serious democracy can only take root in a middle-income country. Political scientists often interpreted this to mean that a middle class is essential to sustain democracy. An alternative interpretation is that a politics of accountability kicks in only when the state is of a sufficient size.

And for voters as well, paradoxically, the stakes of politics are becoming higher, not lower. Although scholars bemoan political apathy in India, voters, particularly at the state level, are for the most part becoming more discriminating, and the vicious cycles of knee-jerk anti-incumbency are over. This will set up a healthier politics of accountability. The scale of government spending is making possible a shift away from the politics of identity to the politics of development. Although there is a long way to go, this change has been made possible by economic growth and globalization.

Moreover, although India's infrastructure remains woefully inadequate, the quality of roads, ports, and airports is improving. There is a real revolution in rural roads, although the energy scenario remains bleak. While corruption will not disappear, politicians have found innovative ways of extracting rents while at the same time ensuring that the quality of construction improves.

In addition, for the first time in India's history, if the universal identity scheme is successful, states will have the means to identify the poor; the main source of corruption in services to the poor has been that the state simply could not identify them. The universal identity scheme will improve the government's ability to deliver social services and subsidies. Consequently, the coming decade is likely to see higher growth, higher government spending (particularly if a general sales tax is put in place and India's ratio of tax to GDP increases), more elements of a welfare state, and therefore a greater interest in accountability. There will be ups and downs, but there is good reason to believe that India's current despair over accountability and its dismal prospects might become relics of the past by 2020.

The last phase of the deepening of India's democracy centered on greater representation for marginalized groups in politics. India will now need a different kind of deepening as a result of its success. India is among the most centralized societies in the world, and decentralization is important for various

reasons. First, it is a much more effective mechanism of accountability than centralization. India's experience with decentralization has been mixed primarily because it has not decentralized properly; decentralization requires the devolution of powers and financing and the building of capacity. Despite the seventy-third constitutional amendment, India has not done any of these things properly. Second, decentralization is a better way of accommodating identity aspirations. Third, the biggest challenge India will face is coping with rapid urbanization. Global experience shows that unless there is clarity over what functions of government should be performed at which level, it is very hard for societies to manage rapid urbanization.

The elements of a virtuous cycle between politics and economics are now coming into place. They are often not the product of conscious design but a consequence of the cunning of unreason, intelligently exploited. India's growing inequalities may lock it into a growth trap. This can happen through several mechanisms. Growing class inequality can produce new forms of social conflict; the legitimacy of growth may begin to be questioned. These are genuine and serious worries, although they represent opportunities as well. Some degree of enhanced class conflict is not only desirable but also necessary to produce a politics of accountability. There cannot be a healthy capitalism without an intelligent left-wing critique, and despite the governance perfidies of the left-wing parties, this will emerge in due course.<sup>46</sup>

Against the backdrop of this dramatic domestic transformation, India is forging a new and sophisticated understanding of the currency of power in the modern world. For decades, India's approach to the world was hostage to fundamental misconceptions. It confused autonomy with autarky, sovereignty with power, and interdependence with a lack of independence. Its insecurities and inhibitions created a conceptual fog around how power operates in international society.

That fog has been decisively lifted. Today there is more recognition of the fact that the more India engages with the global economy, the more its power and security will grow. This is not just because of the obvious fact that an increasing share of world trade and investment will make India more important. It is also because the only sure path to peace is to create powerful constituencies in other countries that have a vested interest in supporting a nation's cause. Trade and investment create the lobbies that transform relations among states. Even more remarkably, a new way of thinking is emerging in some quarters in India that links foreign policy with pluralism and a new kind of multilateralism. Ask the question: What aspects of societies will, over the long haul, best prepare India to take advantage of globalization? Part of the

answer is going to be pluralism and openness. Japan's economy is suffering because the country has in some senses remained a closed society incapable of accepting immigration as a solution to its demographic woes. Europe is struggling to acknowledge that it has become multicultural, and some of its nations' sense of identity is so fragile that a headscarf can put it at risk. Even China's capacity to negotiate pluralism remains an open question. For all its warts, a multicultural, multiethnic, and multireligious India has the capability to position itself as a mediator among different civilizations and ways of life. Although India can be vulnerable to intolerance and extremism, it is one of the few societies in the world capable of negotiating a deep pluralism. This inheritance is an asset in a globalizing world; it ought to be the cornerstone of India's foreign policy.

Both economic globalization and social pluralism need to be linked to what can be described as a multicentric multilateralism. This is not the multilateralism centered on a moribund United Nations. It is a multilateralism that enduringly binds nations in webs of interdependence through a series of overlapping institutions. India is now seeking to join almost any multilateral arrangement that will admit it as a member, from the Asia-Pacific Economic Cooperation organization to the G-8. These arrangements involve sovereignty trade-offs. But the underlying vision is that any sovereignty trade-offs are more than compensated for by the real power that accrues from participation in these institutions. The three elements of this emerging approach—economic openness, pluralism, and membership in multilateral institutions—reinforce each other. Genuine economic openness is not sustainable without an open society, and a willingness to participate in regional arrangements signals a commitment to openness and dialogue.

## Conclusion

When the first wave of globalization began half a millennium ago, India accounted for around a quarter of global GDP. However, India's insular outlook, its lack of interest, and lack of capacity to play the role of rule maker or even rule shaper meant that the rising European powers stepped in to create a global order that reflected their norms, interests, and powers and resulted in the economic, political, and even ideational subjugation of India.<sup>47</sup> Today India's economic, political, and even social future is inexorably linked to the latest wave of globalization. This linkage, coupled with the changing world order, provides, perhaps, a once in a millennium opportunity to shape the norms and institutions that will govern the global order. Despite severe lim-

itations, India increasingly has the ideas, people, and tools to shape the global order, “not wholly or in full measure, but very substantially” (to quote from Nehru’s stirring first Independence Day speech on August 15, 1947).<sup>48</sup> Will India keep its “tryst with destiny” and emerge as one of the shapers of the emerging world order? This volume seeks to answer that question.

## Notes

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3. C. Raja Mohan, “Rising India: Partner in Shaping the Global Commons?” *Washington Quarterly*, July 2010: 134.

4. *Ibid.*, p. 138. See also chapter 2 by C. Raja Mohan in this volume.

5. See chapter 16 by Nitin Pai in this volume.

6. See Centre for Policy Research and National Defense College, *Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century* (New Delhi, 2012) ([www.cprindia.org/workingpapers/3844-nonalignment-20-foreign-and-strategic-policy-india-twenty-first-century](http://www.cprindia.org/workingpapers/3844-nonalignment-20-foreign-and-strategic-policy-india-twenty-first-century)), and Shyam Saran, “An India Allying with None,” *Business Standard*, March 21, 2012 ([www.business-standard.com/india/news/shyam-saran-an-india-allying-none/468441/](http://www.business-standard.com/india/news/shyam-saran-an-india-allying-none/468441/)). See also chapter 3 by Shyam Saran in this volume.

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