INDIA'S RISE AS AN ASIAN POWER

NATION, NEIGHBORHOOD, AND REGION

SANDY GORDON

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India's Rise as an Asian Power

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To Flora, Solomon, Robin, Dashiell, and others who may come along

PREFACE

This book has had a long gestation dating back to the beginning of the 1990s. At that time, I had an Australian government defense fellowship at the Australian National University (ANU). The outcome was *India's Rise to Power: In the Twentieth Century and Beyond* (London: Macmillan, 1995). My thanks are due to Professor Desmond Ball of the ANU for inviting me to undertake that work.

In it, I sought to explain what I saw as India's failure to rise rapidly to power given its megapopulation status. I did so in terms of the constraints India then confronted due to its sprawling domestic polity; difficult South Asian neighborhood; emerging environmental issues; flawed policies in education, defense industry, and technological acquisition; and limited progress with economic liberalization. I described India in this setting as acting according to a "weak-strong" paradigm. I concluded that even though India would likely become a declared nuclear power, its rise as an Asian and global power would be delayed till somewhat later in the twenty-first century.

Over a decade later I was kindly invited by Professor Peter Grabosky to take up a research position with the Centre of Excellence in Policing and Security (CEPS) at the Regulatory Institutions Network (RegNet), ANU. My thanks are due to Peter and my other colleagues at CEPS and RegNet, including Professor Roderic Broadhurst, who took over from Peter as head of CEPS on his retirement. My brief at RegNet was to cover governance, terrorism, and transnational crime. This focus reflected the fact that during the years between my first sojourn at ANU and my second, I had been, among other things, head of intelligence at the Australian Federal Police, equivalent to the Federal Bureau of Investigation in the United States.

On returning to ANU, however, I was still keen to revisit my work on India. I decided to do this by again looking at the issue of India's rise to power, only this time with a greater emphasis on governance issues, especially corruption, terrorism,

and crime. This work was furthered by a fellowship with the Institute for Defence Studies and Analysis (IDSA) in New Delhi in 2009. My thanks are due to the then director and colleagues at IDSA for the assistance they provided and the fruitful discussions I had. I also received help from several members of the Central Bureau of Investigation and National Investigation Agency. My thanks to them as well.

My renewed interest in India predated the global financial crisis (GFC) in 2008. At that time, India was widely perceived as a rapidly emerging power and a potential "swing state" in the Asia-Pacific strategic context. This was due to the fact that economic growth had shown remarkable progress since liberalization was first commenced in 1991, with growth persistently in the range of 7 percent to 9 percent. With the lingering GFC and other bottlenecks, however, growth has recently fallen to just over 5 percent. At the same time, there has been an escalation in so-called megacorruption—or at least that has been the public perception. Confidence in India and its imminent rise to power has somewhat diminished as a consequence. Concern about governance and corruption and their role in retarding India's growth is in the air, so to speak. In that sense, I hope this book is timely and useful.

In order to be so, it seeks not just to be analytical but also prescriptive, especially in its final two chapters. I am highly conscious that, as a non-Indian, I am entering potentially difficult terrain in offering prescriptions to those who actually run India and are far better informed than myself about the problems and constraints that confront them. I am also conscious that in prescribing strategies for "India," I am prescribing them not for a country, which cannot, of course, make and carry out policy, but rather for a vast array of policymakers right across India.

I put forward two points by way of explanation. First, the so-called strategies prescribed here are only meant to be heuristic. They are strategies that might sensibly be prescribed (or so I believe) were there such a single policy entity as "India" capable of carrying them out. In that sense they are an intellectual exercise to see what might be done given the analysis carried out in the first four chapters of the book and given Voltaire's "best of all possible worlds."

Second, my hope is that by prescribing strategies, I can contribute to a discussion of what India's broad priorities should be. In saying that, I am not naive enough to suppose that policymakers in India will necessarily have the time or inclination to read this book. But hopefully some others may, and it may therefore enter the debate of ideas that usually precedes significant change.

As well as the people named above, I would like to thank those associated with the South Asia project at Georgetown University Press, especially Professor T. V. Paul, Don Jacobs, and Deborah Weiner who have been unfailingly courteous and helpful.

Finally, I would like to thank my wife Sue, who not only put up with my engagement for long hours on this project when I was supposed to be enjoying retirement with her, but also read parts of it and gave exacting comments on it.

