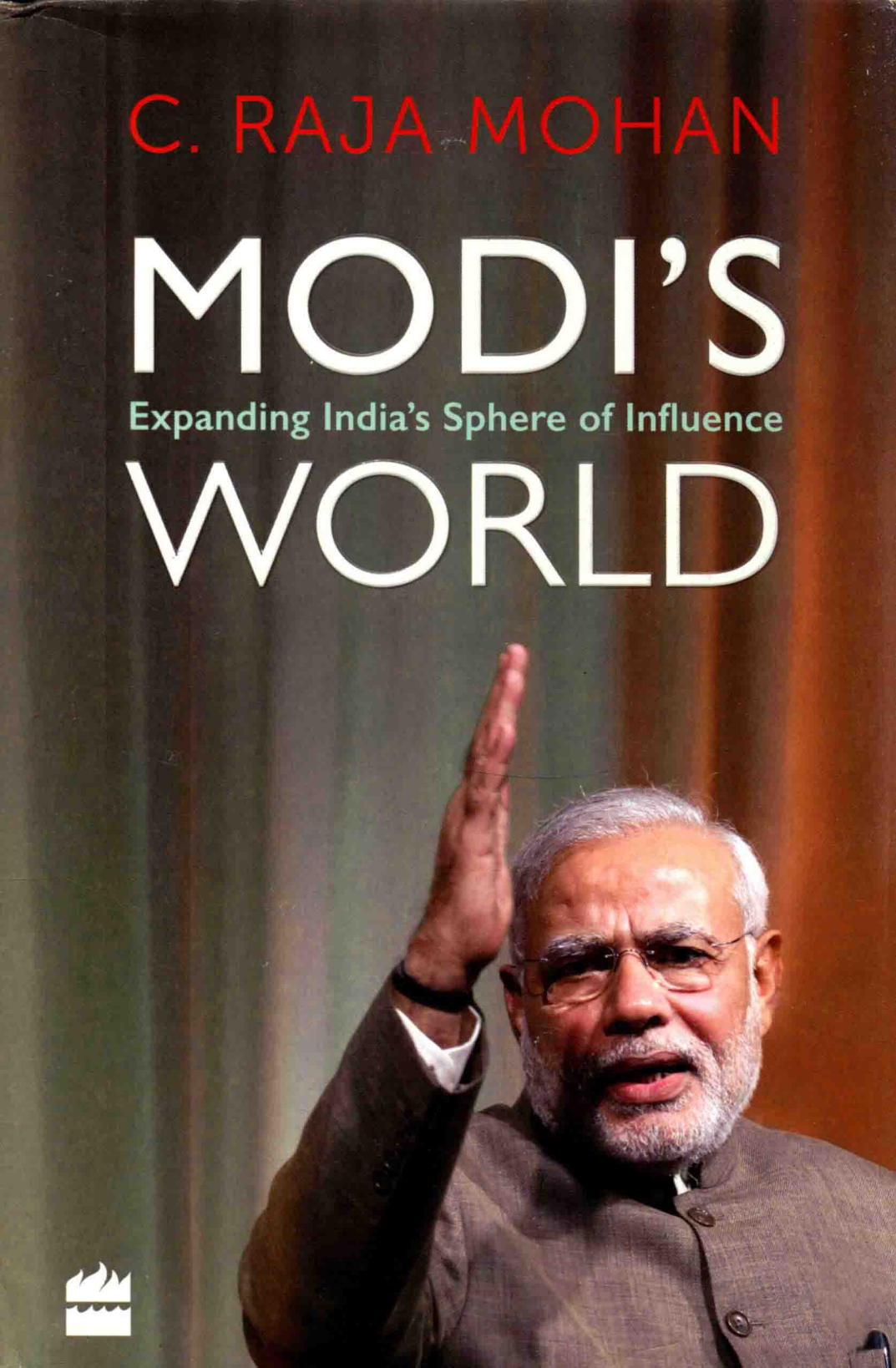
C. RAJA MOHAN

MODI'S WORLD

Expanding India's Sphere of Influence



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Preface

Prime Minister Narendra Damodardas Modi has surprised the nation and the world with his enthusiasm for rejuvenating India's foreign policy. There was little expectation that a provincial leader like Modi, who served as the chief minister of Gujarat for more than a decade, would make a big difference to Indian diplomacy. That he was shunned in America and Europe for his alleged role in the 2002 Gujarat riots suggested Modi as prime minister would begin with a major political handicap on the external front. During the 2014 campaign for the Lok Sabha, he had little incentive to explain his worldview or his plans for India's foreign policy. The election manifesto of the BJP, which in an unusual move had named him the party's prime ministerial candidate, offered few insights to the foreign policy priorities of the putative government led by Modi.

