INDIA’S
Foreign Affairs Strategy

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India finds itself in an increasingly dangerous world, one that is fragmenting and slowing down economically. It is a world in transition, one in which India’s adversaries — state or non-state, or both as in Pakistan’s case — are becoming increasingly powerful. If the external world is becoming more unpredictable and uncertain, so are internal politics and security in most of the powers. These are challenges that traditional institutions and state structures are not well-equipped to handle, mitigate, or solve.

In this changing world, what are some of the basic and long-term drivers of India’s foreign policy which determine the overarching goal? What is India’s strategy to achieve those goals? What should India be doing?

Drivers and goals: Geography, history, and resources

Any strategy needs a goal, a purpose. India’s goal was apparent at independence and it will remain so for quite some time. It is the transformation of India into a strong, prosperous and modern country. In a country recovering from Partition, with a life expectancy of 32, and literacy at 18.32% (8.86% for women), that had seen less than 1% per capita economic growth since 1900, the goal of transforming India naturally took priority over all other possible goals of status, recovering lost territories, organising its neighbourhood, and so on. All these were only means to an end, and were to be pursued only insofar as they helped to transform India.

Simply put, the task of India’s foreign policy is to protect and secure India’s integrity, citizens, values and assets, and to enable the development and transformation of India into a modern nation in which every Indian can achieve his or her full potential. The task of foreign policy professionals is to enable the transformation of India and to create an environment for that transformation.

Some in India think that this is too defensive a goal, that it should make it clear that it wishes to be a great power or a superpower. Frankly, being a great power will follow, not precede, India’s success in building a strong, prosperous, and modern India. And there is not much point being a great power with miserable people. India has a long way to go, despite all that it has achieved since independence.

This task does not limit India’s calculus to its own territory but also demands that it has an active engagement with the world. It determines what sort of engagement India seeks. It excludes ideas such as exporting democracy, protecting the ideological frontiers of India, creating global public goods, seeking status, seeking revenge, undoing Partition, and other such pursuits, except if they contribute to the security of India’s citizens and assets and to India’s development and transformation.

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India's goal therefore is sufficient security, not absolute security. Why? Because absolute security for any one state in the system would mean absolute insecurity for all the other states. By this criterion, with a few exceptions, India's leadership has successfully managed to provide their country with sufficient security to enable it to change and grow faster after independence than ever before in its long history.

It was also clear that India could not do this alone, with the resources, capital, technology and people that it had. It required working with the rest of the world. Engagement with the world was a given, the only question was on what terms. How and on what terms India would engage the world was determined by the drivers of policy: India's geography, history, and resource endowment. These factors made India a trading and manufacturing nation. The country has been most prosperous and successful when most connected to the world.

India's geography is open on three sides. The British Imperial legacy made it sea-blind. The Royal Navy was controlled from London for imperial purposes, while the British government of India in Calcutta, and later New Delhi, was left to deal with the land borders. The version of India's history that the British taught us was of a succession of empires founded by foreign invaders, thus legitimising their own rule, and periodising India's history by religion to further divide and rule. It is also a history of only a part of the Indus and Gangetic valleys rather than a history of the subcontinent as a whole, which was the real geopolitical unit through history. Strangely, some Indians today have swallowed this British myth whole, and speak of a thousand years of foreign rule. That ignores the facts and the long history of the core areas which were so linked to the world — the Indus Valley, Gujarat, the Malabar, and Coromandel coasts, and Orissa-Bengal — thanks to whom India was the world’s greatest source of manufactures for most of history, and a major source of military manpower and technology. Half of Mahmud of Ghazni’s forces when he took Samarkhand and Bokhara were from India, and he used 500 Indian war elephants to do so. The Cholas, who were the most successful Indian dynasty ever, surviving and flourishing for 13 centuries, did so in part because of their international connections and influence. India has done best when most connected to the world.

India, through history, has been people-rich and resource-poor. Today, some 80% of India’s imports are essential maintenance imports of energy, crude oil, fertilisers, non-ferrous metals, and even lentils like moong dal.

In history, India had been an exporter of ideas and people and a net provider of knowledge and security in the Indian Ocean area and across land borders to India’s west.

Today, as a result of reform, about half of India’s GDP is due to the external sector, from the import and export of goods and services. In 1991, when the country began radical reform and opened up to the world, external merchandise trade (import and export of goods) was about 15.3% of India’s GDP and most of it went west. By 2014, it was 49.3% of GDP and most of it flowed east of India. (It has since dropped as India’s foreign trade shrank.) When you add services, more than half of India’s GDP depends on India’s dealings with the

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6 International Monetary Fund, World Economic and Financial Surveys, World Economic Outlook, Uneven Growth – Short- and Long-Term Factors, April 2015, Washington, DC
rest of the world. This also changed and expanded India’s definition of India’s interests. Clearly, freedom of navigation in the South China Sea has become an Indian interest of some importance once 55% of India’s trade began flowing east through those waters. During the same period, China, for strategic and commercial reasons, in 1996 informed the UN that the nine-dash-line was its boundary in the South China Sea and after 2008 began describing it as a “core interest.” In other words, these developments occurred as both countries grew, India’s interests evolved, and India and China began to rub up against each other in the periphery that they share.