Author's Note on Currency Conversion

At times amounts are expressed in the Indian term *crore* of rupees, meaning units of ten million rupees. Where amounts are translated into US dollars, the exchange rate will be approximate and will vary according to when the information came to hand. This is because the rupee-dollar exchange fluctuated markedly during the time it took to write this book, from about forty rupees to the dollar to the current rate of about sixty. All dollars are US dollars unless otherwise stated.

Abbreviations

ABM	antiballistic missile
ADR	Association for Democratic Reform
AFSPA	Armed Forces Special Powers Act
ANA	Afghan National Army
ANP	Afghan National Police
APEC	Asia-Pacific Economic Cooperation forum
ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
ASEM	Asia-Europe Meeting
BCIM	Bangladesh-China-India-Myanmar Forum for Regional Cooperation
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BJP	Bharatia Janata Party
BPL	below poverty line
BRICS	Brazil, Russia, India, China, and South Africa
BSF	Border Security Force
CAG	Office of the Comptroller and Auditor General
CBI	Central Bureau of Investigation
CCS	Cabinet Committee on Security
CINCPAC	Commander-in-Chief, Pacific (US Navy)
CMP	Common Minimum Program

CRPF	Central Reserve Police Force
CT	counterterrorism
CVC	Central Vigilance Commission
DMK	Dravida Munnetra Kazhagam
DOT	Department of Telecommunications
EAS	East Asia Summit
ED	Enforcement Directorate
EU	European Union
FDI	foreign direct investment
FIR	first information report
FRCA	Foreign Contribution Regulation Act
FTA	free-trade agreement
GDP	gross domestic product
GFI	global financial integrity
HuJI	Harkat-ul-Jihad al-Islami
IAS	Indian Administrative Service
IB	Intelligence Bureau
ICBM	intercontinental ballistic missile
ICT	information and communications technology
IFIOR	International Forum on the Indian Ocean Region
IM	Indian Mujahideen
IMF	International Monetary Fund
IONS	Indian Ocean Naval Symposium
IOR	Indian Ocean Region
IORA	Indian Ocean Rim Association
IPS	Indian Police Service
ISI	Inter-Services Intelligence Directorate (Pakistan)
ISRO	Indian Space Research Organisation
J-e-M	Jaish-e-Mohammed
LeT	Lashkar-e-Toiba
LOC	line of control (between Indian and Pakistani Kashmir)
MAC	Multi-Agency Centre
MEA	Ministry of External Affairs

MFN	most-favored nation
MGG	Mekong-Ganga Group
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MHA	Ministry of Home Affairs
MOD	Ministry of Defence
NATGRID	National Intelligence Grid
NATO	North Atlantic Treaty Organization
NCB	Narcotics Control Bureau
NCTC	National Counter-Terrorism Centre
NDA	National Democratic Alliance
NeGP	National Electronic Governance Plan
NIA	National Investigation Agency
NRI	non-resident Indian
NSA	national security adviser
NSC	National Security Council
NSG	National Security Guard
NSS	national sample survey
NTB	nontariff barrier
PAC	Provincial Armed Constabulary
PDS	Public Distribution System
PLAN	People's Liberation Army (Navy)
POTA	Prevention of Terrorism Act
RAW	Research and Analysis Wing
RIMPAC	Exercise Rim of the Pacific
RRF	Rapid Response Force
RSS	Rashtriya Swayamsevak Sangh
RTI	Right to Information Act
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asia Free Trade Agreement
SCO	Shanghai Cooperation Organisation
SIMI	Students Islamic Movement of India
SLBM	submarine-launched ballistic missile

SLOCS	sea-lanes (or lines) of communication
SMAC	Subsidiary Multi-Agency Centre
TADA	Terrorism and Disruptive Activities Act
TI	Transparency International
UAPA	Unlawful Activities Prevention Act
UBS	United Bank of Switzerland
UID	Unique Identification
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNODC	United National Office on Drugs and Crime
UPA	United Progressive Alliance
USPACOM	US Pacific Command
WTO	World Trade Organization

INTRODUCTION

There is now a rich vein of scholarship analyzing India's global rise in the context of its relations with its South Asian neighbors.[1] This book not only follows in that tradition, but also adds to it by seeking to explain India's global performance and potential at least partly in terms of the linkage between its domestic problems and its difficult South Asian milieu.[2]

