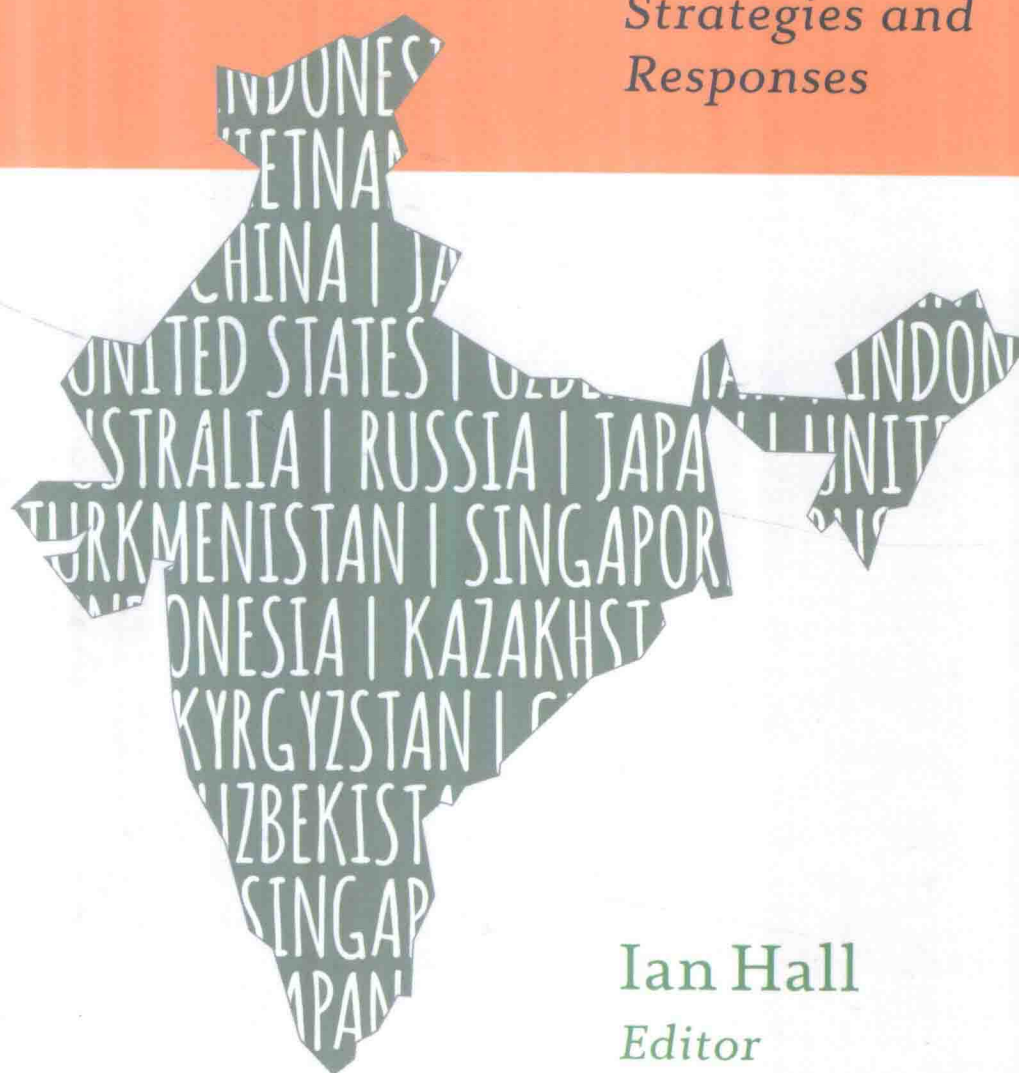


The Engagement of India

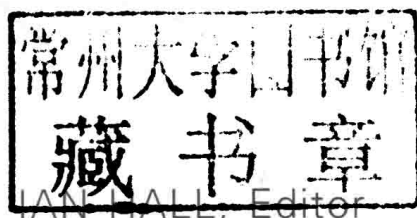
*Strategies and
Responses*



Ian Hall
Editor

THE ENGAGEMENT OF INDIA

Strategies and Responses



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PREFACE

INDIA'S EMERGENCE as a significant global power is one of the most striking developments of the post-Cold War era. This book explores the strategies that other states have employed to try to shape the foreign and domestic policies of India as a "rising power." It also examines Indian responses—positive, ambivalent, and sometimes hostile—to the engagement strategies used by other states, as well as India's own attempt to engage states in its region. It argues that India's "rise" cannot be understood just in terms of Indian actions but rather as a dynamic process of domestic change and foreign engagement.