Yet, in the very first days in his tenure as the PM, Modi injected new dynamism into the conduct of India's external relations. As the elected leader of the first majority government in three decades, he had considerable political authority at home and generated much interest abroad. Taking full advantage of the extraordinary

mandate, he warmed up to America, recast the approach to China and Pakistan, sustained the old friendship with Russia, deepened the strategic partnership with Japan and Australia, boosted India's neighbourhood policy, wooed international business leaders and reconnected with the Indian diaspora. In reviving the India story that had begun to fade in the second term of the UPA government (2009–14), he brought personal energy to Indian diplomacy not seen since the years of Rajiv Gandhi. In speaking extempore, using Hindi for public communication, deploying social media, inventing a new lexicon, and displaying personal religiosity in public, he is very different from all his predecessors. The Gujarati pragmatism that he has brought to bear on Indian diplomacy could well turn out to be his most important contribution to India's foreign policy. If taken to the logical conclusion, his determination to make diplomacy the handmaiden of India's economic advancement could help Delhi build up India's comprehensive national power, expand its traditional spheres of influence in the Indo-Pacific, and restore India's geopolitical momentum that was lost in the second term of the UPA government.

The book takes a close look at Modi's engagement with the world until early 2015. Although I cover less than a year of his tenure, there has been enough evidence to make an informed assessment of his foreign policy. *Modi's World* captures the renewed prospect of a decisive Indian transition—from a nation mired in self-doubt and ambivalent about its international role to a responsible power that is unabashed in its quest for greater strategic influence in the global arena.

The book is structured around my columns for *The Indian Express* that appeared during 2014–15. I had tracked the limited debate on foreign policy during the elections, assessed the diplomatic legacy of the decade-long UPA government and the major developments

in India's foreign policy after Modi was sworn in as PM at the end of May 2014. I have done some minor editing, and organised the columns into separate chapters. Each of these chapters deals with one particular domain of policy. I have framed these columns with two book-ends—the opening and concluding chapters—that explain the setting for Modi's foreign policy and offer the first cut at understanding what promises to be a consequential moment in India's international evolution.

I owe much to Raj Kamal Jha, the Editor in Chief of *The Indian Express*, for giving me extraordinary latitude to reflect on India's foreign policy in the paper's print and web editions. This book would never have been attempted without the constant persuasion from Ambreen Khan, the chief of corporate communications at *The Indian Express*, and support from her team, especially Navin Banswal, in organising the columns into coherent chapters. It was a delight to renew my collaboration with Krishan Chopra at HarperCollins. He had published my first book, *Crossing the Rubicon: The Shaping of India's New Foreign Policy*, in 2003. My special thanks to Sanjaya Baru, Samir Saran and other friends for reviewing parts of the manuscript and offering valuable suggestions. But I alone am responsible for any errors of fact and judgement.

I am deeply indebted to my wife Nirmala and our two children, Vasudha and Prashant, whose love and indulgence have given me the time and space to pursue my interest in world affairs. This volume is for my brothers, Bhaskar and late Ramu, whose warmth and expansive generosity helped me get ahead at difficult moments.

C. Raja Mohan
New Delhi
April 2015

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CHAPTER ONE

Introduction

The sweeping mandate for the right-of-centre Bharatiya Janata Party led by Narendra Modi in the 2014 general elections did not necessarily mean that there would be significant changes in India's foreign policy. The foreign policy of a large country does not change with the installation of a new government. But it does change in response to a significant redirection of domestic politics or a radical evolution of the external environment. New Delhi had that moment in 1991, when India had to cope with the collapse of the old economic order at home and the Soviet Union abroad. The changed internal economic orientation and the external imperatives, arising from the end of the Cold War, compelled India to recast its foreign policy and national security strategy.

