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CONFLICTING REGIONALISM, AND
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NATIONAL IDENTITY APPROACHES
TO EAST AND SOUTH ASIA



Identity and Strategy in India's Asia-Pacific Policy

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The major international structural changes over the last 25 years—the end of the Cold War and rapid ascent of China—have direct impact on India’s national interests. The dominant strategic theory of realism would predict that given the emergence of China as a great power in the Asia-Pacific, and the loss of its erstwhile partner, the Soviet Union, India would seek to bolster its power through external or internal balancing. Given its asymmetrical power with China, the unresolved border dispute, and the history of the 1962 war, realist logic sees India and the United States as natural partners against a common threat from the rising power of China. But at the end of the Cold War, India also faced an economic crisis that fundamentally changed the outlook toward liberalization, which over time has pushed India closer to China, as well as to the United States. Amidst these strategic and economic shifts, the question that this chapter seeks to answer is the extent to which Indian foreign policy has been responsive to realist expectations. The chapter concludes that realist explanations fall short on a range of Indian foreign policy issues related to the United States and China, shortcomings that are best understood by an examination of India’s national identity through its changing domestic foreign policy discourse.¹

I begin by giving a brief overview of India’s strategic discourse, and the new identity debates that are being spawned over Indian foreign policy as a rising power. I then turn to Indian foreign policy toward the United States and China and lay out what realist expectations would be. To assess the validity of the realist approach, I consider evidence from two specific issues that favor the realist approach in predicting Indian policy: reactions to the U.S. pivot or rebalance; and reactions to a huge trade deficit with China. I view these two issues as critical to the formulation of India’s Asia-Pacific strategy. I then identify gaps in realist explanations and bring in identity factors as revealed in India’s domestic discourse that, I argue, address these gaps. In conclusion, I sketch out how domestic contestation over India’s foreign policy interests may lead to several possible scenarios for India’s strategy toward the Asia-Pacific.

AMBIVALENCE IN STRATEGIC PURPOSE

Unlike other major powers, India does not have a well-articulated grand strategy or doctrine to guide its foreign policy. Its rise has not been accompanied by White Papers, prime ministerial doctrines, or any other clear and open statements by the government about what the objectives are for India’s global role. This is not surprising—official India rarely spells out its long-term vision with discrete steps to be taken to achieve its goals. At the same time, India’s behavior on the world stage leaves its policy preferences open and at times inconsistent and ambivalent: for example, labeling itself a developing country at WTO negotiations while demanding a seat in the exclusive U.N. Security Council as a permanent member; exhorting its pluralist democracy model but unwilling to incorporate this value into its foreign policy; and wearing the mantle of Asian leadership without offering any new “big ideas” or committing resources to that end.

The lack of purposive strategic thinking in Indian foreign policy has long been observed, and often critiqued.² As India’s profile rises, the question of just what kind of power India wants to be on the regional and global scenes is increasingly being questioned at home and abroad, with pressure to define its vision more clearly and definitively. The push is to go beyond India’s current position as an “ambiguous rising power.”³ At the same time, Indian policymakers and commentators have written extensively about what *principles* should drive Indian foreign

policy and what *values* should be promoted. Indeed, India’s foreign policy has been described by some as a “moralistic running commentary.”⁴ The foreign policy consensus forged by the first prime minister, Jawaharlal Nehru, laid the foundation for such an approach, though since the end of the Cold War, analysts have argued about whether his orientations were really along “idealpolitik” lines.

The debate on Nehru comes down to whether Indian foreign policy has been “realist” or “idealist.” This debate is not entirely about the past: many who argue that India’s orientation has been realist are also proposing that it should adopt a more realistic and pragmatic strategy.⁵ Indeed, their adumbration of the realist strands in India’s traditional approach, especially those in Nehru’s foreign policy, usually appears as a prelude to their advocacy of a much more power-oriented stance for contemporary India. K. Subrahmanyam, considered an early leading Indian realist strategist, has characterized Nehru as “one of the most pragmatic and realist politicians.”⁶ The essence of the revisionist argument is that Indian foreign policy has been suffused with unnecessary moralism which, according to these critics, is mistakenly traced back to Nehruvian ideals.⁷ By showing that Nehru was much more realist than he is generally given credit for, these advocates seek to establish a case for greater realism in contemporary policy.⁸ Some revisionists have even argued that Gandhi was a realist.⁹ The hallmark of Nehru’s thinking was its eclectic and expansive nature, thus leaving ample room for interpretation from different sides. With the collapse of the Nehruvian consensus, foreign policy has become much more contested.