This focus on strategic enmeshment at what we refer to as the neighborhood[3] level, and its role in mediating power, is in a sense the flip side of the liberal approach in international relations. Liberals argue that economic interdependence and globalization tend to minimize the risks of conflict by raising its costs. Economic enmeshment is also said to lower the profile of the state. In the case of India's place in its neighborhood, however, economic engagement has tended to be minimal and strategic enmeshment, often of a negative kind, pronounced. Given historical and strategic animosities in South Asia, the role of globalization is also often negative rather than positive. As pointed out by Norris M. Ripsman and T. V. Paul, while the role of globalization in more stable parts of the globe tends to diminish the role of the state, emphasis on the state is maintained or even enhanced in difficult subregions such as South Asia.[4]

Ironically, while the role of the state is enhanced in these circumstances, its autonomy is often diminished. In India, difficult neighborhood conditions have led to the adoption of a continental defense and security posture. This posture tends to restrain India's behavior on the wider international stage, at least in terms of the traditional view of how power is exercised. Such neighborhood conditions also provide bait for outside powers, including for potential competitors of India such as China. India's core strategy of "strategic autonomy" is thus constrained.[5]

India's other core strategy of "inclusive growth" is also impeded by cross-border problems and the poor state of governance in India itself.[6] Cross-border problems and the general malaise they have caused in South Asia have prevented

the region progressing economically and socially into one in which all, including India, can "rise on the same tide." Governance problems within India limit the capacity of the state to alleviate poverty and enhance human capacity at the grassroots level. They also contribute to neighborhood strategic enmeshment by means of a negative feedback loop. Regionally and globally, these problems have created a sense of skepticism about India and its prospects.

The focus of this book on the domestic and neighborhood spheres and how they intersect differs from most other attempts to analyze India's rise to power, which tend to concentrate on higher levels of the international system. The work further departs from the norm in that it seeks to prescribe strategies India might adopt to alleviate some of the problems it confronts at all three levels—domestic, neighborhood, and regional.

Despite India's manifest domestic and neighborhood problems, Indians have for many years had a tendency to look beyond the neighborhood to the wider international system. They have done so in the belief that, in the words of Jawaharlal Nehru, "India will always make a difference in the world. . . . Fate has marked us for big things."[7] This Nehruvian world view was not only shaped by India's size and potential as a power, but also by the belief that India provided a moral "make weight" in the jaundiced post–Second World War, postcolonial world. This idealistic tendency contributed to a dislocation within Indian strategy—one in which India's view of its place in the global system did not necessarily correspond with the realities it confronted nearer home.

George K. Tanham's pioneering work focused on some of these aspects of Indian strategic thought.[8] Recently, Rahul Sagar and Kanti Bajpai, in separate works, have identified three broad strands to Indian strategic thought: realism (which also covers neorealism in the case of Sagar), liberalism, and idealism.[9] The general consensus among such commentators is that although the idealism of Nehru and others still exists, there has been a broad shift in favor of more realist views of India's place in the world.

We should note here the difference between strategic culture on the one hand and strategy on the other. Strategic culture is the "central strategic paradigm," to use Bajpai's expression.[10] Strategy may be shaped by strategic culture (indeed, it usually is), but it is also amenable to current circumstance. Our central interest in this work is strategy.

The focus on the subject of Indian strategy as distinct from strategic culture is relatively recent. It has mostly been confined to what might be called "grand strategy," rather than the assessment of how strategies at different levels of the international system might be formulated and harmonized.[11] A grand strategy for India, as expressed in *NonAlignment 2.0* by Sunil Khilnani et alia at New Delhi's Centre for Policy Research, for example, seems to carve out a path somewhere between the liberal and realist strands of thought as described by Bajpai and Sagar.

In *NonAlignment 2.0*, it is argued that further domestic economic reform and engagement with world markets should be the main means of generating wealth. This in turn implies a liberal international order. But the document also has realist overtones in that it regards economic growth as being an important tool for the acquisition of military power. In the words of the document: "We [Indians] cannot shut our eyes to the fact that *great power competition of a classical kind* will continue . . . we must [therefore] seek to achieve a situation where no other state is in a position to exercise undue influence over us [emphasis added]."[12]

Such a crossover between liberalism and realism might seem improbable, even contradictory, but the key to understanding it is to recognize the variability of behavior according to different stages of development and different levels of the international system at which the analysis takes place. According to this strategic approach, military spending should initially give way to social and infrastructure spending so India can become resilient and strong domestically. This is, in effect, the type of "grand strategy" for achieving balanced growth and eventually military power of the kind advocated in *NonAlignment 2.0*.

