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# India: the next superpower?: India's national interests and diplomatic activism: towards global leadership?

## Report

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# ➤ India's National Interests and Diplomatic Activism: Towards Global Leadership?

Oliver Stuenkel

**India's rise constitutes one of the most fascinating and important stories of the past two decades, symbolising, along with China, the fundamental shift of power towards Asia. Yet while many acknowledge India's newfound importance, the country remains one of the most misunderstood actors in the international community. During the Cold War, India was the only democratic regime that did not align with the West. After becoming a nuclear power in 1998, the country suffered international condemnation, only to become one of the United States' key strategic partners less than ten years later. While international analysts have traditionally looked at India primarily through the prism of the conflict with Pakistan, today it is routinely analysed in the context of a rising China. Neither viewpoint can do justice to India's much more important and complex role in the 21<sup>st</sup> century. The need to understand India's perspective has never been greater, and today no global challenge – be it climate change, nuclear proliferation or poverty reduction – can be tackled successfully without India's active contribution and engagement.**

## THE INDIAN PARADOX

India's role in today's international context abounds with paradox. At first sight, there are many reasons to be optimistic about India: it boasts one of the world's most dynamic economies, driven by a growing group of sophisticated entrepreneurs capable of competing globally. India has experienced unprecedented growth and stability since the end of the Cold War, and it is expected to turn into one of the world's five largest economies by the end of the decade. Given that the country finally seems to be capitalising on its potential, several analysts have proclaimed the 'Indian Century', and the government is ever more confident in its claim for a permanent seat on the UN Security Council and more responsibility in institutions such as the International Monetary Fund (IMF) and the World Bank. At the same time, India has become the world's largest arms importer, further boosting its profile and potential role in security affairs in the Indian Ocean. Due to its democratic credentials and reputation as a benign international actor, a consensus has emerged in the West that India is the world's best hope to balance a rising China both in the region and, at a later stage, in global affairs. Reflecting this, the United States' recognition of India as a nuclear power, a move that risked weakening the Non-Proliferation Treaty (NPT), was unprecedented and showed how important India has become in the view of foreign policy makers in Washington D.C. On top of all that, India boasts of considerable soft power – its vibrant democracy, millennia-old culture and benevolent standing help explain why the vast majority of international actors look kindly upon India's rise.

However, India's global aspirations are starkly contrasted by the enormous difficulties it faces both at home and outside of its borders. With over 300 million Indians living below the poverty line and growing economic inequalities, India's rise has yet to translate into tangible benefits for the poor, most of whom live in rural areas that have benefitted little from recent economic growth. The Maoist Naxalite insurgency, affecting large swathes of the country, has rightly been identified by the government as India's most serious security concern. Violence saps the government's authority to take the country forward in these areas. Yet the insurgents' continued presence can be explained precisely because growth has not been sufficiently distributive. More importantly for India's foreign policy, Kashmir represents a bleeding wound that significantly diverts foreign policy makers' attention, reducing their capacity to focus on other urgent challenges. Furthermore, it constrains India's armed forces' ability to deal with regional security challenges more effectively, given that many are stationed along its disputed borders. Recent analyses have laid bare New Delhi's dysfunctional national security machinery, in which decision makers spend more time on internal procurement processes and battling bureaucracy than on developing foreign policy strategies, reducing India's capacity to pursue its strategic objectives effectively. A political deadlock, a historic protest movement (led by Anna Hazare) and a severe leadership crisis in government (caused by Sonia Gandhi's prolonged absence) further complicate Manmohan Singh's attempts to strengthen India's role in the world.

### **INDIA'S REGIONAL PROBLEM**

India's biggest weakness is its incapacity to exercise regional leadership – far from articulating a clear and attractive vision for the region, India remains a reactive force that lacks the initiative to propose bold projects such as, for example, the creation of a pan-South Asian energy grid. Despite a strong focus on Pakistan, India wields virtually no influence over the – admittedly unpredictable – government in Islamabad. Intra-regional trade remains minimal, and India's attempts to push for greater economic integration

have repeatedly been frustrated. This is surprising as smaller neighbours such as Bangladesh could benefit enormously from integrating economically with India. Yet India still struggles to overcome the disruptive effects of partition on the region – economic regions such as Kolkata-Bangladesh and Karachi-Mumbai were separated in 1947, and barriers between them remain formidable.