This book is the product of a workshop held at the Australian National University (ANU) in Canberra in November 2011. As the workshop convener and now as editor of this volume, I am grateful for the financial support of the Australia India Institute in Melbourne, as well as the continuing encouragement of its director, Professor Amitabh Mattoo, and his staff, especially Souresh Roy. I am also grateful to Happymon Jacob of Jawaharlal Nehru University and Rory Medcalf of the Lowy Institute for International Policy for their insightful contributions to the workshop. Thanks are due to the ANU for hosting the event, to Satomi Ono for coordinating the logistics, and to Mary-Louise Hickey, whose editorial acumen was invaluable in pulling the final book together. I would also like to express my thanks to Donald Jacobs and the staff of Georgetown University Press.

ABBREVIATIONS

ADMM	ASEAN Defence Ministers Meeting
ADMM + 8	ADMM plus defense ministers or secretaries of Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States
ALP	Australian Labor Party
ANZUS	Australia, New Zealand, United States
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN + 3	China, Japan, and South Korea
BASIC	Brazil, South Africa, India, and China
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BJP	Bharatiya Janata Party
BRICS	Brazil, Russia, India, China, and South Africa
CAR	Central Asian Republic
CECA	comprehensive economic cooperation agreement
CEPA	comprehensive economic partnership agreement
CSTO	Collective Security Treaty Organization
CTBT	Comprehensive Test Ban Treaty
DFAT	Department of Foreign Affairs and Trade
DPJ	Democratic Party of Japan
EU	European Union
FDI	foreign direct investment
G2	Group of Two
G8	Group of Eight
G20	Group of Twenty
G77	Group of Seventy-Seven
GDP	gross domestic product
GLONASS	Global Navigation Satellite System

IBSA	India, Brazil, and South Africa
IFS	Indian Foreign Service
IMF	International Monetary Fund
INSTC	International North-South Transport Corridor
ISAF	International Security Assistance Force
JWG	Joint Working Group
LAC	Line of Actual Control
MFN	most-favored nation
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NPT	Nuclear Non-Proliferation Treaty
ODA	official development assistance
ONGC	Oil and Natural Gas Corporation
OVL	ONGC Videsh Ltd.
PLA	People's Liberation Army
SCO	Shanghai Cooperation Organization
SLOC	sea lane of communication
TAPI	Turkmenistan, Afghanistan, Pakistan, and India
UN	United Nations
UNSC	United Nations Security Council
WTO	World Trade Organization

CONTENTS

	Preface	vii
	Abbreviations	ix
1	The Engagement of India <i>Ian Hall</i>	1
2	The US Engagement of India after 1991: Transformation <i>Daniel Twining</i>	19
3	Japan's India Engagement: From Different Worlds to Strategic Partners <i>H. D. P. Envall</i>	39
4	Russia's Engagement of India: Securing the Longevity of a "Special and Privileged" Strategic Partnership <i>Lavina Lee</i>	61
5	India and China: Strategic Engagements in Central Asia <i>Louise Merrington</i>	89
6	China's Half-Hearted Engagement and India's Proactive Balancing <i>Harsh V. Pant</i>	111
7	Australia's Fitful Engagements of India <i>Ian Hall</i>	129
8	India's Engagements with Southeast Asia: Singapore, Vietnam, and Indonesia <i>David Brewster</i>	147

9	Paradigm Shift: India during and after the Cold War <i>Rajesh Basrur</i>	169
10	Conclusion: Engagement, India, and the Changing International Order <i>Nick Bisley</i>	185
	List of Contributors	203
	Index	205

THE ENGAGEMENT OF INDIA

Ian Hall

FOR MUCH OF THE COLD WAR, most of the major powers could safely neglect India. India had friends in the developing world, but relations with most of the industrialized world were often strained. In its immediate region, India met with persistent “sibling rivalry” from Pakistan and remained locked in a “protracted contest” with China.¹ While India forged a mutually beneficial relationship with the Soviet Union after 1971, its ongoing economic woes and rhetorical commitment to nonalignment “estranged” the country from Western states and other major Asian states, including Japan.²

The end of the Cold War, however, brought change. Initially India found itself in a difficult position. In the early 1990s, it was isolated and insecure, as its economy teetered on the brink of crisis, its Soviet sponsor fragmented and then disappeared, and its Chinese neighbor continued its rise. But only a decade later, India’s fortunes appeared to have been transformed. The country had emerged from isolation and gained in confidence. By the early 2000s, India was increasingly acknowledged as an “emerging” or “rising” power of consequence in regional and world politics.³

