

# **New Powers in Global Change: A Briefing Paper on India's Role in the Emerging World Order**

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## **Summary**

Till recently, India was viewed predominantly as a poor developing country and had a low visibility on the global political and especially global economic front. However, since the last decade, India appears to be writing a dynamic new future for itself. The author examines how India's emerging economic status in Asia and on a global level is redefining its self-image and its perception, leading to a new political role. She analyses the interests and motives that guide India's foreign policy and the strategies it has adopted which have the potential to shape the international order. India, traditionally a prominent leader of the South, is transcending that role to play a larger global role which is endorsed by both the United States (US) and the European Union (EU) in their respective Strategic Partnerships with India.

## **1. India's Perception of its Role in International Politics**

The 21<sup>st</sup> century is touted to be the Asian age, belonging to China and India. The end of the Cold War and the growing impacts of globalisation are also making India redefine its position and role both at the regional and at the global level. Since the economic liberalisation of the 1990s, which led to growth rates of 6-7 percent p.a., India's global

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presence has been steadily visible. Two issues are shaping India's rise – the political dividend it has garnered as the world's largest democracy and its growing economic status, which, according to projections, will cause it to emerge, along with China, as a key economic driver of the future. India, the acknowledged leader of the South, is transcending that role to play a larger global role, a development that is endorsed by both the US and the European Union (EU) in their respective Strategic Partnerships with India. But this is an ongoing process, not a signpost, and so it is important to examine the political and economic values that the new evolving India endorses in the context of global governance (multilateralism, political and economic values and international security).

To assess where India is headed today, it is important to look at the period immediately after independence in 1947, especially the first 10-15 years. India was active with its soft power approach and played a significant role in the decolonisation process. The country was also active in international institutions like the United Nations as well as in leading the Non-Aligned Movement. This was due to Jawaharlal Nehru's, India's first Prime Minister, vision of India - a blend of the realist and the idealist - that as a big country with a long civilisational history, India was not merely a regional but also an international power. However, Cold War politics that defined its political, economic and security relations with other states circumscribed India's foreign policy choices. Post-Cold War global politics is witnessing changes in power equations between and among states and India is no longer contained in South Asia by the Cold War rubric. Indian nuclear testing in 1998 and a steadily performing economy have changed not only India's perception of itself but the world's perception of India. On the economic front, India is still managing the transition from a developing country to a developed one. Although China has shown outstanding performance and has a 20-year lead over India in hard infrastructure, India's performance in soft infrastructure, with its exceptional growth in the IT sector, has changed the perception of the Indian economy to a major extent. India, with its good legal structure, corporate governance, banking system, financial sector, property rights security, its skilled manpower and young work force, has become the new economic icon of the emerging powers. In comparison to China, which has drawn in higher levels of

Foreign Direct Investment (FDI), India's development model is managing to deliver long-term economic payoffs at much lower levels of investment and India is becoming a brand leader in an increasingly networked world.

Politically, India views itself as a responsible nuclear power that, unlike its neighbour Pakistan, has not been a source of nuclear proliferation. Its long-held democracy record and its internal fight against terrorism have found resonance between both Europe and the US. In the aftermath of 9/11, India was quick to offer over-flight rights and bases to the US, which signalled its new intent in foreign policy. This offer acknowledged that India was engaging the US differently, a significant step in the light of the difficult India-US bilateral relationship throughout the Cold War.

Asia has many contenders to be its leader both regionally and globally. From within the region, China, India and Japan are the key actors, while the US is the most dominant external stakeholder in the region, followed by Russia. And at the second level, there are many natural resource rich states and nuclear states in the making that can potentially alter the power dynamics in the region all the way from West Asia to the Asia-Pacific region.

It is in this context that India's engagements with the regional and global levels are being reflected in four sets of relationships. These engagements also reflect the structural changes in world politics, especially the fluidity in the emerging power hierarchy and India's changing political, economic and security requirements.

First, there is the immediate region of South Asia, where India shares a border with 6 other countries (Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, and Maldives) which together constitute the South Asian Association of Regional Cooperation (SAARC). Afghanistan has also recently been invited to join the SAARC. Because of the various accoutrements of power, sizes of population, history, civilisational role etc., India is the major undisputed power in South Asia. However, India's leadership of the region is not accepted unequivocally. While India considers itself to be status-quoist, the neighbours

think of India as the 'big brother'. Pakistan, with whom India has shared a very tumultuous history since 1947, has persistently challenged this leadership and was aided by the Cold War configuration wherein it was supported by the US. Since the last flashpoint in May 1999 (after both countries had gone nuclear), India-Pakistan relations have improved, especially since early 2003 with the peace process. In contrast to its pre-1990 foreign policy, India is now engaging its neighbours differently. It is coordinating with external actors, as in the case of Nepal and Sri Lanka. Regional conflicts have also prevented South Asia from emerging as a strong economic entity and impeded the economic benefits to the countries. Thus, the uncertainty of the peace process with Pakistan and of a region that is still enmeshed in conflict has the potential to keep India tied to South Asia.