DIVERGENT DOMESTIC FOREIGN POLICY CONCEPTIONS

I have distinguished four separate schools to capture the various strands of current foreign policy discourse and discussed them in detail: nationalists, great power realists, liberal globalists, and leftists.¹⁰ The first group can be further broken down into soft, hard, and standard nationalists.

Table 1. Indian Foreign Policy Perspectives		
Major Schools of Thought	Goals & Attitudes	Roots
NATIONALISTS		
Standard Nationalists (1947-)	<ul style="list-style-type: none"> • Aim for developed country status • Pursue balanced growth 	<ul style="list-style-type: none"> • Nehruvianism with pragmatist elements
Soft Nationalists (1947-)	<ul style="list-style-type: none"> • No to idea of Great Power • Domestic consolidation first • South-South solidarity 	<ul style="list-style-type: none"> • Soft Nehruvianism • Gandhian • Indian civilization • Socialist theory
Hard Nationalists (Post 1998)	<ul style="list-style-type: none"> • Achieve global power • India First • Tight internal security 	<ul style="list-style-type: none"> • Kautilya (ancient India’s Machiavelli) • Selective Realist theory • Hindu nationalism
GREAT POWER REALISTS (POST 1998)	<ul style="list-style-type: none"> • Become global player 	<ul style="list-style-type: none"> • Kautilya • Realist theory
LIBERAL GLOBALISTS (POST 1991)	<ul style="list-style-type: none"> • Aim for global 	<ul style="list-style-type: none"> • Economic theory
LEFTISTS (1947-)	<ul style="list-style-type: none"> • Economic power 	<ul style="list-style-type: none"> • Marxist theory

These aggregations might not do justice to all of the opinions available and some viewpoints might not fully fit these labels, just as there might be spillovers between the views in these different strands. But they do represent a spectrum along which we can assess impact on policy formulations. The thinking of these three schools may be briefly summarized. The proponents of the realist school of thought tend to emphasize the following set of ideas. First, they stress the importance of self-strengthening and self-reliance in the international arena. According to them, the international system is anarchic; a country cannot rely on international institutions for protection. They place a great deal of importance on the role of great powers as actors in the global system and privilege hard power over ideology and economics. Nationalists emphasize self-reliance and self-strengthening too. However, they may embrace these goals not only as a means to the end of meeting foreign threats, but also as an end in itself. In the Indian context, the soft nationalists are more inward looking and prioritize domestic consolidation and economic development, whereas hard nationalists are more global and security oriented through military means. Being “nationalists,” these groups tend to be the most driven by ideological and value based arguments. The group that I term standard-nationalists, occupies a spot between the soft nationalists and great power realists—a centrist outlook probably best suited in many ways to ruling over the huge diversity that comprises India. Proponents of the liberal-globalist school of thought tend to favor international political and/or economic integration, stressing economic means and institutional goals. They tend to argue for free trade and fewer restrictions on capital movement. Globalists are relatively skeptical about military power as a tool of statecraft.¹¹

Although it is difficult to assign relative weight to these perspectives, my interpretation is that hard nationalists and leftists are less influential than the other perspectives. However, if Indian voters reject the ruling Congress Party in favor of the opposition Bharatiya Janata Party (BJP), a hard nationalist agenda will gain much greater traction. The BJP’s hard nationalism emphasizes Indian identity in exclusivist, Hindu religious terms. This could very well have both internal and external repercussions—on India’s pluralist democracy, as well as on relations with neighboring Pakistan and Bangladesh. More broadly, the idea of Indian civilizational supremacy forms a significant part of the BJP’s narrative on India’s rise and fall, and the notion of autonomy of action will be even more important.¹² I also see that a pragmatist strain, mostly made up of great power realists and liberal globalists, has gained strength over the last two decades though it is not yet dominant.¹³ When aligned with standard nationalists, this group occupies a strong middle ground. Equally true is that the nationalist strain in general is proving to be much more enduring than might have been envisioned.

