MORE THAN BOMBS AND BORDER TENSION:
India and Regional Security

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Synopsis

Pessimism dominates interpretations of India's strategic significance. India-Pakistan border tension and nuclear proliferation issues receive disproportionate attention. The image of India created is misleading. Other more important variables are obscured, in particular the role of public bureaucracy in constraining India's strategic economic capacity, and evidence of India's assured role in constructively engaging China in the region. An alternative explanation is put forward that explains the dynamics of India's strategic significance as being shaped by complex internal limitations combined with a positive strategic policy towards China and Asia-Pacific in general.

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Introduction

With the 50th Anniversary of India's independence it is an appropriate time to take stock of India's strategic significance especially as the Indian subcontinent has unsympathetically been cast one of the "most unstable and insecure regions in the world".[1] Pessimist interpretations of India's strategic significance are argued with such consistency that they could be reasonably thought of as a distinctive school. Much emphasised is the potential for the India-Pakistan border conflict to escalate into a crisis that could turn nuclear.[2] Border tension and nuclear proliferation consequently receive disproportionate attention. Analogies drawn from the former Yugoslavia, and former Soviet Union, suggest that India's social cohesion will disintegrate.[3]

Little credence is given to Indian justifications for New Delhi's strategic policy and nuclear stance.[4] India's missile programmes are explained away as "driven more by political and bureaucratic imperatives than by military necessity".[5] Political institutions in India and Pakistan are held to have "progressively decayed in recent years, which has eroded significantly the capacity for rational and effective decision making on security issues".[6]

The pessimist image of India is misleading. While there is evidence of tension between India and Pakistan there is also evidence of war avoidance. Too little credence is given to Indian strategic reasoning. And there is evidence of a coherent Indian nuclear stance. The preoccupation with non-proliferation, secessionism and religious violence obscures other more important variables. An alternative explanation is needed to explain the dynamics of India's strategic significance. The role of public bureaucracy in constraining India's economic performance and strategic capacity is emphasised in this assessment. Evidence of India's assured role in constructively engaging China in the region deserves appreciation. Instead of viewing India predominantly in terms of its border clashes with Pakistan, and non-proliferation issues, New Delhi's contribution to the building of stability in the Asia-Pacific should be recognised.

India Pakistan Relations

Tension between India and Pakistan lingers but in recent years both states have avoided direct war. India and Pakistan have fought three wars against each other since independence and subsequent partition in 1947. Pakistan provides covert support for insurgents in Kashmir. India in turn is accused by Pakistan of interfering in the Sindh. Seven of India's ten army corps are stationed in the North West within striking distance of Pakistan. The bulk of Pakistan's defence preparedness is directed against India. While the status of India and Pakistan's nuclear weapons programmes is unclear there is general consensus that both countries have the capacity to assemble and deliver at short notice small numbers of nuclear weapons against each others' cities. There is little economic interdependence and trade – limited to Rs 2.25 billion in 1996 – and is mostly carried out through third parties particularly Dubai. Social contact between India and Pakistan is restrained through tight visitor permit controls.[7]

Triggered by the 1990 border crisis between India and Pakistan the pessimists focused attention on the prospect that border conflict could escalate out of control into a nuclear catastrophe. The significance of the 1990 crisis itself is open to question and reinterpretation. In retrospect it would

seem that the drawing of linkages between the crisis and the prospects of war was overdrawn. There is general agreement that the crisis was sparked by fears that large scale military exercises, may have masked war preparations, close to the border. There is now strong evidence that the momentum towards conflict was "contained by the adversaries themselves". For instance, a Indian Finance Ministry assessment of the potential economic damage of a war with Pakistan was reportedly much studied by the India Prime Minister V. P. Singh.[8] Creative United States diplomacy, based on the supply of accurate military intelligence to both parties that showed that each sides forces were not preparing for war, may have helped diffuse tensions. The claim that both sides considered making the crisis nuclear has been rebutted.[9]

Kashmir has been identified as the catalyst for future conflict between India and Pakistan by pessimists. The dynamics of this conflict are more complex than pessimists concede. Pakistan's support (in league with Afghan groups) of pro-Pakistan secessionist organisations in Kashmir "has helped significantly to turn the conflict into a protracted and complex one".[10] The dynamics of the conflict in Kashmir are local, mainly derived as Ganguly writes from "institutional decay coupled with increased political mobilisation".[11] Neither Pakistan, nor India, have been able to exert much leverage on the political behaviour of insurgents. Ironically Islamabad is now almost as worried about Kashmiri separatists as is New Delhi.

One strength of the pessimist argument is that it draws attention to general border conflict between India and Pakistan. Yet the approach of India and Pakistan to the management of their mutual tensions while obsessive is generally more sophisticated than portrayed by sceptical commentators. There is evidence of deliberate "war avoidance".[12] Tension is carefully controlled. Both countries agree not to attack each others nuclear installations. While gunfire may persist along the Line of Control through Kashmir, and the disputed Siachen Glacier, it is virtually ritualised and reaction from both sides is contained. If either side comments at all, official reactions are played down. A similar pattern of response characterises reaction to the relatively routine unravelling of spy rings, confessions of captured insurgents, and more rarely to airspace violations.

A understanding that war should be avoided is not a normalised relationship. Nonetheless while meetings between senior political leaders remain rare, the political relationship between India and Pakistan is managed with care. Significantly, neither side has challenged the territorial status quo in recent years. Confidence Building Measures (CBMs) between India and Pakistan have been signed, although interpretations of how they should be complied with have varied at the officials level. Meetings between officials to discuss the implementation of CBMs have been deferred. Nonetheless while providing no guarantee of peace the mere existence of CBMs assumes a degree of stability in the political-strategic landscape.[13]

In this context the meeting between Indian Prime Minister I. K. Gujral and Pakistani Prime Minister Nawaz Sharif in May 1997 is especially important. The resumption of meetings between Indian and Pakistani Foreign Secretaries and the agreement to establish joint working groups to discuss issues of mutual interest (including Jammu and Kashmir, the Siachen glacier, terrorism, drug trafficking, and the "promotion of friendly exchanges in various fields") suggests there is a genuine desire to work towards the normalisation of bilateral relations.[14]

Coherent Strategic Reasoning

That the pessimists give too little credence to indigenous justifications for strategic policy, is exemplified by Tanham's claim that India does not think strategically.[15] This is too grim a picture.