The second set is with the major powers – the US, EU, China, Russia and Japan. In particular the presence and role of the US and China influence the political dynamics and strategic stability of South Asia and thus constitute a part of the first set of relationships. As China emerges as the pre-eminent player in the Asia-Pacific region, many analysts in the US are speculating over whether India could be a balancer to China in the region. However, India's Strategic Partnership with the US and the EU are signs of India coming into her own and being recognised as an important contemporary and future partner.

The third set of relations reflects an expanding set of networks with Southeast Asian countries (aimed at enhancing trade and economic relations), and West Asia and Central Asia (focused on strengthening and further securing India's energy security). This also covers the Indian Ocean and littoral.

The fourth set is the engagement with Latin America (long ignored earlier) and Africa, where India is actively pursuing its energy requirements.

India's potential to play a global economic, political and security role depends on developments in the international structure and regimes, regional stability and its own domestic economic growth and internal political stability. At the domestic level, Prime

Minister Dr. Manmohan Singh, in various speeches, has identified the major concerns that will challenge sustained economic growth: revitalisation of the rural economy, education, health, rural and urban infrastructure, environmental degradation, revitalising the state institutions for better and enhanced delivery of essential public services, upgrading the financial system for better global integration and a better regulatory system. At a recent Leadership Summit organised by the newspaper Hindustan Times in November 2006 in New Delhi, he emphasised that “We need a polity which is inclusive, equitable, caring and just. We need a social order which every citizen owns and is proud of”. Briefly, the challenge is the transformation of the economy, including upgrading of hard and soft infrastructure, coupled with improved human resource development and governance. Furthermore, management of the social turbulence that will result from these economic revolutions is critical to India’s success as a global actor. Externally, what is significant is the changing dynamics of the Asian region, especially given that its security and economic architecture is still emerging. Against this backdrop the relations between India, the US, Pakistan, China, Russia and Japan have the potential to develop in different directions. Thus, India’s perception of its own role and the perception of the others is evolving and shifting.

## **2. Factors Influencing India’s Foreign Policy**

The major objective of India’s foreign policy has been to secure for itself strategic autonomy so that it can pursue its national interest. India's critical security concerns are:

- external security
- internal security
- sustained economic growth
- energy security
- maritime security
- access to technology

This strategic autonomy is related to the international system, and one critical question for India is what kind of international system would be beneficial to it. India would like a world that is non-polarised and non-hegemonic - an aspiration no doubt - for these would maximise Indian autonomy.

Both India's security concerns and its relationships to the region and beyond have to be viewed within two global contexts: hegemony and globalisation. As the sole military hegemon, and still one with a powerful economy, the US is the dominant military actor globally as well as in the region. A factor working counter to this concentration of power, globalisation is leading to networked interdependence, especially in the economic sphere, as well as to a diffusion of power. It is also impacting on the ability of the state to shape and mould the process, as the state is no longer the primary actor. India was brought up on the concept of "balance of power", and this no longer applies today. Both international trade and the international economy highlight that we are in an age of "power of dependence".

In order to address its security concerns, India has used a combination of domestic and societal policies and foreign policy factors. In the case of internal and economic security, economic modernization has been driving the policy impetus. Of course, one has to disaggregate the 9 percent economic growth to see how the non-performing sectors, especially agriculture, may lead to a major food security problem and social turbulence. India's demography will become an asset only with inclusive growth, with vigorous investment in health, education and infrastructure that link the market needs with skill building in the young workforce. In order to enhance external security, focus is also being given to defence modernisation and upgrading of weapons systems, with an inclusive nuclear doctrine based on minimum deterrence and a 'No First Use' policy. The question of how military modernization affects political stability in Asia will become even more critical as defence spending across Asia steadily increases. At the foreign policy level, there have been efforts to enhance regional stability, and to expand India's outreach beyond South Asia into South-East Asia and Central Asia. Likewise, are the growing partnerships with the US and the European Union. These policy efforts are aimed at

enhancing India's hard and soft power capabilities and capacities, which will ensure its strategic autonomy and also help to achieve great power status. However, it is how India translates these into usable intentions serving its interests that will be very critical, and this is where the intellectual power of the country becomes important.