After the tentative adaptation under P.V. Narasimha Rao and Inder Kumar Gujral, Atal Bihari Vajpayee boldly outlined a new foreign policy trajectory for India. If objective factors define the substance of foreign policy, subjective factors are of considerable consequence in the conduct of a nation's external engagement. Strong governments seize fleeting moments of opportunity that present themselves, while the weak squander them at great cost to the nation. The style

and character of prime ministers and foreign ministers make a big difference to the credibility and reputation of governments and nations.

After he took charge of India at the end of May 2014, Modi has begun to put his own imprint on India's foreign policy. Not all of his moves are a departure from the foreign policy positions of the past. He is building on the incremental evolution of India's engagement with the world over the last quarter of a century and taking major initiatives of his own. The prime minister's greater clarity on India's long-term foreign policy objectives and the political will to pursue them vigorously have injected extraordinary energy into Indian diplomacy since the middle of 2014. To understand the prospects for India's international engagement under Modi, it is necessary to understand the new domestic political context generated by the 2014 general elections in India. The election of Narendra Modi as prime minister could turn out to be an important discontinuity in the evolution of Indian politics that has begun to have a significant impact on how Delhi engages the world. Although there is no way of drawing clear lines of separation in the history of any nation, I would suggest 1989–91 as years that marked an important transition in independent India's history. An examination of the two phases that had their own distinct domestic and foreign policy orientations should help put Modi's diplomacy in perspective.

The First Republic

The first era, 1947 to 1989, was defined by three characteristics: political stability rooted in the Congress; the quest for economic autarchy through state-led socialism, and a foreign policy of non-alignment. On the political front, with the brief exception of

1977–80, when a coalition of non-Congress parties ruled Delhi, India's grand old party towered over the nation. The Congress was a big tent that held together a large and diverse political coalition and continually mediated the contradictions among them. The party, in turn, was dominated by the Nehru dynasty. Of the 42 years in this era, Jawaharlal Nehru, his daughter Indira Gandhi and grandson Rajiv Gandhi ruled India for nearly 38 years. In the Nehru years the Congress enjoyed significant inner party democracy and the governments at the Centre and the states were run by tall figures that emerged out of the national movement. After Nehru, the party came under the total sway of first Indira Gandhi and then Rajiv Gandhi and lost much of its inner dynamism. Barring the 1967 election, all others in 1952, 1957, 1971, 1980, and 1984 produced massive mandates for the Congress party. The 1977 election was an overwhelming repudiation of Indira Gandhi's excesses during the Emergency.

The broad political stability at the national level was matched by a political consensus in favour of economic autarchy. If Nehru put the state in charge of the commanding heights of the economy, Indira Gandhi lent a strong populist touch. The First Republic severely circumscribed the role of private capital, downplayed the importance of trade and shunned foreign investment. Delhi steadily cut off economic links with the subcontinent and the neighbouring regions in Asia and the Indian Ocean. The brief interregnum of the Janata Party during 1977–79 did not see any change of course. In fact, it was the Janata Party that threw American companies such as IBM and Coca-Cola out of the country. The only party that contested this broad socialist consensus was the Swatantra Party that became the main opposition party in the Lok Sabha after the 1967 elections but was swept away amidst the huge popular support for Indira Gandhi in 1971. When it reinvented itself into the

Bharatiya Janata Party in 1980, the conservative Jan Sangh adopted 'Gandhian socialism' as its economic plank. It was only during Rajiv Gandhi's tenure as prime minister (1984–89) that the first tentative attempts were made to liberalise the economic system.

In the First Republic, a consensus slowly emerged in favour of non-alignment over the years. Nehru's ideas on non-alignment were challenged at both the left and right extremes as being too aligned with either the imperialist or socialist camps. As in the economic domain so in the external engagement, a streak of radicalism steadily engulfed Indian foreign policy after Nehru. In the first decade and a half, India maintained good relations with the East and West and won economic cooperation from both. After Indira Gandhi split the Congress party in 1969 and adopted left-wing populism at home, Indian foreign policy acquired a more distinctly anti-Western tone. The 1971 war to liberate Bangladesh from Pakistan saw the consolidation of India's alliance-like relationship with Soviet Russia. The US tilt towards Pakistan in the 1971 war and its sanctions against India after the 1974 nuclear test saw India's growing alienation from the United States. India's active leadership of the Third World on global issues at the Non-aligned Movement and the 'Group of 77' added to the growing gulf between India and the West. By the late 1970s, non-alignment moved from the pursuit of an independent foreign policy to the belief that the Eastern bloc led by Russia was a natural ally of the post-colonial world.