There is evidence of consistent reasoning on two levels that are strategic: the regional and national. At the regional level India consistently strives to create a multipolar symmetry of power to limit great power interference in Southern Asia and the Indian Ocean (and neighbouring regions). India's non-alignment stance forms one enduring strand of this policy approach. The other strands of this policy are New Delhi's development of a strategic relationship with the Soviet Union, in response to pressure from China and Pakistan in the 1960s, and its failure to persuade the United States in particular to act in Southern Asia on Indian terms. With the end of the Cold War (and great power rivalry in Southern Asia) and in response to economic imperatives, India's regional strategic relationships have been recast. Emphasis is being given to developing cooperative political and economic relationships with all major neighbours (including Pakistan but at a cautious pace) and trading partners including the United States, China, Japan, ASEAN, Australia and Europe.[16]

A strategic stance designed to maintain India's national territorial sovereignty is developed. Most important at this level are India's strategic responses to Pakistan and China. Both have challenged territorial boundaries acquired by India at independence.[17] India's main long term strategic concern is China – a consequence of the 1962 war when Peking pressured New Delhi using military force simultaneously in both the North East and North West borders. One legacy of the 1962 defeat is an enduring sense of vulnerability in New Delhi. Another part of this legacy is India's strategic realisation that it cannot fight a simultaneous three front war against Pakistan and China. As a result India's conventional armed forces were thoroughly reorganised and a nuclear programme established. India's defence modernisation programme started in the 1980s was another consequence of this legacy.

The interconnection of Pakistan and China's strategic postures towards India explains why New Delhi's responses to border relations with Pakistan and China are linked. Pakistan, convinced of its military and economic weakness balances the Indian threat through its strategic relationship with China.[18] China's steady friendship with Pakistan "to balance India or (more exactly) to keep it preoccupied by its regional challenger" is equally driven by strategic considerations. Beijing's arms sales and joint development programmes with Pakistan help it to "externalise" subcontinent hostility.[19]

While China's armed forces are largely antiquated by Western standards, they are formidable from an Indian perspective. India's strategic response at this level remains prudent and in proportion, consisting largely of credible forward defence positioning in the North West and North East. India's immediate concern at the national strategic level remains Pakistan. India's strategic policy towards Pakistan is driven by the appreciation that Islamabad's armed forces while formidable, are grounded on a national base that is over stretched. From an Indian perspective Pakistan's conventional military capacity is kept in check through the forward positioning of substantial conventional military forces in the North West, and naval forces in the Arabian Sea. India's responses at this level, as at the regional level, show evidence of coherent thinking that is strategic and logical given the contemporary context and history.

Non-Proliferation

The non-proliferation literature tends not to acknowledge that India may have a reasoned justification for nuclear weapons.[20] Critics of New Delhi's stance, such as Thakur, argue that nuclear weapons are inappropriate security building instruments given India's circumstances, especially since its "gravest security threats, ... are rooted in internal social and economic problems", or in dealing with insurgents. India's nuclear option is dismissed as an "obsession" that threatens to

undermine New Delhi's recent progress in improving relations with its neighbours, and Russia and the United States.[21]

India's nuclear weapons programme is guided by coherent purpose, or perhaps more accurately that its nuclear position is no more rational or irrational than that adopted by other acknowledged nuclear powers. India's nuclear position rests on an assumption shared by all other nuclear powers: that nuclear weapons are vital to their security interests. To argue otherwise could represent a form of strategic studies 'Darwinism', the assumption that some countries with nuclear weapons are inherently more rational than others.

India's gravest security threats may be internal, but it does have two nuclear neighbours. In the short term China is viewed more with concern than as a direct nuclear threat. India is presumably reassured that China has given universal unconditional "no first use" understandings, the only one of the five nuclear weapon states to have done so. Yet China possesses, from India's perspective, a large and well developed nuclear capacity that fuels the reserve of policy advisers in New Delhi. Reports that China is developing a new era of longer range nuclear capable delivery systems are viewed with concern in New Delhi. To do so would prevent the development of a military nuclear capacity to match China's should circumstances change adversely in the future.[22] China's export of M11 missiles (and perhaps a factory to build more) to Pakistan, along with ring magnets and the apparent sharing of nuclear testing and technical information undermines Indian policy makers trust in China, and helps explain the lingering prudence evident in Indian military nuclear policy.

India's stance on the abolition of its nuclear capacity is complex and also tied to China. Given that China, in geo-strategic terms is considered by India to be its main potential rival, New Delhi is unlikely to consider nuclear abolition unless this option is also carefully thought through in equal measure by Beijing.[23] This seems unlikely given China's residual concerns with Russia (a former rival) and the United States (its current rival) – both of which remain committed to nuclear deterrence. From Beijing's perspective, Washington's reinvigoration of alliances with Japan and Australia, combined with open contemplation of Theatre Missile Defence system, spliced with the fallout from the Taiwan Straits crisis of 1996, implies "confrontation".[24] India is unlikely to abolish its military capacity until the wider geo-strategic environment in the Asia-Pacific and Europe, as well as Southern Asia, changes in a way in which nuclear weapons are regarded by the nuclear powers as no longer of utility.

India's nuclear rivalry with Pakistan should be kept in context and is more complex than the pessimists concede. Pakistan's nuclear programme is taken seriously by New Delhi and is regarded as a threat in its own right in the short term. The evidence of Chinese support for Pakistan's military nuclear programme suggests that Pakistan continues to develop both the missiles needed to take a nuclear weapon to a target, and the actual weapons themselves. India's development of the Agni missile system has yet to be shelved, and Pakistan has recently test fired the Hatf III missile.[25] However, Pakistan's military nuclear capacity is much less developed that China's. India is confident that its nuclear (and conventional military) capacity could overwhelm Pakistan in the event of conflict.