The larger point is that as India has developed, its interests have grown, it is more dependent on or linked to the rest of the world than ever before, and, therefore, India’s definition of its own needs has grown. This requires an adjustment in India’s thinking, and in India’s strategy.

There are also changes in India’s interests as a result of technology and changed situations, the best example being the Himalayas. For most of history, India had no border with China, only with Tibet, and regarded the Himalayas as an impenetrable defensive barrier protecting us. Today, with the Chinese in Tibet and with modern technology, the Himalayas are not an impenetrable barrier or defensive wall, and it is essential that India has visibility across the mountains to know what is happening in Tibet. India’s definition of India’s interest, in this case, has evolved considerably. Equally, some speak, as Curzon used to, of India’s interests from Suez to Malacca. But today, India’s major trading partners are all outside this region, which accounts for less than 15% of its non-oil trade. India’s area of primary economic interest is therefore much wider than its geopolitical reach. India’s well-being is affected much more by global factors than is reflected in India’s thinking.

These realities offer a few important lessons. India’s history makes it clear that it has been most prosperous and successful when most connected to the world. And India’s resource endowment, location, and objectives require it to engage with the world. If India is to transform, it cannot be insular. When it tried autarchic development, it did not work. Look at the record of economic development over the last seven decades. India has done best when most open to the world, after 1991.

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7 Ministry of External Affairs, Rajya Sabha, Parliamentary Question No. 808, Trade through South China Sea (February 9, 2017), https://www.mea.gov.in/rajya-sabha.htm?dtl/28041/QUESTION+NO808+TRADE+THROUGH+SOUTH+CHINA+SEA
India's Foreign Affairs Strategy

Table I: Economic Growth
(compounded annual growth rate in GDP per capita)

<table>
<thead>
<tr>
<th>Year</th>
<th>East Asia</th>
<th>India</th>
<th>Key emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1964</td>
<td>3.54</td>
<td>2.04</td>
<td>2.66</td>
</tr>
<tr>
<td>1964-1980</td>
<td>3.44</td>
<td>0.84</td>
<td>3.94</td>
</tr>
<tr>
<td>1980-2010</td>
<td>4.18</td>
<td>4.36</td>
<td>3.54</td>
</tr>
</tbody>
</table>

Source: The Maddison Project, University of Groningen (2013)

NOTE: Key emerging markets include China, Brazil, South Africa and South Korea

India did best in terms of economic growth during the decades when globalisation was strongest in the 1990s and 2000s, and when it opened India's economy to the world. India and China were the two greatest beneficiaries of the globalisation decades before the world economic crisis of 2008, which put both, and the world economy, on a lower growth trajectory.

India and China started reforms with similar goals and different social and political systems. Yet recent decades have seen considerable convergence in the results of reforms. Both followed parallel growth trajectories with India lagging China by about 3% until 2013. Since 2013, GDP growth rates in both countries have been around 6-7%. The World Bank says that about 7.6% of China's population living under the poverty line in 2014, and about 17% of the Indian population. Between 2008 and 2011, China and India together succeeded in lifting some 232 million people out of poverty, (with India accounting for 140 million). Income inequality is rising in both, and is considerably higher in India due to the maldistribution of land and education. The poor development of human capital has meant that only a small number of Indians have benefitted from the rapid economic growth of the last three and a half decades, thus creating growing inequality. Both India and China are paying the costs of environmental degradation, which the World Bank estimates at about 9% of GDP equivalent in China and 5.7% in India, erasing the gains of economic growth and hitting the poor disproportionately.

Today, the resulting gap between India and China is the widest in social indicators. China is about three decades ahead on most social indicators, one decade ahead on indicators of income, and about on par on digital parameters. The gap in healthcare, measured in life expectancy, is similar to literacy. Literacy in India is 72.23% and China 93.36% as of 2015. In life expectancy, India is 19 years behind Brazil and 30 years behind China. The poor development of human capital has meant that only a small number of Indians have benefitted from the rapid economic growth of the last three and a half decades, thus contributing to growing inequality.

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9 Prasenjit Duara & Elizabeth J. Perry, Beyond Regimes; China and India Compared, (Harvard University Press, 2019), 18
Strategy: Looking at the world as a whole

A strategy is a plan of action designed to achieve one's long-term or overall aims. In other words, it provides for the achievement of one's goals using the means available within a given situation. Strategy is an ends and means problem. It recognises both possibilities and limits. Setting the goal is a political function that a state, society or nation undertakes through political and social mechanisms.