INDIA’S RELATIONS WITH THE U.S. AND CHINA: EXPECTATIONS FROM REALISM

Realism gives little weight to domestic sources of foreign policy and has long been critiqued in this regard. For realism, consideration of domestic debates would be exogenous to how a country behaves in the international system. All you need to determine the direction of a country’s foreign policy (if not specific policies) is the strategic conditions a state faces. On Indo-U.S. relations, from a conventional realist outlook, an almost foregone conclusion is that India and the United States would find common strategic cause in the current period.

The global and regional balance of power and political competition between the United States and China on the one hand, and India and China on the other, offer strong logic for such a conclusion. Since the early 2000s, there has certainly been no dearth of such thinking, especially from the American side beginning most publicly with statements from National Security Advisor Condoleezza Rice but continuing uninterrupted through to the present. There has been some reciprocal thinking along these lines from India as well. Behind such thinking is the concern about China's military and economic rise threatening American supremacy in the Asia-Pacific; and for India, resulting in the emergence of an Asia that is China-centric and worse, China-controlled. At a bilateral level, the border dispute is more fodder for realist arguments. Given the asymmetry of power in China's favor vis-à-vis India, the expectation is that India would inexorably draw closer to the United States on strategic matters, especially in the Asian context. Thus, the "pivot" would elicit a strong response from India. Conversely, India would be expected to take a hard-line approach in relations with China.

As a further "test" of realism in Indian foreign policy in Asia, India's economic relations with China, specifically its rapidly growing trade deficit, is a good case for investigation. Most realists would, more or less, ignore economic variables, seeing them as secondary with no independent causal value for strategic decisions. However, proponents of realism would, no doubt, adhere to economist Albert Hirschman's view that open trade and intensive economic interdependence can negatively affect state security if it gives rise to relatively big imbalances (such as trade deficits) which can then have undue influence on political relations.¹⁴ The assumption for India's relations with China is that India would not give China any additional leverage through their economic interactions and leave itself even more vulnerable to greater Chinese political influence. An exploding trade imbalance in China's favor since 2008 gives us the opportunity to assess India's response in this connection. We would expect India to take forceful action, in the economic and political spheres, to counter this negative trend through economic retaliation, even "trade wars" of sorts. We would also expect political relations to perceptibly decline as a result of the deficits.

AMERICA'S REBALANCE AND INDIA'S REACTIONS

When U.S. policy was rolled out in 2011-12, the emphasis was on military initiatives in the region. The Obama administration explicitly identified the broad Asia-Pacific region, from India to New Zealand and the Pacific Islands to northern Japan and the Korean Peninsula as a geostrategic priority. It gave India exceptional importance: in the 2012 defense guidelines laying out the rebalance, India was the only country singled out as a "strategic" partner by name while allied countries were simply grouped together under "existing alliances." According to the report, "The United States is investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region."¹⁵ There is no doubt that the United States counted on India to be among the most receptive to this shift. Traditional alliances along with the budding partnership with India would be used to offset China's rising military power and assertiveness.¹⁶ Thus, expectations were high in the Pentagon that India would be eager to engage with the United States in this initiative.¹⁷

Secretary of Defense Leon Panetta made his first trip to India in July 2012 as part of an Asian tour to define the new strategy. During two days of high-level visits, including meeting with his counterpart A.K. Antony and Prime Minister Singh, Panetta described the role he visualized for India: “We will expand our military partnerships and our presence in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia. Defense cooperation with India is a linchpin in this strategy. India is one of the largest and most dynamic countries in the region and the world, with one of the most capable militaries... In particular, I believe our relationship can and should become more strategic, more practical and more collaborative.”¹⁸