India's nuclear position is more than an obsession. Indeed nuclearisation appears to have limited by the government (despite strong popular support for further testing). While there is general consensus that nuclear weapons have been developed, only small numbers are believed to have actually have been built. India's nuclear capacity has yet to be integrated into the armed forces and is controlled by civilians. Supporting command and control infrastructure and doctrine remain

underdeveloped. India does not export its military nuclear technology. There is little evidence that nuclear war fighting doctrine is embedded in the professional ethos of the armed forces. Professional military journals rarely deal with nuclear doctrine or deterrence theory. India's military profession does not appear to be inherently pro-nuclear. A recent poll, conducted by the Kroc Institute for International Peace Studies of the University of Notre Dame, found that support for the development of nuclear weapons was lower among professional military and police officers than among any other professional group in India.[26] India does not have strategies in place to deal with nuclear attacks. The civil defence programmes needed to cope with large scale evacuation in the event of nuclear war remain undeveloped.

The pessimist claim that India's nuclear stance threatens to undermine its relations with other major countries appears overdrawn. While India's nuclear (and CTBT) stance was probably a factor in New Delhi's failure to obtain election to a non-permanent seat on the Security Council in 1996, its general political and economic relationships with China, Russia, the United States and Pakistan are not as strained as is claimed. In contrast, differences on nuclear issues appear to have been compartmentalised from other aspects of bilateral relations.

While the merits of the various positions taken in the CTBT and non proliferation debates are beyond the scope of this paper, the significance of India's stance on CTBT is important. Strategic considerations underpin New Delhi's principled stance towards CTBT. India will presumably not go along with a Treaty that denies it the right to test nuclear weapons while leaving the permanent nuclear powers free to do so. India points to the exceptionalism of nuclear powers who have signed CTBT but still test themselves, such as United States and France who have developed laser centres to test nuclear weapons without exploding them.[27] In short, no movement can be expected from New Delhi on CTBT, and on other military nuclear negotiations such as the fissile material cut off talks, until their security context changes to such an extent that nuclear weapons are no longer considered useful by the Indian's themselves.

Secessionism and Religious Violence

To Ganguly the inordinate emphasis placed on the dangers of non-proliferation, limits examination of other important issues of strategic significance especially internal concerns such as secessionism.[28] In the wake of the disintegration of the Soviet Union and Yugoslavia, claims are made that India's very unity is threatened by the forces of disintegration. This line of interpretation has substance. Conflict driven by secessionist aspirations is large in scale. Violent religious clashes in India are quite common in, often large in size – with riots occasionally drawing tens of thousands of participants. The seriousness of the authorities response to political violence (whether secessionist or religious) is testimony enough that Indian policy makers themselves are deeply concerned with maintaining order.

Internal conflict in India is comparatively widespread caused mainly by the secessionist demands of minorities. Organised separatist uprisings have taken place in Kashmir, Punjab, Tamil Nadu, Assam and in the tribal areas of the North-East. However the strategic challenge of secessionist conflict to India's existence as an entity should not be overstated. While conflict in Kashmir has yet to be resolved, the intensity of violence is declining. The high turnout for the State Assembly elections held in 1996 suggests peaceful compromise is possible and that Kashmir will remain part of the Indian state. Conflict within Punjab is subdued, and in Assam is contained. The assassination of Rajiv Gandhi collapsed the credibility of Tamil Tiger insurgents in Tamil Nadu. Skilful diplomacy

on the part of India (and China and Myanmar) has deprived insurgents operating in the North East and Assam of external support and sanctuary.

A measure of the cost of secessionist conflict for India is provided by several indicators. One is the number of people killed and security forces deployed. 13,000 have been killed between 1988-1995 in Kashmir alone, for instance, with an addition 200,000 Hindus fleeing the Valley. This conflict also ties down 400,000 army and para-military forces on anti-insurgency duties alone[29]

Other measures include the opportunity cost of lost development and tourism and the burden placed on economic development by expensive long term counter-insurgent programmes. Combined, these factors are a 'drag' on India's growth. To exactly what extent has yet to be calculated, although the correlation between poverty, stifled development of infrastructure, suppression of business opportunities, disruption of basic social needs such as education and health, and the temporary restriction of political freedom, is striking in the states affected by insurgency.[30]

The consequences of the Kashmir conflict may be exaggerated in the pessimist explanation. The claim that this conflict is the "main impediment in both India and Pakistan to cutting defence spending and converting defence industries to more productive lines" is open to question.[31] The implications for India's defence budget of ending the conflict in Kashmir should not be overestimated. Counter insurgency operations are personnel intensive. One outcome of the conflict has been the diversion of defence funds in India from equipment procurement projects to counter insurgency forces in a defence budget that has remained relatively constant since 1986.[32] India is unlikely to reduce its conventional armed forces strength – with the Army centred on armour – until China and Pakistan draw down the capabilities of their conventional forces. Arguably the main consequence of an end to the conflict in Kashmir for the Indian armed forces would be new equipment.

The significance of religious violence upon the Indian state should be kept in perspective. Four major religions (Hinduism, Islam, Sikhism and Buddhism) enjoy mass support in India along with a number of religions with smaller followings (including Jainism, Zoroastrianism, Christianity and Judaism). As well there are "over two dozen linguistic groups representing populations of five million or more" and at least 100 linguistic communities.[33] While there is clear evidence of clashes between religious groups the vast majority of the population appears to stand apart from this sort of violence that in duration and intensity is mainly limited to skirmishes. The spectre of BJP inspired religious violence has been the focus of much commentary and media coverage. However BJP violence is restricted in scale and scope. Furthermore there are strong disagreements within the BJP over the use of force and intimidation to achieve political ends, with the majority of BJP politicians opposing political violence. On balance most of India's vast population appear to be able to tolerate each other and it is doubtful that the state of India could have survived if religious and political violence was as embedded as pessimist commentators imply.

Institutional Drag

One internal factor given prominence by pessimist critics of India's strategic posture is the decay in the capacity of its political institutions for rational and effective decision making on security issues. Krepon and Smith explain India's conventional defence posture – especially evidence of the unsustainable level of defence equipment modernisation – as an outcome of unstructured and profligate planning.[34] India's nuclear and missile programmes are explained away as driven principally by domestic political pressures and bureaucratic imperatives rather than by defence

necessity. India it is implied, is incapable of the judgement needed to manage nuclear power responsibilities.

These pessimist judgements should be questioned. India's stance on higher level strategic nuclear issues and nuclear matters, as was noted earlier, is argued with a consistency that suggests a high level of internal institutional control and coordination. India's stance on CTBT, while gaining little international support, is reasoned. India's policy on border issues with Pakistan while consistent, and perhaps stubborn, is also highly controlled. Border policy (as will be argued in the following section) with China demonstrates flexibility.