This dramatic shift in India’s position in the international order is normally attributed largely to Indian actions, particularly to three sets of changes made by successive Indian governments to its economic, foreign, and security policies.⁴ The first set of changes were the economic reforms precipitated by an acute balance-of-payments crisis in 1991 and 1992, itself brought about by the oil price rises caused by the 1991 Gulf War and exacerbated by the decline and eventual demise of the Soviet Union. These reforms are widely credited with laying the foundation for the high rates of economic growth experienced by India in the 1990s and 2000s.⁵ The second set of changes concerned foreign policy. In the early to middle 1990s, India reoriented the Ministry of External Affairs and its wider foreign policy establishment to “Look East,” aiming to

improve relations with states in East Asia and to locate new sources of knowledge and foreign direct investment (FDI).⁶ The third set of changes—this time to strategic policy—was symbolized most clearly by India's five nuclear tests at Pokhran in the Rajasthan desert in May 1998. This move, born of acute security concerns about India's relative weakness compared to an interventionist America with global reach and an increasingly assertive rising China, initially led to India's further isolation, sanctioned and shunned by a number of states.⁷ Over time, however, these changes helped to kick-start India's economy and to give the country greater diplomatic weight and momentum, and in turn this transformation in India's position required or tempted states outside India's erstwhile inner circle to engage with the country once more.

This book examines how these various engagements were conducted—what strategies were put in place, what was put on the table for India and why, and how successful they have been. It argues that India's rise in contemporary international relations cannot be attributed solely to Indian actions but rather is best understood in terms of a dynamic process of interactions between India and other states within equally dynamic international contexts. External events as much as domestic policy reforms have played their part in transforming India's standing in world politics. The rise of China, the emergence of militant Islamist terrorism, and the global financial crisis have concerned the West and Asian states, prompting them, as many have noted, to seek better relations with India. The various engagement strategies employed have created opportunities for India that India might not otherwise have had. US diplomatic and military engagement has clearly been instrumental here, but other states have also aided India's rise in ways that might not have been anticipated at the close of the Cold War.

But what is "engagement," and what kinds of engagement strategy can be employed in international relations? Which particular strategies have been used in engaging India? And which strategies have worked, and which have not? This book addresses these various questions. While much work has been done on strategies that employ coercion of various kinds to try to shape the policies of other states—from the use of military force to economic embargoes—comparatively little has been done on engagement and still less on the engagement of India.

Strategies of Engagement

This book explores the various modes of engagement employed in the Indian case, their uses, and their limits. It follows the growing consensus in the literature that defines engagement as any strategy that employs "positive inducements" to influence the behavior of states.⁸ It acknowledges that various,

different engagement strategies can be utilized. In particular, as Miroslav Nincic argues, we can distinguish between “exchange” strategies and “catalytic” ones. With the first type of strategy, positive inducements are offered to try to “leverage” particular quid pro quos from the target state.⁹ An investment might be canvassed, a trade deal promised, or a weapons system provided in return for a specific concession. With the second type of strategy, inducements are offered merely to catalyze something bigger, perhaps even involving the wholesale transformation of a target society.¹⁰ In this kind of engagement, many different incentives might be laid out for many different constituencies, from educational opportunities for emerging leaders to new terms of trade for the economic elite.

The objects of engagement can include changing specific policies of the target state or transforming the wider political, economic, or social order of a target society. Both of these objectives could be pursued with coercive strategies employing either compellence or deterrence—or indeed with a mixture of both engagement and coercion.¹¹ But much recent research has argued that the evidence for the efficacy of both compellence and deterrence in changing target state policies is inconclusive.¹² Both military and economic sanctions have been shown to have mixed results, and many scholars argue that coercion rarely works.¹³ By contrast, there is some considerable evidence that engagement strategies can both elicit discrete quid pro quos from states and generate wider political and social change within them that might in the medium to long term lead to changed behavior at home or in international relations.¹⁴ Moreover, it is clear that engagement is both more commonly utilized than often recognized by scholars of international relations and that it is generally considered more politically accepted to politicians and publics in both engaging states and in the states they seek to engage.¹⁵

Engagement strategies take different forms depending on their objectives. They can emphasize diplomacy, aiming at the improvement of formal, state-to-state contacts, and be led by professional diplomats, special envoys, or politicians. Alternatively, they can emphasize military ties, utilizing military-to-military dialogues, exchanges, and training to build trust, convey strategic intentions, or simply foster greater openness in the target state’s defense establishment.¹⁶ They can be primarily economic in approach, using trade, investment, and technology transfer to engender change in the target society and perhaps to generate greater economic interdependence, constraining a target state’s foreign policy choices.¹⁷ Finally, they can seek to create channels for people-to-people contact through state-driven public diplomacy, business forums and research networks, aid and development assistance, and so on.