Within the region, the wars of 1962, 1965 and 1971 lent an intractable dimension to India's conflicts with China and Pakistan. India's Raj legacy as the paramount power in the subcontinent became increasingly difficult to sustain and Delhi's approach towards its smaller neighbours was increasingly viewed as hegemonic. Indira Gandhi, after her return to power in 1980, and Rajiv Gandhi more

actively sought to renew engagement with the United States and normalise relations with China and Pakistan. But multiple constraints limited the possibilities for breakthrough on any front.

From a broader perspective, the First Republic saw the steady erosion of India's relative economic weight in the international system and a loss of its historic commercial linkages in the neighbourhood. The first decade of the new republic saw India's voice heard with some attention in the international arena. Thanks to Jawaharlal Nehru's personality, India could play a larger role than its post-Partition weight could support. But the strategic choice that Nehru made in favour of a socialist economy would result in India's relative decline through the First Republic as Western Europe and Japan bounced back after the war, and parts of East Asia, including China from 1979, embarked on a high-growth path.

India's expansive foreign policy activism in the first phase masked a steady relative decline in the nation's economic weight in the region and beyond. The growing divide between India's internationalism and inward economic orientation had inevitably a negative impact on its diplomacy. Although India's sustained solidarity with the developing world won it much goodwill in Africa, Asia and Latin America, there was little material substance in India's bilateral relations with these countries. Notwithstanding India's claims of non-alignment on the global stage, Delhi found itself closer to the Soviet Union than the West on the political front and the dissipation of economic engagement with the West made matters worse. At home, despite the triumphal victories in the elections of 1980 and 1984, the Congress government was coming under greater strain as new social forces began to assert themselves. Meanwhile the old economic order was increasingly unable to deliver, and India became steadily marginal to major developments

in the world. Its foreign policy was severely constrained as its diplomacy turned defensive, impractical and rejectionist. Unlike in the Nehru years, when India was seen as having the potential to tilt the global discourse and was courted by both sides of the Cold War rivals, the later years of the First Republic saw India become a self-proclaimed leader of the Third World trade union. Meanwhile the strategic community was blinded by ideological certitudes, preferred political correctness, and abandoned an analysis of the global power shifts. When Indira and Rajiv tried to inject a measure of flexibility and realism into India's foreign policy, there was much resistance from the bureaucracy and the intelligentsia.

The Second Republic

Three features marked the emergence of the Second Republic in 1989—the collapse of the Congress, the pressures to reform its ossified economic structures, and the adaptation of India's foreign policy to the new international circumstances after the Cold War. The 1989 general elections reduced the Congress to a minority in the Lok Sabha, a position from which it would not recover in the coming decades. The brief experiment of running Delhi through a coalition during 1977–79 now became the political norm. No political party until the 2014 elections would get a majority on its own in the Lok Sabha. The political decline of the Congress, however, was not matched by the rise of another national party. Instead, the Second Republic witnessed the emergence of strong regional parties and the mobilisation of religious and caste identities. As a result, coalitions became the new normal at the Centre. The political centralisation of the Indira years was turned on its head, as the Centre became weak and the states strong. In the series of coalitions that emerged to govern

Delhi, almost every political formation had gained a share of power at the national level in one coalition or the other.