India's defence modernisation programme is now unsustainable – not because of unstructured and profligate planning – but as a consequence of the unforseen insurgencies in the Punjab, and later Kashmir, that has diverted resources from capital investment in military equipment into labour intensive counter insurgency forces. In addition, the economic context in which the defence modernisation programme was developed in the 1980s has changed. Overall India's defence modernisation programme can be explained as the consequence of making do within a spending cap imposed for economic reasons rather than as a consequence of reckless decision making. While the defence modernisation programme is ambitious it was also consistent with India's strategic outlook. The preoccupation with explaining India's military strategic posture as indulgence – perhaps betrays an Anglo-American assumption that while balance of power (grounded in part on military capacity) is appropriate for Britain and the United States it is not for countries such as India.

Ironically, it is the Indian armed forces that appear largely immune to the institutional decay that affects most branches of the Indian public sector. Set apart from the pervasive effects of stifling bureaucracy and corruption, the effectiveness of the armed forces will probably be determined more by resource allocation decisions than by bureaucratic decay. The Indian armed forces are professional, well trained, and use and maintain equipment to high standards. There are exceptions. Bureaucratic inefficiency undermines the performance of the engineering arm of India's conventional arms industry, although underperformance is in part also a consequence of developing a new generation of weapons systems from scratch. Indigenous tank and combat aircraft development, for instance, is behind schedule and has yet to meet international benchmarks. However in high technology weapons systems such as tactical and strategic missiles, space surveillance, and unmanned aerial vehicles, India's development programmes appear to be doing well.[35] These advances have important strategic consequences. Once defence engineering catches up with advances in high technology, India should have the capacity to develop impressive conventional military high technology capabilities. India's capacity in this respect is greater than for China. India's indigenous high technology capacity should allow it to successfully develop new generations of nuclear weapons and delivery systems in the future at a time of its choice.[36] Export controls are unlikely to impede progress of India's highly developed nuclear programme.[37]

Pessimist have made an important contribution to the analysis of a states strategic dynamics by drawing attention to the importance of institutional variables in strategic analysis. However, it is argued here that institutional factors influence India's strategic posture in a fundamentally different way than suggested by Smith and Krepon.[38]

There is strong evidence that the quality of public administration is lowering in India, though the pattern of administrative decay is not universal. Amongst the corruption and bureaucracy are pockets of effective and competent public servants motivated by a genuine desire to work for the 'public interest'. The institutions responsible for foreign affairs and defence, along with the Finance

Ministry, Reserve Bank, and the independent judiciary, stand apart from the chronic problems that infect much of the rest of India's public sector.[39]

A competing interpretation, building on and influenced by Krepon and Smith, is put forward here and is labelled the 'institutional drag' thesis to draw attention to the role play by the public sector in shaping India's strategic development broadly defined. Prominence is given to the role of public bureaucracy and political interference (rather than the irrationality of Indian political institutions and the defence decision making) in explaining how economic performance and consequently India's strategic development is constrained. According to this thesis, public bureaucracy (with exception to the branches of government outlined above) is essentially dysfunctional and stifles economic growth.

Shand and Kalirajan observe the "[l]ack of modern economic infrastructure and services at reasonable cost poses a critical challenge to India's future sustained economic development".[40] This observation is supported by an International Monetary Fund assessment that India's infrastructural bottlenecks (and high interest rates) will slow economic expansion.[41] Public sector enterprises controlling the provision of non-trade services such as transport, telecommunications, and water – are generally unprofitable, inefficient, and overstaffed. India's infrastructure is stressed with rail services inadequate, main roads congested, and ports and airports managed inefficiently.

These problems combined with power shortages constrain economic growth by limiting industrial and service sector productivity. The cause, according to Joshi and Little, is institutionalised undercharging and under investment driven by political interference. Politicians set subsidises for: rail and bus travel; water for irrigation; and electricity and fertiliser for instance, in the pursuit of short term electoral gain. The raising of the power subsidy to farmers, for example, in the last financial year diverted between US$5.3 billion to US$6 billion of potential investment from infrastructure development and industrial renewal.[42] The demand for investment in infrastructure is pressing. The energy sector alone needs $80 billion. Yet in 1996 India managed to attract "only $2 billion [of foreign investment], against a target of $10 billion; by comparison, China attracted $40 billion".[43] This challenge should be kept in perspective though. India's need for infrastructure investment is shared on a similar scale by much of East Asia including China, South Korea, Indonesia and Thailand.[44]

High levels of state control of heavy industry "including steel and other metals, the oil industry, heavy machinery, and fertilisers" stifle economic reform and efficiency. Managers in heavy industrial enterprises "are impeded by ministerial interference, by a confusion of objectives, by lack of incentives for efficiency, and by regulations on pay, and hiring and firing".[45] A sense of the scale of subsidies, and lack of expenditure control, is provided by Thakur who writes that loss making state owned enterprises alone "soaked up [US]$459 million in subsidies last year, against the [US]$190 budgeted".[46]

While India's exports have been growing at rates of approximately 20% on average in value since 1993-1994 this expansion started from a low base.[47] Barriers to trade in consumer goods slow economic growth. High tariffs and discriminatory rates of taxation for foreign companies 48% (as against 35% for domestic) undermine India's comparative export advantage in comparison with East Asia.

East Asia's high rates of growth are at least in part the consequence of the connection between high rates of saving, sound investment, and public education. 'Institutional drag' indirectly constrains economic performance by soaking up investment that could be directed to education

(where India's level of investment is low by East Asian standards). As mentioned earlier the decisions that the state should prop up sick industry and divert funds to subsidies for special interest groups represent poor investment decisions. India's rate of savings are also low in comparison with East Asian benchmarks.