The type of foreign policy, or its strategy, depends not just on one's goals but on the means available and on the situation around you. Any successful strategy must take all three into consideration: the ends, the means and the circumstances. These change, particularly the situation and one's means and therefore strategy too needs to provide for adjustments. What strategy you adopt depends not just on the goal or where you want to reach but on the means available to you and the situation that you are in. A reactive strategy, responding to threats and situations when they become acute or hit you, is the fate of the small and the weak and of those without capacity and vision. Alternatively, a proactive strategy, available to those with a vision and some power, helps to shape the environment.

All rising powers in history have chosen to keep their head down while building their own strength, rather than inviting resistance to their rise to great power status by proclaiming their power and its uses. Those that followed the path of flaunting their ambition and their growing power too early, like Wilhelmine Germany and Japan in the 1930s, were frustrated in their rise and paid a heavy price. Sparta prevailed militarily over Athens at the cost of its own destruction, leaving Persia the real winner of the Peloponnesian War; the Soviet Union, Japan, Germany, and Pakistan are all 20th-century examples of what happens to powers that overreach and proclaim grandiose ambitions. Let us see whether China will be a 21st-century example of this phenomenon.

No matter how powerful, a rising power needs to set up a hierarchy of tasks and work with others. No state can handle or achieve everything that it wishes to simultaneously and alone. India's tasks should be prioritised on the basis of how situations and actions affect India's ability to transform India. Those that most affect the transformation of India are the most important.

Independent India was born into an entirely new situation after World War II when the Cold War was dividing the world between two superpowers. India could not follow the strategy of the Raj for three simple reasons: Partition created a hostile state to India's west in Pakistan that cut it off from land access to central and west Asia; China soon took Tibet and for the first time in history India had a border with China with Chinese troops on it, and India no longer had control of the seas that the British Royal Navy had ensured. Afghanistan, Tibet, Myanmar, and the Indian Ocean were lost buffers. Forced to fight in Jammu and Kashmir from day one, India had to fight four major wars in its first twenty-three years as an independent country. Since free India could not follow the strategy of the Raj (though strangely some think it should!), what should determine India's strategy?
India's Foreign Affairs Strategy

Since independence, India has faced three distinct periods of international relations, from a bipolar Cold War world until 1990; to a unipolar world dominated by the U.S. from 1990 till the world economic crisis of 2008; to the present transformational moment. In each of these, it followed a strategy of non-alignment while adjusting tactically to the realities of power in order to achieve India's goals.

We are today in a new geopolitical situation, caused primarily by the rise of China, India and other powers (Indonesia, South Korea, Iran, Vietnam), in a crowded Asia-Pacific which is the new economic and political centre of gravity of the world. Rapid shifts in the balance of power in the region have led to the arms races, and to rising uncertainty, also fuelled by the unpredictability, disengagement and the transactional "America First" attitude of U.S. President Donald Trump. The China-U.S. strategic contention is growing, uninhibited so far by their economic co-dependence.

### Table II: Share of Global GDP (PPP)

<table>
<thead>
<tr>
<th>Region</th>
<th>1980</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced countries</td>
<td>64%</td>
<td>42%</td>
</tr>
<tr>
<td>Europe</td>
<td>30%</td>
<td>16.7%</td>
</tr>
<tr>
<td>China</td>
<td>2.3%</td>
<td>17.8%</td>
</tr>
<tr>
<td>India</td>
<td>3%</td>
<td>7.24%</td>
</tr>
</tbody>
</table>

Source: IMF & World Bank Datasets

The shift in the balance of power is clearest in global GDP shares. By 2014, India and China together accounted for about half of Asia's total GDP.\(^{14}\) In PPP GDP terms, they are the world's largest and third-largest economies. Most of this, of course, is accounted for by China. China as a manufacturing and trading superpower determines commodity markets and prices globally and has accounted for about 25% of global GDP growth in recent years. China and India's combined share of world GDP in 2016, of 17.67% (in nominal terms) or even 25.86% (in PPP terms)\(^{15}\) is still well below their share of world population of 37.5%, but represents a significant economic force. How the overall location of economic activity has shifted is apparent in the fact that of the world's total nominal GDP, Asia accounts for 33.84%, North America for 27.95% and Europe for 21.37%.\(^{16}\) America's share has remained roughly constant since the seventies, and it is Europe's that has dropped sharply, in favour of Asia. In essence, as a result of globalisation, the balance of power has shifted. The world is multipolar economically, still unipolar in military terms, but confused politically. The world is in between orders, and adrift.

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\(^{14}\) IMF World Economic Outlook, April 2015, describes India and China as accounting for 52.77% in PPP terms and 48.99% in nominal terms of Asia's total GDP

\(^{15}\) International Monetary Fund, World Economic and Financial Surveys, World Economic Outlook Database, October 2017

\(^{16}\) International Monetary Fund, World Economic and Financial Surveys, World Economic Outlook, Uneven Growth – Short- and Long-Term Factors, April 2015, Washington, DC
We are living in a time when there is a deep sense of strategic confusion, not just in India but in some of the most powerful states in the world. In India's case, that confusion extends not just as to the ultimate goal India's foreign policy should pursue, but also to the best means to achieve them. Indians seem to mistake controlling the narrative with creating outcomes, which is the real task of foreign and security policy. Prime Minister Modi has declared a goal of India to be a Vishwaguru, or world teacher, which is still a long way away when it is an importer of knowledge and technology. Nor is it clear that this status will actually contribute to transforming the lives of India's citizens, though it might satisfy the ego. Besides, this is also a time of fundamental phase transformation in the international system due to the effects of technology.