These strategies are sometimes used in isolation but are often employed in combination. Diplomatic engagement normally precedes other forms of engagement, especially in cases in which states are highly estranged from other states

or in which relatively quick changes in target state policies are desired. Henry Kissinger's secret contacts with China in 1970 and 1971 and Richard Nixon's subsequent visit in 1972 provide the most obvious and dramatic recent examples of diplomatic engagement that transformed the relations between two states. In this case, diplomatic engagement involved the establishment of full diplomatic relations as well as the recognition of China's claim to its seat on the United Nations Security Council (UNSC). The United States also mixed Nincic's "exchange" and "catalytic" strategies but was much more heavily weighted to the former than the latter. In the short term, China secured recognition, the UNSC seat, and a tacit ally against the Soviet Union. In return, the United States secured Chinese help in bringing the Vietnam War to a close and a changed Eurasian balance of power.¹⁸

The United States did not rely solely on diplomatic engagement in this particular episode—indeed, the other forms of engagement involved point to a longer-term "catalytic" strategy in operation. Nixon attempted also to use military means to engage China, exploring the option of supplying weapons to the People's Liberation Army (PLA) in order to change the regional military balance in China's favor. This military engagement was, however, stymied by bureaucratic and congressional opposition. Nixon's successor, Gerald Ford, succeeded in providing other technologies, including airliners and computers, which might have had some military utility.¹⁹ In the mid-1980s under Ronald Reagan, military engagement was approved and attempted, first with a round of military-to-military dialogues and with a limited number of arms transfers to the PLA.²⁰

This kind of military engagement can have short- or long-term aims. A one-off arms sale might be intended to influence a particular decision; a series of military-to-military talks or joint exercises might seek to build trust as much as to exchange information or test capabilities. By its very nature, military engagement can also be more controversial both within the engaging state and the target state and indeed with neighboring or other concerned states. Arms transferred, for example, might be used for purposes other than the ones specified by the supplier, as India knows only too well from past confrontations with a Pakistani army replete with American weapons.²¹

In the post-Cold War period, diplomatic and military engagement gave way to economic and public approaches. In the 1970s and 1980s, Western states became increasingly reliant upon economic coercion to achieve foreign policy objectives, especially the promotion of human rights and democratic politics. Sanctions were imposed to deter and compel states to change their policies.²² After 1989, economic engagement, sometimes backed up with public diplomacy and especially civil society engagement, began to supplement diplomatic, military, and economic coercion. In the wake of the Cold War, this became the dominant approach employed by Western states to bring about political change

and to entrench preferred political options in the former communist Eastern Bloc nations and other states in transition.²³ In contrast to diplomatic or military engagement, economic and public engagement generally employs long-term catalytic strategies, aimed at incremental change in the preferences and policies of target states over time. They were employed to great success by the United States in Western Europe after the Second World War, with the economic engagement of the Marshall Plan supplemented by extensive public and cultural diplomacy.²⁴

In the 1990s, therefore, Western states moved rapidly from exchange engagement—involving the normalization of diplomatic relations and the redeployment of military forces—to catalytic strategies for change in target states. As in the period after 1945, from 1989 this economic and public engagement aimed at the longer-term objectives of entrenching liberal democratic norms and the rule of law while deepening interdependence.²⁵ Postcommunist states in Eastern Europe were thus given access to Western markets and investment; they were also provided with Western economic advice to aid reform of their economies—although not always to good effect.²⁶ All of the successor states to the Soviet Union, for example, were given “most-favored nation” (MFN) status by the United States in 1992. China, to which the United States had granted MFN status in 1980, had the designation withdrawn after the Tiananmen Square killings in 1989 but had it restored in 1992.²⁷ In parallel, the European Community / European Union (EU) extended similar privileges to the fifteen post-Soviet republics and former Warsaw Pact states, while Japan and the Association of Southeast Asian Nations (ASEAN) members pursued their own economic engagement strategies with China throughout the 1990s with similar objectives in mind.