In India, foreign policy making has long been the purview of the government; limited to the Prime Minister and a few ministers. The role played by the Ministry of Defence in policy articulation has not been great. Since the business, the political and the intellectual elite have been separate groups and not co-terminous with the political parties, this has, however, allowed for a wide range of opinions to be voiced. And with a diversified ideological and social base, the political parties and civil society have been party to many foreign policy debates. With coalition governments being the norm today, it is not an easy task to build consensus on all foreign and domestic policy issues. Further, with the rise of regional political parties, which are smaller but powerful in determining political outcomes, decision-making is becoming more splintered. E.g. the recent India-US Civil Nuclear Deal 2006 (which will bring to an end the technology drought India has faced since the test) drew widespread criticism in India from within and outside the government, the nuclear establishment and scientists, the opposition political parties, and civil society. Similarly, the country's economic modernisation and liberalisation programme is proceeding slowly, primarily due to political and ideological differences on the extent of state participation and privatisation on the one hand and a lack of vision, political will and bureaucratic roadblocks on the other. Increasingly, one sees a disjunction between India's current and potential global economic and political role. While India is exploding in the economic area, the mindset change in politics has been slower. Thus building domestic consensus for India's political, economic and security concerns within a democratic framework has been challenging and has been reflected in the kinds of strategies adopted by governments.

### **3. Foreign Policy Strategies Adopted by India to Enhance its Role in International Politics**

The BJP-led government's decision for nuclear testing in 1998 catapulted India to global attention and to the first rungs of the major powers, as some Indian analysts argued. Since the nuclear tests, there has been a new assertiveness in Indian foreign policy. It is not that the successive Indian governments have renounced the Nehruvian view of world politics. But along with the high ideals and the strong self-image espoused by Nehru, there is a newfound pragmatism and confidence. India seeks to project itself not only with words and ideals, but also with a growing economic power registering a steady 7-8 percent growth in the last few years. And more significantly, India is increasingly moving from the power of the idea to the new argument, which is to augment economic and political power.

Freed of the structural limitations of the Cold War, India is seeking to build strategic political and economic alliances at the bilateral, regional and global level that hold promise of rich security dividends. Indian foreign policy, which during the Cold War was marked by non-alignment, today appears to be pursuing a policy of neo-non-alignment – i.e. engaging many to meet its different security requirements. The key to India projecting itself beyond the region is to have and ensure stability in the region. In South Asia, it is engaging its neighbours both bilaterally and, more so, within a regional framework (SAARC), in order to achieve its other foreign policy objectives. There has been a steady improvement of relations with all the neighbouring states and this augurs well for India. The peace process with Pakistan in the West and the border talks and increased trade with China in the East are bringing new dividends and operational space for India.

India's efforts at engaging the regional levels have been more noteworthy. It has sought membership and representation (even if only as an observer) in regional organisations in South-East Asia and Central Asia that seek to project India into the region and also to facilitate alliance building. These efforts have been driven by both political and economic considerations. India's 'Look East' policy has brought it substantial visibility in South



East Asia (a region which is increasingly being influenced by China), with membership in ASEAN and the ASEM. Some analysts say that this not only confirms India's increasing economic presence but is also a welcome move by the ASEAN countries to counterbalance China. After all, China is part of all the regional organisations, from ASEAN and ARF to the East Asia Summit (EAS), and is expanding its influence in Central Asia as well as through the Shanghai Cooperation Organisation (SCO). It is interesting to ask here whether India has become de-hyphenated from Pakistan, but only then to be hyphenated with China? India does not view this as a counterbalancing move, but looks at the region, with which it has had long historical and trading links, as a natural trading partner. This also fits in with India's strategic vision of the Indian Ocean, where it defines its maritime security as extending from the Gulf of Hormuz in West Asia to the Straits of Malacca in South-East Asia – a fact reiterated also in the Ministry of Defence Annual Report. This large maritime zone is home to some of the World's busiest sea-lanes for oil and raw materials, both of which are critical to India's sustained economic growth and thus linked to her economic security. Further, the role of Indian diasporas, which are economically strong and visible, and a growing political consciousness of its influence in the US and Great Britain is earning India valuable political and economic mileage.

Consequently, even as India increases its diversified regional presence, it is speaking in a new voice that is not representative of just the Third World. As a state in transition to a new identity and role, it seeks to articulate its national interest but also to speak for development issues. The challenge for India is that it cannot be a regional or global actor and sit on the fence; rather, it will increasingly be called upon to take a political stand, as in the case of Iran on the IAEA vote. India's foreign policy today demonstrates an increasing tempering of idealism with pragmatism and it continues to pursue a multilateral and a rule based global governance.