From the end of the Cold War in 1989 for some years until about 2010, the prospect of war seemed to be going away. Interstate warfare disappeared for a while and civil wars were at a lower level. Since 2010, war is back, and armed conflict is increasing steadily in the world as a whole. (The number of wars, the number of battle deaths, the number of terrorist incidents, and the number of people displaced by violence, are all getting worse.) In 2014, for the first time since the end of the Cold War, global annual battle deaths topped 100,000 (a level below which it seldom fell during the Cold War, with spikes above 200,000 for extended periods). In the same year, 2014, the worldwide total of refugees and internally displaced persons topped 50 million, a number not seen since the close of WWII and the Chinese civil war in the forties. (In 2015, it touched 65 million people!)

In the same period, terrorism has reached unprecedented levels in the Middle East, Africa, and the West. The global number of terrorist attacks, and the number of casualties almost tripled between 2010 and early 2016.

By 2015, the number of wars and number of people killed was back to Cold War levels, and the number of terrorist attacks and number of refugees had surpassed the worst of the Cold War. Military and other interventions launched to stem violence in Afghanistan, Iraq, and Libya had not only failed but had spread violence and facilitated the emergence of new conflicts. The rise of Da'esh, resurgence of Al Qaeda, and the situation in the Middle East (Syria, Iraq, Libya, Yemen, Tunisia and Egypt), and in Ukraine and Africa (Mali, Central African Republic, South Sudan, Somalia, Nigeria and the Sahel), have empowered terrorist groups and their state and private sponsors. Technology has shifted the balance in favour of the individual or group and against status quo powers. It is now a far more dangerous world, where the Westphalian state has collapsed or vanished to India's immediate west, but where traditional great power rivalry between strong and rising states is the norm to India's east.

21 Global Terrorism Database, https://www.start.umd.edu/gtd/search/?back=1&casualties_type=b&casualties_max=&start_yearonly=2016&dtp2=all
As China seeks primacy in a world so far dominated by the United States, the world faces a destabilising power transition that may or may not be completed.

To India’s east, this fundamental shift is evident in the return of Asia-Pacific to centre stage in global politics and economics, the international system’s limited ability to accommodate change (when established powers like the United States, Europe and Russia are losing self-confidence), and the return of classical geopolitics in terms of territorial and maritime disputes, political instability, and contention in the maritime domain in the South China Sea and the East China Sea. China is successfully building a continental order, consolidating the Eurasian landmass with Russia’s help, through pipelines, roads, railways, fibre optic cables and so on, using its Belt and Road Initiative (BRI) as a strategic Marshall Plan across the continent. China is also contending for supremacy in its near seas with the existing maritime order led by the United States and has succeeded to the extent of converting the South China Sea into a south China lake.

And this is only a partial list of changes, excluding climate change effects, the shift in the global economic and manufacturing base and pattern, and revolutions in manufacturing, communications and energy technology, that come at an accelerating rate as certainly as night follows day. A new economic order is forming around us with the globalised economy breaking up into sub-regional trading blocs like NAFTA, TPP and RCEP and with new standards being imposed by the United States and others. The U.S. had devised and managed the global free trade and open investment system of which India and China were the greatest beneficiaries in the two decades before the 2008 global economic and financial crisis. Today, however, the liberal economic and free trade consensus is broken in that same United States and the West. The Brexit vote, the U.S. withdrawal from TPP, and Trump’s positions reflect that fear and lack of confidence.

As China seeks primacy in a world so far dominated by the United States, the world faces a destabilising power transition that may or may not be completed. Uncertainty and global security risks are accentuated by technological and economic changes that empower small groups and individuals, whether terrorists or good citizens, and the state. The immediate prospect, therefore, is for a low-growth world which is more riven by inter-state and intra-state conflict and violence. It is a hinge moment in the international system.