If realist sentiment was controlling, such a strong endorsement of U.S.-India defense ties at the level of the secretary of defense should have received a warm welcome. Instead, the Indian Defence Ministry’s response to Panetta’s description of India as a “linchpin” was practically a snub. Instead of welcoming his remarks as a historic gesture and unprecedented opportunity for India, the Ministry quickly released a short statement that “Antony emphasized the need to strengthen the multilateral security architecture in the Asia-Pacific and to move at a pace comfortable to all countries concerned.”¹⁹ In a nod to the United States, the statement also conveyed that India supports “unhindered freedom of navigation in international waters,” but it insisted that it is “desirable” that “contentious” bilateral issues be settled by the two nations “themselves.” The statement came just one day after Beijing relayed its displeasure at the U.S. announcement, terming the “prominence” given to the strengthening of “military deployment and alliances” as “untimely.”²⁰ This outcome came despite the fact that Prime Minister Singh himself was seen as having moved closer and closer to U.S. positions over his tenure.

Official Indian policy sentiments seemed to remain steadfast even just one month after the start of the Sino-Japanese East China Sea confrontation. India’s ambassador to the United States delivered a lecture at Brown University on “America’s ‘Asian Pivot,’” worth quoting at length.²¹ Speaking about India’s own history with the Asia-Pacific, she said “In our view, more than geopolitical or geo-economic, this was a geo-civilizational paradigm--creative space with revolving doors where civilizations coalesced and did not clash... We see that as a rough guide to our future.” On the pivot and India’s role, she clarifies that “Many observers are tempted to view the India-U.S. engagement in this region as directed at China. I do not believe that such a construct is valid or sustainable...” On the desirability of what regional analysts call an Asian “concert” of powers, she notes, “This would require mutual accommodation between the countries concerned. This is an ‘inclusive balancing’ where the U.S. simultaneously engages all the regional powers like China, India, Japan and Russia working to see a multipolar order that reduces the risk of military confrontation.” Rao was effectively challenging the implicit, if not explicit, goal of the pivot.

Former Foreign Secretary and current National Security Advisor Shiv Shankar Menon also weighed in on the idea of an Asian concert of powers and directly challenged the notion of the United States as a “sea-based balancer” in the Indian Ocean. He asked pointedly: “Which major power would not like to play the role of the balancer, given the chance? For a superpower that is refocusing on Asia but finding the landscape considerably changed while she was preoccupied with Iraq and Afghanistan, this would naturally be an attractive option. But is it likely that two emerging states like India and China, with old traditions of

statecraft, would allow themselves to remain the objects of someone else's policy, no matter how elegantly expressed? I think not. Instead, what is suggested is a real concert of Asian powers, including the USA which has a major maritime presence and interests in Asia, to deal with issues of maritime security in all of Asia's oceans."²² This push for a multipolar Asia fits in well with China's vision, not the U.S. one.

Even the media which tends to have a strong nationalistic bent and is known for anti-China rhetoric did not fully warm to the idea of India playing a role in America's pivot. The influential *Hindustan Times* editorial cautioned that India "is not yet big enough to be treated as a viable balancing partner by smaller countries in the region...the game is about trying to preserve sufficient autonomy of action for other Asian countries that they can resist when Beijing lapses into aggressive or bullying behavior." Others noted that the U.S. long-term presence in Asia could not be taken for granted and that India should strengthen its own military capability to play a role in regional stability.²³

The director-general of the Institute of Defence Studies and Analyses (IDSA), the most influential government funded foreign policy think tank in India and the forum where Panetta delivered his speech, hardly found the rebalancing attractive. As he put it, "The U.S. will support India's rise...However, Indian planners would be cautious about an open U.S. embrace as India does not want to be drawn into a U.S. containment policy, which is how China perceives U.S. rebalancing."²⁴ It is clear that India does not want to become involved in any conflict not of its choosing; moreover, it is loathe to appear to be linked to U.S. "containment" strategy in any way. Arun Sahgal, senior retired army officer, writing soon after Panetta's speech, finds that many would "like India to follow an independent course in concert with its concept of strategic autonomy." He adds, "the challenge for India is how to leverage its policy of engaging China with that of close strategic cooperation with the U.S. while maintaining its strategic autonomy."²⁵

Instead of viewing American overtures as a strategic opportunity, India became consumed with a debate about how the U.S. vision threatened its strategic autonomy. The reluctance and even aversion to embracing the rebalance strategy in any meaningful way, thus, needs further explanation.