'Institutional drag' is partially offset by responses developed within India itself to these challenges by individual politicians and the Finance Ministry in the 1990s that built on earlier reforms initiated in the 1980s. These reforms have reduced without eliminating: trade controls and tariffs; opened exchange controls; reduced protection; refined the domestic indirect tax system; and streamlined foreign direct investment procedures.[48] In the Indian context these are major achievements given entrenched bureaucratic interests and the depth of suspicion of foreign investment. There is general consensus among economists that the introduction of 'exit' policies – to inject efficient management and labour practices – is requisite to the reform of public sector enterprises. Yet progress in this area has been slow, as vested public institutional interests and unions stymie reform.[49]

The privatisation of banking, financial institutions, industrial enterprises, public utilities, rail, ports, airports, and even highways – needed to provide the basis of long term growth – has yet to precede in earnest. Bureaucratic controls restrict joint ventures in sectors in need of foreign investment and the injection of modern business practices. The blocking of the proposed Tata-Singapore Airlines domestic joint venture illustrates just one example of how 'institutional drag' has stifled the infusion of a new, sophisticated and efficient approach to management in India.[50]

'Institutional decay' also has international security consequences. For instance, decades of state led industrialisation, and the inability of public institutions to control other sources of atmospheric pollution, contribute to India becoming the world's "sixth largest and second fastest-growing contributor to greenhouse gases".[51] Indeed India's threat to international security is possibly caused more by pollution than proliferation.

India's long term strategic significance will be determined principally by economic performance. The pace of, and commitment to, liberal economic reform will the key factor in determining the development of a robust economy and sustained growth. India has the potential to achieve a growth rate of 8-10% if more radical economic (and educational) reform programmes are introduced. India's reform process has helped the economy much more than most sceptics said it would. Nonetheless Hale estimates that even without further economic reform that the Indian economy should grow at a rate of 4-6% "through a mixture of population expansion and steady growth of domestic spending".[52] India's rate of economic growth, while more modest than enjoyed by most East Asian countries, has the advantage of being relatively sustainable.

Domestic politics may slow the pace of economic reform as farmers, public sector unions, and other interest groups, concentrate their influence to protect vested interests. Nevertheless India's democratic parliamentary system will also play a part in cementing in place economic change. Once reforms are legislated they will be difficult to reverse.[53] Ironically it is India's public sector that will fasten economic change in place as the Finance Ministry and Reserve Bank quietly introduce technical reforms that will probably escape the close scrutiny from the Lok Sabha. India's sophisticated and independent judiciary should ensure the fair interpretation of legislation and stifle extra legal perils to reform. The willingness of the judiciary to challenge corrupt officials and politicians, if sustained, may also begin to reverse the embedded corruption that stifles growth.

Reassessing India's Strategic Role in the Asia-Pacific

Perhaps the most serious shortcoming of the pessimist preoccupation with nuclear non-proliferation, border conflict with Pakistan and internal conflict is a reluctance to consider India's contemporary strategic significance. There is evidence enough to suggest that on balance India ought to be considered more as an assured and confident strategic actor in the Asia-Pacific than as a state sliding towards nuclear confrontation.

India's size and geographic location is an indicator of the country's strategic significance. India's economy when measured in purchasing power parity terms ranks as the world's fifth largest. When measured against the real purchasing power of the US dollar – a more accurate comparative basis – it ranks as a middle sized economy, twenty three times smaller than the United States, a seventh of the size of China, a little smaller than Australia, and only five times larger than New Zealand or Singapore.

India's economy is larger than any ASEAN or African state. It is by far the dominant economy in South Asia. This makes India, in economic terms alone a significant player in the Indian Ocean. It also makes India important to ASEAN for trade reasons and as a source for long term investment. India's location astride the oil route between the Middle East and East Asia assures it a strategic presence in the Indian Ocean. The relative importance of New Delhi's Indian Ocean policy will increase as East Asia's dependence on oil increases and new oil fields are developed in Central Asia. Largely overlooked in the pessimist literature is mention of India's consistently responsible approach to the management of sea lanes carrying oil and trade between the Middle East and East Asia and North America.

While India's rate of economic growth has not matched that of China or the East Asian 'tigers' it has the potential to do so. If impediments to growth are removed it is possible that India's economy – in thirty to fifty years – could rank among the top six economies of the Asia-Pacific alongside China, the United States, Japan, the Association of Sea East Asian (ASEAN) economies combined, Korea and Canada. India's economy is already growing at 5-6% despite considerable impediments.

India's contemporary geostrategic significance is exemplified by the assured and confident political role it plays in stabilising the Asia-Pacific. India's relationship with China is an important influence on the character of regional order. India occupies an important place in the process of engaging China constructively and peacefully in the Asia-Pacific. China's relationship with India has important geo-political implications. Friction in this bilateral relationship could have direct implications for China's relations with other neighbours. Stable and cooperative relations between India and China build trust and contribute to Beijing's own sense of security and confidence – providing a counterbalance should other important relationships deteriorate.[54]

The near-rapprochement of relations (driven by the mutual consensus that economic development should have priority) between India and China diffuses, but does not dispel, three decades of friction. Four of the five main causes of disquiet in India-China relations have been addressed by both powers: India's values driven Tibet policy has ceased; Chinese support for secessionist insurgents in Assam and the North East has been withdrawn; the collapse of the Soviet Union diffuses Chinese fears of a containment driven strategic nexus; and most importantly, tensions stemming from border dispute between India and China are addressed, though not resolved, through the negotiation of Confidence Building Measures and agreements. The principal friction in contemporary relations between New Delhi and Beijing is India's belief (apparently well founded)

that China provides military nuclear related technology and hardware to Pakistan. This abrasion is compartmentalised from India's overall bilateral relationship with Beijing.[55] New Delhi's preference for longer term prudence in its relationship with China is one consequence of China's military nuclear exports to Pakistan.[56]

The development of a stable India-China relationship has wider potential consequences for the building of Asia-Pacific security. As Foot suggests, "[p]ossibly as a result of its experience with India, there are indications that China has become more receptive to the use of a cooperative security framework elsewhere in the Asia-Pacific, most notably in dealing with the ASEAN Regional Forum".[57] India's approach to the management of tensions with China offers important lessons for other regional actors in how to manage relations (especially on sensitive issues) with China. New Delhi has handled Beijing more successfully than Washington during the corresponding period. India and China have established and maintained regular reciprocal high level personal visits between political leaders. Both states have improved trade relations and take care to compartmentalise intractable issues which contribute to the diffusion of long standing tensions.[58] Such a policy has perhaps returned dividends of its own with China in turn assuming a "a position of 'careful neutrality' on Kashmir".[59] In contrast to recent United States policy on China, India takes care to respect the principle of non interference in the internal affairs of another state and eschews a values driven foreign policy. These developments are especially significant given the depth of India's embedded longer term strategic concerns with China and the record of mutual tension that has only eased in recent years.