Given this unique set of contrasting indicators, how can we characterise India's role in the world? India's foreign policy strategy has been unique from the outset and given the country's peculiarities it is unlikely to adapt to outsiders' expectations and adhere to traditional categories, continuously confounding, surprising and frustrating foreign observers – particularly those in the West. Jawaharlal Nehru's early decision not to align with either the United States or the Soviet Union but to assert India as an independent pole in the Cold War international system may have seemed unorthodox at the time, yet today most analysts agree that it has served India well. After Nehru, Indian foreign policy followed a somewhat more realist orientation (from the mid-1960s to the late-1980s) before a fundamental reorientation after the end of the Cold War, forced by the loss of the Soviet Union as India's most important partner and an acute financial crisis that led to historic economic reforms.

Indian exceptionalism pervades policy makers' world view, and in foreign policy matters India generally seeks the moral high ground. This claim is strengthened by India's singular achievement of building and defending a stable democracy amid extreme poverty, inequality and extreme diversity. Yet while the democratic character of its regime is an important ingredient of its foreign policy identity, it does not systemically promote democracy abroad. In 1988, India's Prime Minister Rajiv Gandhi sent Indian troops to the Maldives to avoid a coup d'état, helping the country's democratically elected President reassert power, and India's Prime Minister Manmohan Singh has argued that liberal democracy was the natural order of political organisation in today's world, saying that all alternative systems were an aberration. Yet, at the same time, India has for over a decade followed a so-called 'constructive engagement' policy with

Myanmar's military junta in which it has not criticised the regime's human rights abuses even as it hosts large numbers of Burmese refugees and political exiles on its soil. Nor did New Delhi take much of a position one way or the other on the fraudulent elections held in Myanmar in 2010, disappointing pro-democracy activists. Raja Mohan has argued that democracy as a political priority is largely absent from India's foreign policy – which may be partly explained by the fact that India is surrounded by unstable and often autocratic regimes, which may react negatively to democracy promotion. This ambiguity points to a more general debate about the role India should play in the region – what does regional leadership entail or require? Does the region represent a nuisance, an opportunity, a shield or a launching pad for a global role? Put differently, what is India's 'regional project'? The question of democracy promotion is but one, albeit an important one, of the challenges that derive from this larger question.

### **CAN INDIA BE A GLOBAL POWER WITHOUT BEING A REGIONAL POWER?**

Regarding the paradox of India's global ambition and its difficulty to establish itself as a leader in its backyard, there is a growing consensus that India simply cannot leapfrog problems in its vicinity to play on the world stage. Given that several of its neighbours are frequently hostile towards India, a regional backlash in the region could seriously undercut India's global strategy. While India has in the past attempted to ignore its neighbourhood, even small neighbours such as Nepal and Sri Lanka have repeatedly demanded India's attention, particularly when their political stability seemed at risk.

The Indian government has, as a reaction, undertaken a coordinated effort to engage with its region. While the scope for bold and substantive initiatives was limited during the Cold War, when India sought to economic autarky, its growing integration and weight in the world economy since the beginning of the 1990s gives it – in theory – sufficient leverage to influence others. In addition, while India's democracy had always enhanced its soft power, its lack of economic success limited its attractiveness. India's approach to Bhutan

is probably its most successful example of bilateral relationship with a neighbour, and could readily serve as a model for India's ties to other small neighbours. India has provided Bhutan with generous economic aid since 1958, when Jawaharlal Nehru first visited the country, yet India has always kept a low profile in Bhutan, and the relationship has traditionally been marked by friendliness and mutual respect.