TRADE DEFICIT WITH CHINA AND INDIA'S REACTIONS

A second test for realism versus national identity is the response to a trade deficit with China. It is difficult not to be impressed by the exponential growth of India's trade with China since the late 1990s. The two resumed trade in 1978 (halted after the 1962 war), signing the Most Favored Nation Agreement in 1984.²⁶ Trade did not take off until much later, but when it did, it did so in stunning fashion. From a negligible \$260 million as late as 1991, it increased to \$1.1 billion by 2003 and then exploded to \$51.8 in 2008, with China overtaking the United States as India's largest trading partner in goods.²⁷ Almost as stunning is the huge growth in India's trade deficit with China. It was more than \$27 billion in 2011 and in 2012 it continued to rise to \$29 billion. The deficit is close to \$30 billion for 2013, despite a sharp decline in trade. While a combination of factors such as a ban on iron ore mining in India (due to

corruption scandals) coupled with the global slowdown contributed to this outcome, the ambitious goal of reaching \$100 million by 2015 is elusive. During this same time period, China's trade with the rest of Asia as well as with its major western trading partners picked up, while trade with India remained in a slump.²⁸ Trade experts project that if an FTA were executed between India and China to lift trade (something China has sought), the latter will gain significantly more. Without a major improvement in the competitiveness of Indian goods, any mutual reduction in tariffs by China and India would result in a much higher level of increase in Chinese exports to India than Indian exports to China.²⁹

Other avenues for addressing the trade imbalance also face challenges. Indian leaders have argued that the deficit is partly due to restricted market access in China. Two sectors where India is viewed as competitive globally—information technology (IT) services and pharmaceuticals—have not made much dent in the Chinese market.³⁰ Both are affected by non-tariff trade barriers on China's part such as prolonged approval times for Indian drugs, and in IT, burdensome security clearances. Stepped up Chinese FDI in India could allay the huge trade imbalance, and this seems to be the latest measure that the two countries are discussing. China has suggested the creation of a Chinese Industrial Park in India where companies could operate together. China ranks 31st in terms of FDI investments into India, which is seen as unsatisfactory given the trade volume. At the same time, Chinese entry into certain sectors in India is also viewed as sensitive in political terms—especially the telecommunications area. There is also resistance to giving Chinese firms a large physical presence in India due to longstanding political mistrust. Overall economic relations are also skewed in China's favor. In 2012, India was China's 15th largest trading partner with a share of 1.72 percent, 7th largest export destination, and 19th among the countries exporting, comprising 1.1 percent of total Chinese imports.³¹ In the same year, China was India's 2nd largest trading partner with a share of 8.31 percent, 4th largest export destination, and 1st among the countries exporting to India, comprising 8.32 percent of total Indian imports.³²

When we turn to India's responses to this negative state of affairs, we find a mixed picture. Most notably, government leadership consistently worked to keep the political fallout from the trade deficit contained. In 2009, under questioning from parliamentarians on relations as the swelling deficit drew high media attention, Singh tried to quell rising fears by putting it in a broader context: "I should say that China is our strategic partner. We have a multi-faceted relationship with China. There is enough space – I have said so often – for both China and India to develop and contribute to global peace, stability and prosperity. We do not see our relations with China in antagonistic terms. We have a large trading relationship, we consult each other on global issues, whether in the G-20 process on climate change or terrorism, and we share a common commitment to maintain peace and tranquility on our border."³³ Even with the downturn in trade during 2012 and 2013, Singh remained bullish on deepening economic ties with China.³⁴

In this effort, an energetic partner for the government is Indian industry—from business associations to important companies that were global market leaders. The dominant view seems to be that economic relations with China, including the trade deficit, need to be "managed" rather than necessitating drastic measures which could stimulate greater trade conflict. While this is especially true in the case of business sectors that stand to gain from increased economic activity with China such as information technology, pharmaceuticals,

and financial services, it is also found among a cross section of businesses as well as among sections of the strategic elite, political leadership, and even bureaucrats.³⁵