Pessimists obscure an appreciation of how the region regards India. An indicator of India's regional strategic significance is provided by ASEAN – the Asia-Pacific's only indigenous multilateral organisation – attitude towards India. The ASEAN decision to invite India to join the ASEAN Post Ministerial Dialogue process and the ASEAN Regional Forum (ARF) represents further evidence that India's strategic significance should be considered in wider terms than predominantly in relation to nuclear issues and tensions with Pakistan. ASEAN plays a pivotal role in the process of engaging India (and China[60]) "successfully, constructively and peacefully into the Asia-Pacific community of states". For ASEAN the development of a constructive response to China's ascendancy is the "central strategic objective for the new century".[61] India is important also. The ASEAN states' decision to admit India into the ARF – despite non-ASEAN ARF states objections – is evidence enough of the seriousness with which India is regarded within South East Asia.

India has the potential to offset China's growing military power, and considerations of this sort may have influenced the ASEAN states' encouragement of further Indian engagement in South East Asia. Speculations of this sort are difficult to confirm and ASEAN states are careful to avoid labelling China a threat. ASEAN short term motivations for engaging India are consistent with their goal of using the ARF to bring the large powers in the region – the United States, Japan, China and India – together, to develop the confidence and trust needed to build enduring stability and security.

The pessimist interpretation also downplays some of the complexities of India's strategic level political-cultural relationship. India is well positioned politically to take advantage of opportunities in the Asia-Pacific: for it is both Asian, yet not East Asian; democratic, but not Western. India's democratic status has made it attractive to the United States in recent years, and Washington and New Delhi have injected respect and warmth into this bilateral relationship. Moreover New Delhi is too sophisticated to follow Washington's line in condemning other states for choosing political paths forward at variance with American centric democratic prescriptions. India's democratic status makes

it an attractive partner to those East Asian states condemned by the United States for abusing human rights or for falling short of democratic standards.

Conclusion

Viewing India as an assured and confident state is a counterbalance to the negativity inherent in the pessimist school. Discarded by pessimists is evidence of a coherent strategic outlook, and a constructive approach to the management of relations with China and ASEAN. These factors are of such significance that they should be integrated into the overall assessment of India's strategic dynamics.

Recasting the interpretation of India's strategic significance from an exclusive emphasis on border conflict with Pakistan, and non-proliferation, to take account of India's strategic relationships with China is especially important. India's relationship with China has significant implications for the Asia-Pacific. Central is India's role in helping China develop a sense of security. A constructive and healthy relationship between the two countries, and the stabilising of Beijing's South West, contributes to China's peaceful integration in the region. Indeed India's China policy, developed against a most difficult backdrop, offers lessons perhaps to other countries experiencing difficulties in developing relations with Beijing.

India's stance on nuclear proliferation and CTBT may go against the international consensus. Though to equate India's position as the consequence of irrational bureaucratic and political imperatives is to discard evidence of a coherent strategic response to Southern Asian circumstances that is rational in its context.

Pessimists draw attention to the importance of internal conflict in India, and of the border conflict with Pakistan. Ultimately, India's long term strategic importance will be determined more by factors other than those given emphasis by pessimists. The explanation of India's internal institutional, economic, and social strategic dynamics is more complicated, and far reaching, than pessimists assume. Institutional decay, for instance, may constrain policy making within New Delhi and contribute to secessionism. But its fundamental implications are more incisive. Institutional decay is arguably the greatest drag on India's economic performance and consequently on the countries potential strategic power.

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END NOTES

[1]Smith, C. "Conventional Forces and Regional Stability", in Smith, C. Gupta, S. Durch, W. Krepon, M. *Defense and Insecurity in Southern Asia: The Conventional and Nuclear Dimensions Stimson Center Occasional Paper No. 21*, Washington, Stimson Center, 1995. p.ix.

[2]Oakley and Snyder, for instance, forewarn of the "long-term security threat brewing between India and Pakistan, "cautioning that it is "unclear how long these building tensions can be contained". See Oakley, R. and Snyder, J. "Escalating Tensions in South Asia", in *Strategic Forum*, No. 71, April 1996. p. 1. Krepon writes that "South Asia seems to be moving backwards towards heightened tensions and nuclear dangers". See Krepon, M. *Trend of Neighbourly Cooperation Eludes India*, *Pakistan*, Stimson Centre Website, 1996. p. 1. Krepon also claims that "[t]he last war scare in South Asia was in 1990; the next may not be long in coming, given the abysmal level of Indo-Pak relations and the increased tension across the Line of Control". See

Krepon, M. *Need for Amity*, Stimson Centre Website, 1996. The report of an independent task force sponsored by the Council for Foreign Relations, while balanced, counsels that "[g]iven both countries' de facto nuclear capabilities, their continued rivalry flirts with disaster". See Haass, R. and Rose, G. *A New U.S. Policy Toward India and Pakistan: Report Of An Independent Task Force Sponsored by the Council On Foreign Relations*, New York, Council for Foreign Relations, 1997. p. 1. The United States National Defence University Strategic Assessment for 1997 identifies India and Pakistan as one of the few (the other situations being, in the opinion of the National Defense University, the Persian Gulf, the Korean Peninsula and Israeli and its Arab neighbours) areas "in the world where large-scale forces are massed on borders of historic enemies, ready to spring into action". "Given the animosities and disposition of forces, conflict could erupt" in this theatre "with little notice". See 1997 *Strategic Assessment: Flashpoints and Force Structure*, Washington, INSS at NDU, 1997. p. 11. There is evidence that views of this sort are taken seriously at the official level in Washington. The Director of the Central Intelligence Agency, in testimony before the Senate in mid 1993 warned that "the arms race between India and Pakistan poses perhaps the most probable prospect for future use of weapons of mass destruction, including nuclear weapons", quoted, in *India-Pakistan Nuclear and Missile Proliferation: Background, Status, and Issues for U.S. Policy*, Washington, Congressional Research Service Report for Congress, December 1996. p. 3. Claims are advanced that India and Pakistan seriously considered using nuclear weapons during the 1990 Kashmir crisis. See Hersh, S. "On the Nuclear Edge", in *The New Yorker*, March 29, 1993, cited in Hagerty, D. "Nuclear Deterrence in South Asia: The 1990 Indo-Pakistan Crisis", in *International Security*, Vol. 20, No. 3, 1995/96. pp. 79-80, 102-106.