The belief that India deserved a seat on the high table has informed India's foreign policy since Nehru became India's first Prime Minister, with the difference that its recent economic success has made such desires seem much more realistic. Despite India's newfound weight, there often remains a gap between India's great-power identity and the way others see it, frequently resulting in frustrating negotiations. Yet Indian policy makers are struggling to define how to use this leverage, since there is no consensus concerning the nature and scope of the Indian national interest. The last decade clearly indicates that India's sphere of influence has grown considerably, explaining India's strong presence in Afghanistan and its growing willingness to sign partnerships with other Asian actors such as Japan that are only thinly veiled initiatives to isolate China. Analysing India's most important bilateral relationships sheds further light on how the country perceives itself.

### **IS ASIA BIG ENOUGH FOR TWO WORLD POWERS?**

How will India-China ties develop? Whenever two rising powers sit next to each other, the chance for conflict greatly increases as their spheres of influence grow quickly. This unfortunate constellation now becomes increasingly visible in Asia, where a rising China and a rising India have begun to claim influence over the same regions. After India and Vietnam agreed to jointly explore oil in the South China Sea, analysts in China accused India of interfering in a region where it did not belong. China is determined to create alliances with India's neighbours such as Pakistan, where it is building a major port in Gwadar, a coastal city not far to the Strait of Hormuz. At the same time India has – to China's dismay – begun to strengthen ties with Japan, Australia, and the United States. While trade between India and China is growing,

this alone may not be enough to prevent an escalation, as analysts from both China and India have argued that one has attempted to 'encircle' the other.

Six aspects make these trends particularly worrisome. First, China and India have been at war before – in 1962 – and the resulting border dispute is yet to be resolved. Second, Asia lacks strong regional institutions that could serve as a platform to resolve future problems (many exist already, ranging from issues around the Dalai Lama and Pakistan to the Nuclear Suppliers Group). Third, both countries are extremely resource-hungry and could soon clash over them in times of scarcity – a 'race for resources' is emerging between the two in oil-rich African states. Fourth, China and India will soon be the world's first and third largest economies, so any armed conflict between the two would plunge the world into recession. Even more worrisome is that India has barely begun to expand its sphere of influence, so once its growth and economic interests reach Chinese dimensions, competition between India and China is set to intensify. Finally, both countries possess nuclear weapons, which points to potentially disastrous consequences for its combined 2.5 billion inhabitants – at the same time, nuclear weapons on both sides may create deterrence powerful enough to avoid armed conflict.

While the narrative of inevitable confrontation between Asia's two rising powers is increasingly accepted in the West, and often visible in India's media, there is a growing group of voices in New Delhi, such as *The Hindu's* influential editor Siddharth Varadarajan, who see great potential for India and China to cooperate and engage in a mutually beneficial partnership. Trade between the two has grown rapidly, albeit from a low base, and powerful industry representatives pressure the government in New Delhi to protect the Indian market from cheap Chinese imports. Multilaterally, India has repeatedly found common position with China, for example regarding climate change. Both India and China share an interest in combating radical Islamic terrorists, and both India and China seek to end Europe's dominance in international institutions such as the World Bank and the International Monetary Fund (IMF).

## INDIA – AFGHANISTAN

India's ties to Afghanistan are an interesting case that shows how much more assertive India has become, and how it uses its economic weight to defend its national interest in the region. However, its ability to influence NATO decision makers on the ground is extremely limited, showing that the West does not yet regard India as strong enough to provide order in the region. Traditionally wary of growing Pakistani influence in Afghanistan, India supported the Northern Alliance during the Taliban regime, and was elated to see the United States defeat the Islamist regime after the terrorist attacks of September 11. India has strengthened its economic presence in Afghanistan, and its installations have several times been the target of terrorist attacks there, possibly planned in Pakistan. The looming NATO troop withdrawal presents India with a conundrum. While it is unwilling to deploy troops, which would run contrary to its non-intervention stance, Indian policy makers fear that Afghanistan will eventually become dependent on Pakistan, turning into a safe haven for terrorists and falling out of India's orbit.