China provides a useful example of this need for an analytical approach that accommodates time and space. China is another megapopulation power that once had levels of poverty similar to India's. While China was weak, with large numbers of poor, leaders in Beijing sought to strengthen it through international economic engagement, investment, technology transfer, and using the wealth so acquired for social uplift. This dictated nonassertive international strategies so as not to "rock the strategic boat" and jeopardize the economic relations upon which growth depended. Such strategies can be characterized as liberal engagement with a liberal world order. But now stronger, China appears more frequently to be acting according to neorealist norms as would any significant power, at least when it comes to its own region, if not yet in terms of the wider global order. Presumably once it has global military as well as economic reach, if ever that time comes, it will behave in ways normally considered neorealist in the wider global context. This "grand strategy" is reminiscent of Deng Xiaoping's famous dictum: *Keep a cool head and maintain a low profile. Never take the lead—but aim to do something big.* In other words, China had to pause in its ambition while its people were uplifted.

This shifting analysis according to time and place does not overrule the neorealist analysis as such, but it does illustrate that neorealism has perhaps drawn too heavily on the context of the Cold War and superpower rivalry, without due consideration of the ways countries behave at a range of stages of their development and at a range of levels within the global structure, and of how circumstances at these different levels can shape overall behavior.

The argument in the present work shifts the focus from this type of very broad strategy as advocated by *NonAlignment 2.0* by emphasizing the need to improve governance in order to achieve better domestic and neighborhood outcomes. We

argue that the focus on these lower-order issues is necessary to provide an adequate platform to achieve subregional stability in South Asia and thus allow India to maintain strategic autonomy more broadly. Strategic autonomy, however, is not seen just as a means of assisting economic growth, as it is in *NonAlignment 2.0*, but also as a means of allowing India to play a positive role in Asia's emerging strategic architecture—or to fulfill its role as a "swing state," to use Ashley J. Tellis's term.[13]

An understanding of the linkages between domestic, neighborhood, and regional levels of tension and dissonance is also relevant to the more general debate about regionalism, globalization, and rising powers.[14] In contributing to this debate, the book draws on a palette of factors driving and connecting these levels of dissonance. These include poor governance, the political problems of nascent democracies, economic imbalances, porous and poorly constructed borders, religious tension, the environmental crisis unfolding across South Asia, the effects of globalization, and interference from powers with global reach.

In the wider debate on the role of the region (or neighborhood) in relation to rising powers and the subsequent global order, it is important to make a number of distinctions. We first need to distinguish between analysis of regionalism itself and how it is developed on the one hand, and the discussion of the role of regions and regionalism in *mediating and delineating* power acquisition at the global level on the other. The former is concerned with what constitutes regionalism and how it can be developed. The latter determines the trajectory of a particular power's rise in the global system in relation to its position within its neighborhood and region. In this work, we seek to explore both these areas on the basis that, given the tight linkages between the various levels of the system, India's neighborhood strategies and performance contribute either positively or negatively to regional and global performance.

A third area of discussion tends to focus more on the nature of the international order itself—that is, the different levels within it and how they are defined. In this vein, Barry Buzan and Ole Waever consider the emergence of what they call a "super security complex" encompassing East Asia, Southeast Asia, and South Asia.[15] This level of discussion is highly relevant insofar as an understanding of the different levels of international activity, and what defines them, can tell us a great deal about the behavior of individual countries as they interact at those various levels. But the downward focus on India and its neighborhood in the present work, and what that tells us about the constraints acting on it within higher levels of the system due to the strategic "gravity" pulling it back to South Asia, causes us to be a little more skeptical about India's role in traditional strategic terms in the wider Asia-Pacific. That is not to say that Buzan's entire focus is on the strategic. In his later work, India's soft power and engagement in regional associations are also factored in. But we are more skeptical of India's role in strategic balancing, at least in the short to medium term, than Buzan.[16]