The changes in the balance of power and emergence of new challenges should be added the trajectory of domestic politics in most major powers. Populist, authoritarian and nativist leaders are more mercantilist than their predecessors. It is an age of ultra-nationalism where politics precludes many sensible economic choices. The emergence of leaders who rely on a heightened sense of nationalism for their legitimacy, who present themselves as strong leaders, represents both an opportunity and a danger. As strong and decisive leaders they could take the decisions required to deal with difficult issues in the relationship. At the same time, a reliance on nationalism limits their ability to compromise and be flexible. It remains to be seen how this dynamic will work itself out.
There is now a global problem of social violence, fracturing, and alienation as a result of urbanisation, globalisation and the rapid pace of change. Of the 560,000 violent deaths around the world in 2016, 68% were murders, while wars caused just 18%. This is a global issue. Urbanisation and globalisation have had huge political, social, and security consequences. Today 40% of humanity lives within 60 miles of a coast, and of the 33 megacities (over 10 million population) only six are outside the developing world. By 2050, 68% of the world’s population will live in cities. In India, more than half of the country’s population will live in cities. Socially, it will be an aspirational and young population, cut off from traditional family and social structures, alienated and alone, ready for new ideologies, good or bad. The political effects of urbanisation are even more marked. Politics becomes an exercise in mob psychology and mobilisation, abetted by mass media and social media. This is an environment where social violence, polarisation, and the militarisation of policing are likely, and where traditional policing is ineffective. Social violence is on the rise across the globe, enabled by the new technologies and the easy availability of traditional weapons. The state has lost its monopoly of violence.

In India, since the beginning of this century, all indices of violence have actually declined except, importantly, communal violence and social violence or crimes against the person, which have increased since 2013. Traditional policing and state structures are not equipped to deal with the rise in social violence. There are many reasons for the changing nature of violence in and between societies. Rapid urbanisation is one. The politics of reason is being replaced by the politics of emotion. This is already visible.

While the world around India has changed in fundamental ways, it is still doing what was good some years ago. It may be frittering its energies away on status and prestige goals rather than India's hard interests. In other words, India has not adjusted its policies to the new realities.

24 United Nations, Department of Economic and Social Affairs, The World’s Cities in 2018 Data Booklet, 2018
25 United Nations, Department of Economic and Social Affairs, World Urbanization Prospects (2018 Revision), May 2018
Strategic autonomy: Strengthening India, consolidating the periphery and external balancing

What should India's response be to the new situation? Fear leads some to suggest alliances (as with the United States). Some Indians are so worried by what they see as an unstoppable China, that they advocate that India enter into an alliance with the United States. But India is much greater and more resilient than these people think.

There is a common thread running through the foreign and security policies of successive governments of India until this one, irrespective of their various political persuasions and compositions and different leaders: it has been the pursuit of strategic autonomy for India. It has been called by different names: Jawaharlal Nehru's coinage of non-alignment for the most part, “genuine non-alignment" by the Janata government, and more recently strategic autonomy. In practice it has meant keeping decision-making power with itself, avoiding alliances, and building India's capabilities while working with others when it was in India's interest to do so.

An alliance seems to be exactly the wrong answer. If there is any situation in which India should retain the initiative and not get entangled in others' quarrels, keeping India's powder dry and free to pursue its own national interest, it is this disorganised and uncertain world. This is a world that calls for creative diplomacy and flexibility, adjusting to the fast-changing balance of power and correlation of forces around us. The sources of instability are in India's immediate vicinity: in fragile and extremist-ridden west Asia; in east Asia where a rising China is increasingly assertive in the pursuit of its expanding definition of its interests; and in Pakistan and its internal demons. No alliance will solve these to India's satisfaction. The United States has its own and different stakes in China, Pakistan, and West Asia.

Why is strategic autonomy the best way forward for India? The Doklam crisis of 2017 is only the most recent example that shows that no one else is ready to deal with India's greatest strategic challenge — China. It saw a tepid reaction from the rest of the world. To expect anything else is unreasonable. Other countries do not share India's interest in the integrity or the rise of India. No other country shares India's precise set of interests for the simple reason that no other country shares India's history, geography, size, culture, and identity, and India's domestic condition, all of which determine what it seeks from the international system. What it seeks is an external environment that supports the transformation of India, which enables it to build a modern, prosperous and secure country, eliminating poverty, illiteracy, disease and the other curses of underdevelopment from the lives of India's people. That is India's core interest.

Because that core interest is permanent, strategic autonomy has served India's interest best despite changes in the international situation. During the Cold War, when the world was divided into two hostile camps, it obviously served India's interest not to be dragged into external entanglements decided on by an ally or alliance. When the bipolar world ended with the collapse of the Soviet Union it entered two decades of

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globalisation, of an open international trading and investment climate. Once again it was in India's interest to pursue a multi-directional foreign policy, working with all the major powers in the pursuit of India's transformation.

The results of the pursuit of strategic autonomy speak for themselves: Over thirty years of 6% GDP growth and a much more secure and capable India, which has pulled more of its citizenry out of poverty and grown faster than it ever did in history. Only one other country, China, can claim a better record in the recent past in terms of improving the quality of life of its people and in rapid economic growth. As a result of that period of accelerated growth and change, India is today much more integrated into the world than when it achieved independence. By every metric of power, in the last thirty years, India has improved its position vis-à-vis every country in the world except China.