[3]Disintegration in India could be "accompanied by bloody ethnic wars and massive refugee flows" according to Thomas who adds that the "experiences of the former Yugoslavia and former Soviet Union could well be repeated in India" if Kashmir, and the Punjab are given independence. See Thomas, R. *South Asian Security in the 1990s: Adelphi Paper 278*, London, IISS, 1993. pp. 74-75.

[4]Krepon, for instance, writes that the "nexus of strategic choice on the Subcontinent is inextricably linked to domestic politics and the destabilizing consequences of new missile deployments". Krepon. *Op. Cit.*(1995)

[5]Krepon, M. "Introduction", in Smith.(1995). *Op. Cit.* p. ix.

[6]That India's nuclear stance could be informed by reasonable strategic concerns is rejected in favour of the speculation that Indian elites "have always harboured a deep-seated desire for their country to be taken seriously by the West". See Smith, C. *India's Ad Hoc Arsenal: Direction or Drift in Defence Policy?* Oxford, Oxford University Press-SIPRI, 1994. p. 223.

[7]For instance the Indian Mission in Islamabad is limited by the government of Pakistan to the issue of 150-200 visas a day to Pakistani nationals to travel to India. India in return imposes similar limits on the travel of its own citizens to Pakistan. "Pakistanis will be issued visas liberally, in *The Times of India*, July 2 1996.

[8]Clad, J. "South Asia: Buoyant Economics, Nuclear Weapons, and Environmental Stress", in Wiarda, H. (ed)*U.S. Foreign and Strategic Policy In The Post-Cold War Era*, Wesport and London, Greenwood Press, 1996. pp. 189-190.

[9]Hagerty. *Op. Cit.* p. 91-106. Interviews with Ministry of External Affairs Officials, New Delhi, October 1996.

[10]Ganguly, R. "The Consequences of partisan intervention in secessionist wars: lessons from South Asia", in *Contemporary South Asia*, Vol. 6, No. 1, 1997. p.16.

[11]Ganguly, S. "Emergent Security Issues in South Asia", in Bailey, K. (ed) *Director's Series on Proliferation*, Lawrence Livermore National Laboratory-University of California, 1995. p. 28. Ganguly, S. "Explaining the Kashmir Insurgency: Political Mobilisation and Institutional Decay", in *International Security*, Vol. 21, No. 2, 1996. pp. 91-107. Thomas, R. "Secessionist Movements in South Asia", in *Survival*, Vol. 36, No. 2, 1994. pp. 104-105.

[12]Singh, J. "Conflict Prevention and Management: The Indian Way", in *Asian Strategic Review 1995-96*, New Delhi, IDSA, 1996. p. 23.

[13]They include agreements covering air space violations and advance notice of military exercises and troop movements. Interview Ministry of External Affairs October 1996. See especially Krepon, M. and Sevak, (eds)

A. Crisis Prevention, Confidence Building, and Recognition in South Asia, New York, St Martins Press and Henry Stimson Centre, 1995., and the Stimson Center Website for lists of the various agreements.

[14]"India, Pak. to set up working groups", in *The Hindu (International Edition)*, June 28 1997.

[15]Tanham, G. "Indian Strategic Culture", in *The Washington Quarterly*, Vol. 15, No. 1, 1992. p. 129.

[16]Sridharan, K. *The ASEAN Region in India's Foreign Policy*, Aldershot, Dartmouth, 1996. Ch. 1.

[17]The substance of Pakistan and China's claims to territory also claimed by India is beyond the scope of this paper.

[18]Yasmeen, S. "Pakistan's Cautious Foreign Policy", in *Survival*, Vol. 36, No. 2, 1994. p. 115.

[19]Clad.*Op. Cit.* pp. 182-183.

[20]See for instance, Thakur, R. "India: The Next Nuclear Power", in *Pacific Research*, Vol. 9, No. 1, 1996. Mattoo, A. "India's Nuclear Status Quo", in *Survival*, Vol. 38. No. 3, 1996. Snyder, J. *South Asian Security After the Cold War, PacNet, No. 41,* November 1995. Spector, L. and Smith, J. *Nuclear Ambitions: The Spread of Nuclear Weapons 1989-1990, Boulder*, Westview, 1990. *India-Pakistan Nuclear and Missile Proliferation, Op. Cit.*. Subrahmanyam, K. "India and CTBT: Strategy Beyond Dissociation", in *The Times Of India*, June 24 1996. Thakur, R. "Indian Intransigence on a Test Ban is Dangerous", in *Asian Wall Street Journal*, June 27 1996.

[21]Thakur, R. "India in the World: Neither Rich, Powerful, nor Principled", in *Foreign Affairs.*, Vol. 76, No. 4, 1997. p. 18. The main exception is the work of Ganguly and Hagerty who concur that the "incipient nuclearisation of the region has limited the prospects of direct, interstate war". See Ganguly.(1995) *Op. Cit.* p. 32. Hagerty. *Op. Cit.*

[22]Interviews New Delhi October 1996.

[23]Pakistan has consistently taken the line that if India disarms its nuclear weapons it will follow suit. China's position, according to Dingli Shen, is that the NPT is discriminatory. India as a sovereign state has the right to go nuclear, although China will not encourage and support it to do so. China will not follow the United States to press India to denuclearise. And China will not deal with New Delhi in discussing nuclear matters at the government level. Correspondence with Dingli Shen dated 23 September 1997.

[24]See for instance, Chu Shulong *Sino-US Relations: The Necessity For Change And A New Strategy, Contemporary International Relations, CICIR*, Vol. 6, No. 11, 1996. Wang Ling. *Wither Arms Control?, Contemporary International Relations, CICIR*, Vol. 7, No. 3, 1997.

[25]Although India believes that Pakistan has not yet reached a stage "when they can do it on their own". See comments by Prime Minister I K Gujral, quoted in "India's nuclear options open", in *The Hindu (International Edition).* July 19 1997.