Overall, India's reactions to the rebalance and trade deficit are not consistent with realist expectations. India essentially spurned what realists would see as a "strategic opportunity" with the United States rebalance, and meanwhile, took a much more relaxed view of what realists (and more mercantilist economists) would see as a "threat" from the highly skewed trade deficit with China. How might we explain these results? I suggest that we need to go beyond strategic analysis to Indian national identity. By looking at the domestic identity discourse, we gain a deeper understanding of the factors that drive India to unexpected policy orientations on the United States and China, and in particular why realist propositions are weak in these cases.

INDIA'S IDENTITY DISCOURSE AND IMPACT ON U.S. AND CHINA RELATIONS

Impact on Policy Towards the U.S.

The underlying dispute between the various schools of thought relates to India's U.S. policy. Indeed, it is difficult not to suspect that all the other differences in perspective are subsumed under this key issue: in other words, each of these perspectives appear to define their position on other issues on the basis of where they *think* the United States stands on each issue.³⁶ Thus, it is not surprising that the rebalance issue did not catch on as the United States expected, but what explains India's ambivalence, if not, antipathy? I suggest that it has little to do with structural variables and much more to do with India's "dominant ideas," those ingrained in public discourse and bureaucratic processes that make them survive. The most important of these or key value in Indian foreign policy is the concept of *autonomy* in the global arena, born out of a particular combination of colonial trauma and perceived civilizational status. This value is most strongly ingrained in nationalist schools of thought, but it finds some resonance practically across the spectrum of domestic discourse. To the extent that an appeal is made to what conforms to an established national identity, policy is not likely to be based purely on economic or strategic interests. Entrenched assumptions about national identity come with a longstanding view that it is the United States that poses a special danger of undermining that identity.³⁷

The most serious opposition to closer U.S.-India relations comes, understandably, from the leftists, but there is also significant opposition from both soft and hard nationalists. Soft nationalists, like the left, oppose closer U.S. ties on ideological grounds.³⁸ For hard nationalists, the United States is seen as a constraint on Indian power, which seeks to direct Indian foreign policy towards U.S. rather than Indian interests.³⁹ Support for a closer, working U.S. relationship comes mostly from great power realists and liberal globalists. The former, pragmatic in foreign policy orientation, see closer U.S. ties as necessary for India's rise.⁴⁰ The latter, interested in economic liberalization and trade for growth and dismissive of the ideological concerns of both the left and the right, also see a U.S. partnership as necessary for economic development.⁴¹

If we look closely at the discourse surrounding the rebalance, we see a fairly consistent reference to the autonomy value, suggesting that it remains at the top in the hierarchy of

foreign policy drivers. And it seems to cut across a wide swathe of perspectives, leaving the Indian “realists” who would like New Delhi to embrace the United States and the rebalance, rather isolated.

Thus, there is little likelihood that the dispute over partnering with the United States will end any time soon. But it should be noted that whatever the differences in the public debate, Indian governments since the end of the Cold War have consistently sought closer relations with the United States. At the same time, no group apart from the great power realists seems inclined toward any serious military partnership with the United States. Thus, the notion of India being amenable to any form of military “burden sharing” implied in the U.S. strategy of rebalance, does not appear to have any prospect of realization.

Impact on Policy Towards China

In contrast to India’s relations with the United States, identity factors, arguably, played a role in bridging the gap between India and China. Despite the strategic competition between them, there are areas of convergence at the global and even regional levels in their “worldviews.” Most importantly, these include elements that happen to coincide with India’s core national identity—foremost among them strategic autonomy and commitment to sovereignty. These are based on long historical experiences of Western domination, giving rise to what Manjari Miller has called a “post imperial ideology” for both India and China. She declares that: “...the study of international relations is radically incomplete if it fails to systematically account for colonialism and its legacy...[and] states that have undergone the traumatic transformative historical event of extractive colonialism maintain an emphasis on victimhood and entitlement that dominates their decision calculus even today.”⁴² Beyond the bilateral level, the two countries are key members in BRICS; they, together with Russia, interact in the Trilateral Summits; and they tend to uphold mechanisms promoting multipolarity and tend to be sovereignty hawks on the global stage.