Public engagement was also employed extensively during the post-Cold War period by Western states, especially after 9/11.²⁸ Like economic engagement, public engagement aims to bring about long-term shifts in preferences and policies, cultivating both public and elite opinion. Educational and cultural exchanges, old-fashioned books and magazines, plus new social media can all be used to convey ideas and values with the aim of reducing mistrust and improving understanding.²⁹

In the case of Eastern Europe, as Nincic points out, the objectives of political and social change sought through catalytic engagement were conceived not just as goods in themselves but as integral parts of what Bill Clinton’s administration called, in 1994, *A National Security Strategy of Engagement and Enlargement*.³⁰ And what began with the engagement of former communist states was soon extended to other target states, with the aim of bringing about similar transitions and behavioral change. In one combination or another, diplomatic, military, economic, and public engagement strategies, whether exchange or catalytic, have

been employed by Western states to engage rising, transitioning, or rogue states to one degree or another since the early 1990s. Most obviously they have been utilized in the attempt to improve relations with China. But they have also been used by the West to try to bring about change in Iran, Libya, North Korea, Syria, and most recently Myanmar.³¹

In the post-Cold War period, engagement strategies have also been employed—with varying effects—by non-Western states. South Korea, for example, attempted to use economic engagement to bring about improved relations with North Korea from 1998 to 2008.³² More successfully, India and the ASEAN members—individually and collectively—have used diplomatic engagement to try to bring about political change in Myanmar.³³ And China has used a variety of means to attempt to engage states in Asia,³⁴ as well as in Africa and Latin America,³⁵ mostly by utilizing exchange strategies to realize its economic interests rather than with strategies designed to catalyze large-scale social or political change in target states.

Engaging India

On the face of it, India might appear an odd candidate for engagement. As we have seen, engagement is a term historically associated with attempts to bring about changes in the policies of authoritarian, transitioning, or “rogue” states. India hardly falls into any of these categories: It is a relatively stable democracy with no particular tradition of military adventurism or systematic political repression. What made it a candidate for engagement, as Strobe Talbott observed in *Engaging India*, was not these attributes but rather the growing evidence that it was beginning to “rise” in world politics and that its relative isolation was no longer sustainable.³⁶ This evidence took time to emerge after 1991 and to be acknowledged as significant by major powers. Even in the mid-1990s, some in the United States continued to regard India as an economic basket case, while many in India continued to portray the United States as an imperialistic bully.³⁷ Relations with Western Europe were marginally better; ties with China were attenuated and difficult, at best. With much of the rest of Asia, India’s relations were dominated by the export of labor and the remittance of wages earned. Only with Russia and with parts of the developing world did India have close or constructive ties.

The problematic nature of Indian relations with much of the developed world thus made engagement necessary after 1991. But it was India’s economic and military rise that made it desirable. Its economic success after the reforms of 1991 and its nuclear tests in 1998 prompted many prominent actors to

reassess their approaches to India. What they aimed to achieve with India, however, was not always clear. As we have seen, engagement is normally used to try to change the policies of target states—to open up markets or to discourage certain patterns of behavior, such as weapon proliferation or the state-sponsorship of terrorism. In the Indian case, it is clear that some important actors have wanted India to change some policies, notably when it came to further economic liberalization and the security of its nuclear weapons. But other actors wanted other things. Some pursued engagement as a means of encouraging India to carry on as before or merely to help it realize its latent potential, without substantive shifts in policy.

This kind of engagement is unusual, making India a special case. Generally, rising powers are met with balancing coalitions threatening sanctions, not sympathetic potential partners promising inducements. Historically this was the way in which most rising powers were managed, at least in the European experience. Far less often were they accommodated or appeased, either with changes to the rules of international society or with material concessions, and even rarer are the cases of rising powers being helped on their way.³⁸ To aid a rising power with the objective of actually speeding its rise as well as shaping that power's policies deviates from the norm. Yet, as Daniel Twining argues in his chapter, this is precisely what the United States has tried to do with India, and, as H. D. P. Envall suggests in his chapter, this is what Japan has also attempted to achieve with its engagement strategy.

There can be no doubt that America's engagement with India after 1991—especially after 1998—looms largest in the literature on India's foreign relations in the post-Cold War world.³⁹ But US engagement really began with military rather than diplomatic approaches back in the 1980s. The Reagan administration's decisions to offer American weapons (antitank missiles and howitzers) to India and then to allow more technology transfers are credited by Teresita C. Schaffer as laying the groundwork for what emerged in the late 1990s. In the early 1990s, military-to-military dialogues were followed by an Agreed Minute on Defense Relations between India and the United States in 1995.⁴⁰ But, as Twining argues, only in the aftermath of the 1998 nuclear tests did the diplomats enter the game with serious intent.

Particularly significant were Talbott's talks with Jaswant Singh (between 1998 and 2001) about India's nuclear weapons, but a wider diplomatic engagement was also initiated after the tests. Talbott characterized this "engagement" as involving both "conciliation and contest" on the nuclear issue but one in which both sides had a "desire to fix something that had been broken for a long time."⁴¹ On the American side, this meant pulling back from positions it had once defended with some force. The most obvious change, as Twining notes, was the modification of the American stance on India's nuclear status. After