India is unique in so many ways — in its combination of underdevelopment with weight, influence and some power; in its location at the strategic crossroads of the world's energy and trade flows overlooking the Indian Ocean; at the fault lines between the Middle East and Central Asia on the one hand, and Southeast Asia and East Asia on the other; in having favourable demographics and advanced technical capabilities in some fields while domestically focused, by necessity, on its own development; and in its preoccupation with its twin, Pakistan. If India does not take care of its own interests no one else will. Strategic autonomy has served it well in much more difficult circumstances soon after independence when India lacked many of the capabilities that it now takes for granted. At present, India should concentrate its efforts on strengthening itself, consolidating its periphery and external balancing.

It will be natural, therefore, to give priority to the subcontinent. If India is to enjoy peace at home to develop, it will need to consolidate its periphery and ensure that it cannot be used against its interests. This is not the first time that external powers have encroached into the Indian subcontinent. There was significant concern about the Sri Lankan rice-for-rubber pact with China in the mid-sixties, soon after India's 1962 war with China. India survived it by a combination of closer integration and political contributions to regime stability in Sri Lanka. At that time, indeed, India was equally worried about attempts to rope in its neighbours into the western alliance system by the United States and to build military bases. Today every major power except China defers to India's preferences in the Indian subcontinent, and India's means to cope with the situation have grown exponentially. It should learn to use them.

Pakistan and Afghanistan remain equally important challenges, especially amid a U.S. withdrawal. Pakistan has sought to compensate for its internal decline by attacking India and making itself useful to outside patrons — a nuclear bomb for Saudi Arabia; access to the Indian Ocean and influence in Afghanistan for China; a strategic toehold and the tactical promise of a clean exit from Afghanistan to the United States, and so on. But the fact is that Pakistan and the cross-border terrorism it sponsors could derail India's quest only if India allows them to. Pakistan is a strategic distraction. Sadly, though India's responses to terrorism have improved, terrorism itself has enjoyed a global resurgence — in West Asia, Pakistan, Afghanistan, and North Africa. In Afghanistan, Pakistan has got the United States, Russia, and China to buy into the idea that the Taliban should be accommodated in the Afghan government, and that Pakistan can deliver that outcome.
And terrorism is now spreading in Southeast Asia as well, from among the Rohingya in Myanmar through Malaysia and Indonesia to the Philippines. The dangers of contagion and radicalisation in India are increasing, though its effect will depend on what it does internally.

Pakistan is not a strategic threat to India unless India hands it victory by making it possible for Pakistan to exploit religious fissures in India’s society. India has done best in the years when Pakistan was most active making trouble in Punjab, Jammu and Kashmir, and elsewhere. India’s Pakistan problem now is in large part a China problem, because it is China that enhances Pakistan’s capabilities, keeping it one step behind India at each stage of its nuclear progress, building up its defences, and committing to its long-term future in the China-Pakistan Economic Corridor.

China’s rise is the foremost challenge that could derail India’s quest. But it is also an opportunity, as is the return of classical geopolitics and the post-2008 fragmentation of the globalised world economy after the end of the world’s unipolar moment. It is in India’s interest to create, to the extent possible, an external environment that enables the transformation of India. The big question, of course, is how to handle China. One possibility is to engage China bilaterally to see whether the two countries can evolve a new modus vivendi, to replace the one that was formalised in the 1988 Rajiv Gandhi visit, which successfully kept the peace and gave the relationship a strategic framework for almost thirty years. That framework is no longer working and the signs of stress in the relationship are everywhere, from India’s membership application to the Nuclear Suppliers Group to the Doklam stand-off (where Chinese behaviour differed from previous such instances but India’s did not). The more India rises, the more it must expect Chinese opposition, and it will have to also work with other powers to ensure that its interests are protected in the neighbourhood, the region and the world. The balance will keep shifting between cooperation and competition with China, both of which characterise that relationship. The important thing is the need to rapidly accumulate usable and effective power, even while the macro balance will take time to right itself.

For over three decades, from the late seventies onwards, beginning with then Foreign Minister AB Vajpayee’s February 1979 visit to China, India-China relations progressed smoothly if slowly, incrementally improving, building a functioning bilateral relationship, managing differences, keeping the disputed border peaceful, and working together on the international stage. This was possible due to the mutually agreed strategic framework, or modus vivendi, for the relationship that was evolved through the eighties and formalised during Prime Minister Rajiv Gandhi’s 1988 visit to China. In essence that provided for: negotiations on the boundary question while preserving the status quo on the boundary; not allowing bilateral differences like the boundary to prevent bilateral functional cooperation; and, cooperating where possible in the international arena. In practice, each stayed out of the other’s way internationally while concentrating on internal development and growth.