## INDIA – PAKISTAN

Regarding Pakistan, India faces a conundrum. Most Indians believe that a failed Pakistani state is not in India's interest, as nuclear weapons could fall into the hands of radical Islamists. In addition, many believe that only a strong, stable and confident Pakistan would be able to negotiate a settlement with India, both regarding Kashmir and any other pending obstacles to better ties. At the same time, there is a strong aversion across many groups in India, including the armed forces, to providing material support for the Pakistani regime. While India stands to lose much more than Pakistan from a continued conflict, very few voices – such as India's former Consul General in Karachi Mani Shankar, who tirelessly calls for a rapprochement – provide bold and innovative ideas. China's support of Pakistan (it provided Islamabad with nuclear technology in the 1990s) is set to continue, despite worries in Beijing about the growing number of radical Islamists emanating from Pakistan. While China remained neutral during the Kargil War in 1999,

thus projecting considerable pragmatism, Beijing's important role in India-Pakistan relations complicates an already difficult situation further. Barring any extraordinary event, we are therefore highly unlikely to see a settlement between Islamabad and New Delhi during this decade.

## **INDIA – UNITED STATES**

In 2000, Condoleezza Rice, then foreign policy advisor to the Republican presidential candidate George W. Bush, identified India as a 'strategic partner' and China as a 'strategic competitor'. Five years later, the United States and India signed a nuclear agreement, a direct result of the United States' belief that the United States could exploit an emerging rivalry between China and India. Yet if the United States had hoped to turn India into a reliable ally, it would be disappointed: throughout the negotiations with the United States, India maintained positive relations with Iran, strengthened ties to China, and disagreed with the United States on many other issues such as Myanmar and the proposed Iran-Pakistan-India pipeline. Despite these obvious signs, the United States will remain prone to both overestimating its capacity to influence India and to misunderstanding India's desire to remain an independent actor. India sees itself as a global power and Indian voters are highly averse to any type of alliance that limits its room for maneuver. Still, American and European efforts to court India are likely to grow, as became visible when President Obama openly supported India's campaign for a permanent seat on the UN Security Council for India – something he failed to do for Brazil during his recent visit there.

## **INDIA'S MULTILATERAL RELATIONS**

Despite India's traditional focus on multilateralism and strong support of the United Nations during the Cold War, its performance on the multilateral level today is surprisingly thought to be less effective than in the bilateral realm. India's performance in the G20, the IMF and the World Bank is widely thought to be exemplary – India's 'finance diplomacy' has

been highly constructive, and after the G20 Summit in 2010 in Toronto, US President Obama admiringly spoke of Manmohan Singh's economic competence, which had turned the Indian Prime Minister into a thought leader during the summit. Yet in general, Indian negotiators are often seen as obstructionist, inflexible and excessively tied to principles to make a compromise, fearing that ceding on any issue could be interpreted as weakness and confer a loss of respect or status. As several analysts have pointed out, Indian negotiators often focus more on tactics than on strategy, and negotiations are often seen as zero-sum games.

## **CONCLUSION**

Given India's economic success over the past two decades, the country's foreign policy makers increasingly need to confront the question of whether and how India will contribute to dealing with global challenges such as climate change, piracy, failed states and economic volatility. India's growing might will fuel others' expectation for India to engage in global burden sharing. Unless it is ready to do so, India risks losing the support of developing countries that have long formed the core of India's followership, as they no longer see India defending poor countries' interests at the international level. Its constructive role in the G20 clearly shows that India does not have to be obstructionist. Instead of focusing on status, as it has often done in past decades, India's foreign policy is likely to become more pragmatic. For example, rather than in engaging in fixed partnerships, India will pursue its national interest in its growing sphere of influence, and align with whomever it deems convenient – be it other emerging countries such as Brazil in one moment, and the United States in the next. No country in the world, including China or the United States, will be capable of pressuring India into assuming a more responsible role – yet by the middle of this decade, India's role is set to vastly exceed its current place in global politics. ■