The post-1989 political coalitions had to deal with multiple challenges at the same time. At home the communal and caste polarisation was more than matched by the growing challenge of Naxalism that limited the role of the State in a large part of the country. Meanwhile there was much trouble on the nation's frontiers with the growing restiveness in the Punjab, Jammu and Kashmir, and the North-East. But the most pressing priority was the restructuring of the Indian economy. The old order was bankrupt by 1989 and the soaring oil prices during the Gulf War of 1990–91 pushed India into a serious balance of payments crisis. Amidst a new wave of economic globalisation, labelled the Washington Consensus, there was mounting external pressure on India to reorder its economy. The reforms were slow and hesitant. Unlike in China, where Deng Xiaoping forced a new national consensus in favour of reform after Mao's disastrous left turn in the Cultural Revolution, the Indian political class was not ready to own up the agenda for reforms. The strong political consensus in favour of weak economic reforms limited the pace and scope of change at home. But much credit goes to P.V. Narasimha Rao, who served as prime minister from 1991 to 1996, for providing a measure of stability and initiating reforms at a very difficult moment in India's evolution.

The economic reforms, informed by caution and executed in stealth, did indeed produce considerable change in the quarter of a century since 1991. The period saw sustained high growth levels, including a 9 per cent annual growth rate in the middle of the 2000s. The structure of the Indian economy too changed. If self-reliance and inward orientation were the prime themes of the First Republic, interdependence was now the new dominant feature. Nearly 50 per

cent of the Indian economy was now linked to imports and exports by 2014. The greatest change, however, was in the perceptions, domestic and foreign, of India's long-term economic prospects. Internally, the pessimism about the nation's future was replaced by optimism and the emergence of a youthful and aspirational population. Externally, the growth rates of India changed the perception of India from a weak third world country into a potential great power. Even with modest growth rates it was assumed that India would be one of the world's largest economies and a significant military power that could alter the global balance in a variety of ways.

As its economy expanded, India recast its foreign policy. Once again, the wise but low-key leadership of Rao generated the time and space needed for India's much needed adaptation to a world of uncertainty that confronted Delhi's diplomacy. Whether it was in downplaying the legacy of non-alignment, finding ways to calm the turbulent waters of the subcontinent, re-engaging the West, salvaging ties with post-Soviet Russia, and taking a fresh look at the regions around India, including South-East Asia, Central Asia and the Middle East, Rao outlined a new foreign policy framework for the Second Republic. Rao also ducked pressures from the United States to roll back India's atomic and missile programmes and laid the basis for a nuclear breakout by the mid-1990s. Atal Bihari Vajpayee of the BJP completed the task by conducting five nuclear tests in May 1998 and declared India a nuclear weapon power.

Although the Second Republic did not discard the mantra of non-alignment and continued to pay obeisance to the NAM, neither was central to India's diplomatic preoccupations after 1989. India was increasingly focused on minilateral organisations like the G-20, BRICS (Brazil, Russia, India, China and South Africa) and IBSA (India, Brazil and South Africa) rather than the NAM and G-77.

Even more significant was the emphasis on integrating India into the Asian regional institutions like the Association of South East Asian Nations (ASEAN), the Asean Regional Forum and the East Asia Summit. Reconnecting with the extended neighbourhood became a central objective of India's foreign policy in the Second Republic. If Rao's Look East policy was the most successful of these efforts, less significant initiatives focused on improving India's economic, political and security relations with Central Asia, the Persian Gulf, the Middle East and the Indian Ocean. These efforts replaced the focus in the First Republic on grand-standing on global issues.

The Second Republic was acutely conscious of India's lost standing within the subcontinent itself. The need for resolving the accumulated problems with the neighbours became a special priority for Inder Kumar Gujral from 1996 to 1998. The Gujral Doctrine, which stated that Delhi must be more generous towards its neighbours, was pursued with even greater purposefulness by his successors, Vajpayee and Manmohan Singh. The emphasis on reintegrating the region was reflected in the attention India paid to the SAARC and in expanding economic and security links with the neighbouring countries.

The Second Republic saw special efforts to improve ties with both Pakistan and China. Despite the expanded threat of cross-border terrorism from Pakistan since the early 1990s, successive prime ministers sought to normalise relations with Pakistan by resolving all outstanding issues, including the question of Jammu and Kashmir. If Gujral put Kashmir back on the negotiating table with Pakistan, Vajpayee defined a sustainable negotiating format. Dr Singh, in a back channel dialogue with Gen. Pervez Musharraf from 2005 to 2007, came close to signing a framework to resolve the Kashmir question. With Musharraf's losing ground in 2007 and the attack on Mumbai in November 2008 that was organised in Pakistan, it became difficult for India to pursue the normalisation of bilateral relations. There