#### **4. Implications for the World Order**

In a globalised world, just as India engages the world, India is also being engaged by the world. The most dramatic transformation has been in the India-US relationship. Freed from Cold War rhetoric, these two countries have moved from being 'estranged democracies' to 'engaged democracies'. The new dynamism in the India-US relationship is so profoundly different that the US, for the first time in its bilateral relations with India, is engaging it as totally de-hyphenated from Pakistan. Second, it is pursuing a Strategic Partnership with India that endorses India's current and future potential for the region and the world. Third, the India-US Civil Nuclear Deal recognises India as a nuclear power and has secured for it exemptions from the current nuclear regime. In other words, India has been engaged on its own terms. But the major question is, will this be an 'enduring partnership'?

This is important as the US and Europe / EU are engaging the two emerging powers – China and India – which are pursuing two very different political and economic models of growth. India's strength and its ideational proximity to the West lie in being the world's largest non-Western democracy. India has successfully integrated its pluralism and diversity with institutionalised democracy that has the potential to be a model for others.

Two issues are critical here – one, for the old order, the US and Europe - the issue of integrating the rising powers. Second, for the emerging powers – India – the issue of what it might do with its new position, what type of power India aspires for and the kind of linkages that the government has in mind to enhance its stature and power. India's pursuit of a nuclear power status and a permanent seat on the UN Security Council has raised the question of whether it is a follower of global norms or a contender to change the post-World War II status quo. Again, two issues are discernible here. First, do the emerging powers – China, India, Brazil and South Africa – want to take on and challenge the established international system – to confront it? Or do they want to work together with the established hegemon by cooperating with it.

India's foreign policy shows a mix of balancing and hedging of interests, while some analysts consider the new India-US partnership as bandwagoning with the hegemon. However, unlike the military hegemon that is the US, India is not a security provider, guarantor or balancer. India will enter into a security provider role only within the UN framework, which endorses the principle of global governance based on multilateralism. However, current institutions of global governance – be they the players or the rules – are products of World War II and do not reflect the current changing geopolitical situation. The asymmetry between states is reflected even in institutions of global governance. It is for this reason that India seeks to create a new multilateralism – like IBSA (India, Brazil and South Africa) even if it is restricted to the global South. India seeks a South-South alliance on development issues because there is a North-South divide on the trade and economic development agenda. India's pursuit of a permanent UNSC seat is seen in the region and outside as a pursuit of national interests (wanting veto power) and not as an attempt to change the system. Rather, India wants to be like one of the Permanent Five Members. Some see India as a reluctant hegemon unwilling to engage, claiming that this will not be congruent with the global presence it seeks to project.

One is challenged to ask, If America broke away from the established norms, how likely is it that at some point the two emerging countries of China and India, would also like to develop their own rules of global governance? The UNSC and the G-7 are not reflective of the current economic and political potential and capabilities of the world's states. It is an endorsement of the past.

India's pursuit of closer ties with its neighbours in the region and with key external actors in the region is not haphazard. Rather, and as one would expect, India is systematically targeting states that will bring it specific and tangible security, political and economic benefits. China, to its advantage, has a dynamic region around it – Macau, Hong Kong and South Korea - that are fuelling growth and the transformation of bureaucracy that will enable it to be the architect of its new destiny. India's challenge is the lack of such a dynamic immediate neighbourhood and the existence of a rigid bureaucracy in India.

India's engagement at the international level – here it has an intrinsic national interest to see peace and security in as large a region as possible. That is one reason why India has participated in UN efforts to promote peace and peacekeeping. India aspires to a multi-polar, rule based, multilateral system. However, it is India's political and economic relations with the existing major powers and emerging powers that will have a major impact on future global political and economic governance. India's foreign policy looks beyond the neighbourhood to secure its economic interests – especially access to raw materials and energy supplies – both of which can put it on a competition course with China, especially in Central Asia and Africa. For other countries, China and India jointly represent a new emerging challenge called 'Chindia'. As both these Asian powers come into their own, the question as to whether they will endorse current global governance or seek to mandate their own rules is open to speculation. Assessment of Indian foreign policy today shows that it seeks to enhance its power and influence by enhancing bilateral cooperation with the US, Europe / EU, China, and Russia as well as by engaging and participating in regional arrangements and international organizations and skilfully using its soft power. Its growing cooperation with Israel, especially in the military field, and continued relations with the Arab world showcase the fine tuning between its external and internal security concerns.

There is increasing evidence that civilisational states like China and India will be players in changing world politics. However, India's security strategy is still evolving. The absence of a cohesive security strategy will slow down India's ability to transform itself into a major global player. The evolving international order is going to be Asia centred and polycentric for a variety of reasons. Since India's interests encompass far more than just the region mentioned, it is thus in its interest to shape the Asia centred century into a more co-operative space. India has to project itself as a confident and dynamic country that is ready to play a larger role to ensure stability, security and peace in the world.