Since the 2008 global economic crisis, however, and particularly after 2012, the India-China relationship has started showing signs of stress. Both India and China have developed and changed since the strategic framework was put in place in the eighties and the situation around them has changed as well. As a result
of their development, their interests have grown and expanded, and they now rub up against one another in the periphery they share. One example is the South China Sea. For China, the nine-dash line was notified to the UN in 1996 and this issue has become a core interest in the last decade. When India began her reforms in 1991, only 18% of her GDP was foreign merchandise trade, and most of that went west through the Suez Canal. By 2014, 49.3% of India's GDP was foreign merchandise trade and most of it went east.\(^{29}\) This makes freedom of navigation in the South China Sea a significant interest for India. As a consequence, India's stakes in the peace and stability of the area have grown. India, therefore, works with partners in the region like Singapore, Japan, Vietnam and others in new ways extending to defence and security issues. Since the framework was created in the 1980s, new domains have acquired salience, like maritime security, or have emerged, like cyber security. These impact India-China relations and need to be taken into account.

Both the global and regional context has become more challenging for India-China relations. Globally, prospects are not bright for the world economy. At best it may experience a long period of slow growth, unevenly spread. Protectionism has ensured that a return to the pre-2008 glory days of globalisation is most unlikely. Regionally, China-US strategic contention has intensified and presents other Asia-Pacific states with a choice between the two that they do not wish to make. The contested commons and security risks in the maritime, cyber and other domains further complicate the calculus. As a result of successful domestic reform and development, the outside world is now a much greater factor and matters much more for both India and China, and will affect their future directly. They will, therefore, both seek to shape that external environment to a much greater degree than before. And since they both share the same periphery, they need to come to an understanding of how they will prevent their activism in their immediate periphery causing friction in their bilateral relationship.

But the one factor above all others that has brought renewed stress into the India-China relationship is China's much stronger strategic commitment to Pakistan, evident since President Xi Jinping’s 2015 visit to Pakistan which announced the China-Pakistan Economic Corridor (CPEC).\(^{30}\) A calculus of interests suggests that India-China relations are more complex than simple narratives suggest, and indeed that there is room here for both sides to seek a new strategic framework or modus vivendi for the relationship. This would require a high-level strategic dialogue between the two sides about their core interests, red lines, differences and areas of convergence.

India will also need to adjust to new economic realities. For example, the rise of China and her economic strength make the extent of India's engagement in the Regional Comprehensive Economic Partnership (RCEP) a matter of debate in India, at a time when mercantile trade accounts for almost half of India's GDP. Equally, India now has an interest in freedom of navigation in the South China Sea, since $189 billion\(^{31}\) worth of her exports

\(^{29}\) International Monetary Fund, World Economic and Financial Surveys, World Economic Outlook, Uneven Growth – Short- and Long-Term Factors, April 2015, Washington, DC

\(^{30}\) Xi Jinping, "Building a China-Pakistan Community of Shared Destiny to Pursue Closer Win-Win Cooperation" (speech, Parliament of Pakistan, Islamabad, April 21, 2015),
https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpdbjstjxgsfwbfxdnyxcyflrdhhyhwly60znjnhd/t1257158.shtml

\(^{31}\) China Power Team, "How much trade transits the South China Sea?" China Power, August 2, 2017,
India cannot have an activist political and defence outreach if its economic and trade policy is inward looking, and both are totally disconnected from each other.

and over 55% of India’s trade passes through that waterway, but the nature and manner of safeguarding that interest are still an issue in India. The United States is an essential partner for India’s transformation. But it is withdrawing from the world, less certain as to how it will choose to deal with China. Certainly, it will no longer be the upholder of international order, economic or political, and seems to have tired of that role.

India must work with other powers to ensure that its region stays multi-polar and that China behaves responsibly. Some of this began as part of the Look East, now Act East, a policy begun by Prime Minister P.V. Narasimha Rao in 1992, and India is working more closely in defence, intelligence and security with Japan, Vietnam, Singapore, Indonesia, Australia and others. But it is hard to sustain a political-military relationship with partners if there are constant differences with them in India’s economic relations, in bilateral and multilateral negotiations on trade, climate change, and other issues. India cannot have an activist political and defence outreach if its economic and trade policy is inward-looking, and both are totally disconnected from each other.

There has been a lot of talk of the Indo-Pacific recently. It seems that India now risks overcompensating for its sea-blindness in the early years after independence. While the Indo-Pacific is India’s natural outlet, now that it is cut off from continental Asia by Partition and China’s occupation of Tibet, and freedom of navigation and security in the Indo-Pacific is critical to India’s wellbeing and future prosperity, the Indo-Pacific is not the answer to India’s continental security issues, of which there are many, and which are not shared by any of the other members of the Quad (the United States, Australia, and Japan). A free and open Indo-Pacific is a noble goal, but it will not be achieved so long as the different geographies, security issues, and solutions in the Indian Ocean, the seas near China and the western Pacific are not recognised. The western Pacific is dominated by the U.S. Navy. The seas near China are being converted into a Chinese lake, and are the only maritime theatre where China can hope for a favourable balance of power in the near term. These are enclosed seas, and have therefore been battle spaces in history, since powers can hope to control them and what flows through them. The Indian Ocean, on the other hand, has an open geography, and has therefore always been a trading highway rather than a battlespace. Even at the heights of Pax Britannica, the British Navy never managed to control all the choke points around the Indian Ocean. The security solutions and architecture for each of these bodies of water has, therefore, to be different and designed specifically taking into account the conditions of that sea.