India and China also share what might be called a “developing country” identity that draws them together, especially on global economic issues.⁴³ One way in which Deng Xiaoping set China on the path of sustained economic liberalization and engagement from 1978 onwards was to tie Chinese nationalism to the pursuit of wealth and commercial achievement.⁴⁴ India too is increasingly incorporating the objective of achieving developed country status in its global image making—the standard nationalists, great power realists, and liberal globalists all share this vision, which predisposes India to be receptive to economic interdependence beyond purely functional reasons.

Political leaders from the different parties in India have been supportive of economic initiatives toward China, even when the idea of deepening economic ties was first raised in the early 2000s. As far back as 2003 when Sino-Indian relations were being renewed after the dip following India’s nuclear test, it was not hard to find members of parliament urging more trade and economic ties with China.⁴⁵ There was no shortage of Congress Party members praising the efforts of its rival ruling party Bharatiya Janata Party (BJP) to step up economic engagement with China. Later under the Congress regime, it was possible to find support for economic engagement with China from not only BJP and Congress, but other regional parties as diverse as the Hindu nationalist Shiv Sena to the

Communist Party of India.⁴⁶ A more nuanced notion of China as an opportunity rather than just a threat is discernible.

The Indian business opinion towards China seems to have remained rather consistently favorable even with the emergence of the large trade deficits since 2008 and the ups and down in political relations.⁴⁷ Many of the business leaders I interviewed hold this view, and believe that there is a positive relationship between economic interaction and political relations. As a general point, this belief was held even by heads of businesses that stood to lose from Chinese competition. A representative view was that “If there’s a significant amount of trade interdependence, it makes them less inclined or less able to have military conflict. This is especially good for India, being the weaker country.” Not all saw this direct correlation, but nearly all believe that economic relations between India and China will not be negatively affected even if political relations go sour. Short of war, they were confident that economic ties would not be severely disrupted. Most reflect a liberal-globalist outlook. The most important factor for many business leaders is to have continuing leadership on both sides who understand that countries cannot grow without putting economics ahead of politics. As of now, the standard nationalists that run India seem to buy into this logic.

On the trade deficit, the liberal globalist counter-argument to the nationalist and realist views is that a major reason for the deficit is internal to India: the lack of a strong manufacturing base. They urge fast-track development of manufacturing and note that as China moves up the value chain, Indian businesses can enter these vacated spaces. So it is up to India to correct the course, not China or any other country. They also point out that India too is generally gaining from trade: for example, the critical telecommunication products are cheap due to Chinese cost efficiencies; likewise with Chinese power plants. As one industry expert said, “China is subsidizing the Indian consumer.” Other opinion shapers argue that while the pattern of trade may be skewed, Chinese imports—machinery, chemicals, steel, and electronic goods—play an important role in India’s own industrialization process. “Simply put, a part of India’s industrialization and infrastructure development becomes viable only if it can piggyback on the price competitiveness of Chinese industry.”⁴⁸ Others, including key national security officials, say that the trade deficit with China could work the other way around: China becomes export dependent, so India gains leverage.

Policy commentators and politicians, however, have shown susceptibility to nationalist and realist sentiments on the trade imbalance. Parliamentary debates reveal rising concern beyond just economics. Against this development, what is notable is the steady policy orientation and commitment of the ruling Congress government to continue uninterrupted relations with China along liberal globalist lines. In this effort, an energetic partner was Indian industry—from business associations to important companies that were global market leaders. The industry associations in particular have emerged as key domestic actors since the mid-2000s in helping to shape Indian government strategies. Their view is that India needs to “manage” relations by trying to raise Chinese stakes in India, a strategy with which the ruling elite seems to agree.