[26]30% of the armed forces/police group were advocates of the nuclear option, compared with 41% of business executives, and 39% of lawyers. See Sahni, V. "Going Nuclear: Establishing An Overt Nuclear Weapons Capability", in Cortright, D. and Mattoo, A. (eds) *India And The Bomb*, New Delhi-Notre Dame, Bahri and University of Notre Dame Press, 1996. p .89. Regrettably similar polling evidence is not available for the Pakistani armed forces.

[27]A United States laser testing plant completed at a cost of US $1.2 billion demonstrates the seriousness of Washington's commitment to continue development on new generations of nuclear weapons. "US to test nukes in laser centre", in *The Dominion*, March 13 1997.

[28]Ganguly.(1995) *Op. Cit.* p. 23.

[29]Ganguly.(1996). *Op. Cit.* p. 76.

[30]Although the Punjab, one of India's richest states, is an exception (in part) to the correlation between terrorism and relative wealth. Even so development and business in this state was seriously effected during the terrorist campaign.

[31]Ganguly.(1996). *Op. Cit.* p. 76.

[32]Singh, J. "Trends in Defence Expenditure", in *Asian Strategic Review 1995-96.* p. 52.

[33]Thomas(1994). *Op. Cit.* p. 92.

[34]In another variant of this argument India's acquisition of modern military platforms is seen as "the trappings of great power status" and is explained away "as an artefact of India's perception of itself as a global power". See Latham, A. "Culture and Identify in Indian Arms Control and Disarmament Policy", in *CANCAPS Bulletin*, No. 13, May 1997. p. 8.

[35]"India's Arms Industry: A Missed Opportunity?", in *Strategic Comments*, Vol. 3, No. 1, 1997.

[36]Although India may not have much of an opportunity to use nuclear weapons against Pakistan because the prevailing wind in South Asia blows from West to East and the direction of the earths rotation would also take nuclear fall out back over India, suggests Ramesh Thakur. Comments made by Professor Thakur at the CSS:NZ-NZIIA seminar *Towards A Nuclear Free World* 22 May 1996.

[37]Gordon, S. "India and Asia-Pacific Security", in Klintworth, G. *Asia-Pacific Security: Less Uncertainty, New Opportunities?*, New York, St Martin's Press, 1996. pp. 66-69.

[38]One strength of the pessimist school (and in particular of Smith) is to draw attention to the enduring value of bureaucratic politics theory as an explanatory approach that can be useful to the discipline of strategic studies, and that draws on and applies this theoretical approach in a context outside of the United States.

[39]Other functions, such as the space and nuclear programmes, also function well.

[40]Shand and Kalirajan. *Op. Cit.* p. 11.

[41]"IMF forecasts setback to India's growth", in *The Times of India*, September 26 1996.

[42]Joshi, V. and Little, I. *India's Economic Reforms 1991-2001*, New Delhi, Oxford University Press, 1996. p. 254. Brass, P. *The Politics Of India Since Independence* (Second Edition), Cambridge, Cambridge University Press, 1994. pp. 286.-289. Thakur.(1996) *Op. Cit.* p. 17.

[43]Thakur.(1996) *Op. Cit.* p. 16. "Gowda assures 'radical' steps to attract $10 bn", in *The Times of India*, September 11 1996.

[44]See Hale, D. "Is Asia's High Growth Era Over?", in *The National Interest*, Spring 1997. p. 47.

[45]Joshi and Little. *Op. Cit.* pp. 254-255.

[46]Thakur.(1996) *Op. Cit.* p. 17.

[47]DFAT. *India Country Economic Brief 1996*, Canberra, DFAT, 1996. p. 6. Lord Desai. *India's Triple By-Pass: Economic Liberalisation, the BJP and the 1996 Elections*, NCSAS Discussion Paper No. 2, 1996, Melbourne, National Centre for South Asian Studies, 1996. p. 2.

[48]Vicziany, M. "Whither India?", in Bell, R. McDonald, T. and Tidwell, A. (eds) *Negotiating the Pacific Century: The New Asia, the United States and Australia*, St Leonards, Allen and Unwin in association with the Australian Centre for American Studies, 1996. p. 130-131. Joshi and Little. *Op. Cit.* pp. 247-265.

[49]Lord Desai. *Op. Cit.* p. 3. Shand, R. and Kalirajan, K. *From Crisis To Consensus: Economic Reforms In India*, Canberra, Australia South Asia Research Centre, Australian National University, 1996. p. 11-12. Joshi and Little. *Op. Cit.* pp. 211-217. "Disinvestment panel says core group not cooperating", in *The Times of India*, September 23 1996. Sanjeev Miglani notes that "government controls and approvals have nearly killed off ... [India's] private power program". Miglani, S. "Gowda puts power projects on fact track', in *Asia Times*, October 18 1996.

[50]"Tata-SIA joint project off", *The Hindu International Edition*, April 12 1997.

[51]Hari, P. in *Business World(India)*. 7 June 1997.

[52]Hale. *Op. Cit.* p. 46.

[53]According to Lord Desai the history of economic reform in India over the last 30 years shows that "each radical experiment has a shelf life of around 3 to 3.5 years or 4 years. After that it looses momentum". Reforms once implemented, Lord Desai adds, tend not to be reversed. Lord Desai. *Op. Cit.* p. 3.

[54]Ma Jiali. *Relations Between China and India Towards 21st Century*, Paper Presented at Second Conference of the Indian Conference of Asian and Pacific Studies, University of Hyderabad, 1996. p. 2.

[55]New Delhi may be reassured by China's decision to join, and work constructively with, the Non-Proliferation Treaty Exporters Committee (or Zangger Committee).

[56]Claims that China has exported nuclear military materials to Pakistan are mainly from leaked reports from US Intelligence agencies. See for instance Nelan, D. "Pakistan's Bomb vs. Trade", in *Time* February 19 1996. "U.S. Divided On Pakistan Missile Report", *Reuter News Service*, 12 June 1996.

[57]Foot, R. "Chinese-Indian relations and the process of building confidence: implications for the Asia-Pacific", in *The Pacific Review,* Vol. 9, No. 1, 1996. p. 58.

[58]With the exception of China's provision of military nuclear technology to Pakistan.

[59]Gordon.(1996) *Op. Cit.* p. 74.

[60]And also the United States and Japan.

[61]O'Brien, T. "Burma to provide a test for ASEAN's leadership", in *The New Zealand Herald.* June 17 1997.