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32 Ministry of External Affairs, Rajya Sabha, Parliamentary Question No. 808, Trade through South China Sea (February 9, 2017), https://www.mea.gov.in/rajya-sabha.htm?dtl/28041/QUESTION+NO808+TRADE+THROUGH+SOUTH+CHINA+SEA
Conclusion

It is important for India to remain optimistic. It has a moment of double opportunity if it changes its ways and stops wasting time on peripheral issues. Tactically, China-US contention — which is structural and therefore likely to continue for some time with a paradigm shift away from cooperation to increasing contention, despite temporary deals and “victories” declared by one or both — opens up opportunities and space for other powers. Both China and the United States will look to put other conflicts and tensions on the back burner while they deal with their primary concern, the other. This effect is already perceptible in the Wuhan meeting between Xi Jinping and Narendra Modi in early 2018, and the apparent truce and dialing back of rhetoric by both India and China, even though this does not extend to a new strategic framework or understanding or to a settlement of outstanding issues.

Strategically speaking, there is again an opportunity for India’s transformation. Despite dim prospects for the global economy as a whole, the United Nations forecasts that if China grows at 3%, India at 4% and the US at 1.5%, by 2050 China’s per capita GDP would be 42% of U.S. levels,33 and India’s at 26%, where China is now. China would be the world’s largest economy (in PPP terms), India the second, and the U.S. the third.34 By that time, both China and India will be overwhelmingly urban societies.

Of course, history, like life, is not a linear extrapolation from the past. But given the recent record of India growing at near 7% for over 30 years and China at around 10% for the same period, the lower estimates suggested by the U.N. appear a reasonable guess. Both India and China have much the same ratio of trade to GDP,35 show a hesitation in wholeheartedly embracing the private sector, display widening income inequality and distribution failures, and show limited state capacity, particularly in health and education. But rapid growth has given them the means and access to technologies to deal with these problems, if they can manage rising geopolitical risk and avoid costly entanglements abroad.

Seventy years after independence, India is better placed and has capabilities that it never had before. And yet, if you were to ask the average Indian, they would tell you that they feel more insecure than before or than previous generations. And that has a good reason. India’s definition of security has grown to include several non-traditional aspects, most of which are now included in “human security.” India’s expectations of the state and of the world are much higher than they ever were. And this is so at a time when the world itself is much more uncertain than it ever has been since World War II — politically, economically, and in terms of the pace of change in technology and lifestyles.

34 Ibid, 14
India’s foreign affairs strategy has grown to include several non-traditional aspects, most of which are now included in “human security.” India’s expectations of the state and of the world are much higher than they ever were.

As a result of seventy years of development, by most metrics of power, India has improved her relative position vis-à-vis every other country except China. This is particularly true since reforms began in 1991. And yet, today India is more dependent on the outside world than ever before. It relies on the world for energy, technology, essential goods like fertiliser and coal, commodities, access to markets, and capital. Consequently, India cannot think of securing itself without considering energy security, food security, and other issues that can derail India’s quest to transform India, such as climate change and cyber security. It also cannot think of securing India without trying to shape the external environment along with its partners.

When you add the new security agenda and the contested global commons in outer and cyber space and the high seas, to India’s traditional state-centred security concerns such as claims on India’s territory, nuclear proliferation, state-sponsored cross-border terrorism, etc., you can see why there is greater worry or a sense of insecurity.

India risks missing the bus to becoming a developed country if it continues business and politics as usual, or tries to imitate China’s experience in the last forty years, does not adapt, and does not manage its internal social and political churn better. Avoiding war and attaining one’s goals is the highest form of strategy by any tradition or book — whether Kautilya, Sun Tzu or Machiavelli. And if India’s record over seventy years of independence is to be examined, it has not done badly in moving towards its main goal of transforming India.

That requires the national security calculus to consider broader questions — from technology issues, like atomic energy and cyber security, to resource issues like energy security, while building the strength to deal with traditional hard security issues. India has weathered several storms and performed its basic functions in the past. But it is certain that what it will face now will not be more of the same. The last and most important improvement that India needs to make concerns its national security structures and their work — introducing flexibility into India’s thinking and India’s structures. For change is the only certainty in life.

Ultimately what should guide India is the quest to make itself a great power with a difference, namely, in a way which enables it to achieve Mahatma Gandhi’s dream of ‘wiping the tear from the eye of every Indian.’ That would be in keeping with India’s core values and national interest. That is the right objective for a great country like India.
About the author

Shivshankar Menon is a Distinguished Fellow at Brookings India. His long career in public service spans diplomacy, national security, atomic energy, disarmament policy, and India’s relations with its neighbors and major global powers. Menon served as the National Security Advisor to the Indian Prime Minister from January 2010 to May 2014. He is currently the Chairman of the Advisory Board of the Institute of Chinese Studies in New Delhi.


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