Nationalist and realist opinion in India envisions the widening trade gap in China’s favor as giving the Chinese yet another pressure point over India. In their view, China’s economic advantage is providing additional leverage in the political sphere—an arena where there

are still serious unresolved issues. So far, however, the center of gravity is on the liberal-globalist side of opinion, especially given the continuing support of the standard nationalist government and the tacit support from some great power realists and soft nationalists for continuing to engage China.

CONCLUSION

Despite conditions in the U.S. rebalance and China's trade surplus favorable for a "realist" response from India, actual policies did not match expectations. Realist expectations fell short especially on the rebalance, but they were also weak on reactions to the deficit. What I would term as India's "under-performance" vis-à-vis the United States and "over-performance" vis-à-vis China, cannot be adequately explained by realism. Rather, as domestic discourse shows, India's policy toward the Asia-Pacific, exemplified in the two key issues of the rebalance (military driven) and trade deficit (economic), is imbued with identity conceptions that militate against purely realist logic. What might this portend for India's future strategy towards the Asia-Pacific region? I offer two possible scenarios apart from the status quo if India's chief foreign policy identity variable—strategic autonomy—is the main driver.

If economic factors become more entrenched in India's identity as seems to be occurring now, it could give rise to a much more self-conscious economic identity that parallels China's worldview. This would allow India to build up the idea of India as a global economic power, which liberal globalists and standard nationalists desire. But it would also go some distance to meet nationalist and realist goals of "autonomy," if economics is viewed as a strategic asset. Given the critical role of China in India's current economic equation and what we can gather from one of the most contentious economic issues with China—the trade deficit—as I have discussed, a major priority for Indian policy would be to maintain economic stability in the Asia-Pacific. In the event that BJP gains power, however, relations with China may be in for a spell of uncertainty or worse. For example, the BJP has declared, "There will be special emphasis on massive infrastructure development, especially along the Line of Actual Control in Arunachal Pradesh and Sikkim."⁴⁹ This border dispute remains the most sensitive aspect of India-China bilateral relations with the potential to destabilize, if not derail, ties. At the same time, the BJP's prime ministerial candidate, Narendra Modi, has been self-consciously running on an "economic development" plank to broaden his appeal, which would require continuity in economic engagement with China. We would then expect India (under Congress or BJP) to manage political conflict with China in such a way as not to jeopardize its economic ties. Any U.S. policy in the region would then be weighed by India against that standard. On the politico-military side, the idea of a "concert of powers" in Asia to maintain strategic stability might further influence Indian policy. While this would include the United States as an Asia-Pacific power, it would differ from conventional balancing to support what has been termed "inclusive balancing," which would fit well with India's treasured value of keeping equidistance from great powers—something that does not sit well with the core idea of realism.

ENDNOTES

1. The author gratefully acknowledges support from the Carnegie Corporation of NY and MacArthur Foundation for research related to this work.
2. The first commentator to argue forcefully that India lacked a strategic culture was the American author George Tanham, leading to a brief burst of writings by Indian analysts, many pointing to India's discursive diplomacy versus western legalistic approaches, that outsiders did not grasp. This initiative has not produced much enduring work. George Tanham, *India Strategic Thought: An Interpretive Essay* (Santa Monica, CA: Rand Corporation, 1992). A good compendium of writings on India's strategic culture is Kanti Bajpai and Amitabh Matoo, eds., *Securing India: Strategic Thought and Practice* (New Delhi: Manohar Publishers, 1996). See also Deepa Ollapally, "India's Strategic Doctrine and Practice," in Raju G.C. Thomas and Amit Gupta, eds., *India's Nuclear Security* (Boulder, CO: Lynne Rienner, 2000).
3. For an extended discussion, see Deepa Ollapally and Rajesh Rajagopalan, "India: Foreign Policy Perspectives of an Ambiguous Power," in Henry R. Nau and Deepa M. Ollapally, eds., *Worldviews of Aspiring Powers: Domestic Foreign Policy Debates in China, India, Iran, Japan, and Russia* (New York: Cambridge University Press, 2012): pp. 73-75. For internal pressure to define its strategic vision, see Satish Kumar, ed., *India's National Security Annual Review 2010* (New Delhi: Routledge, 2011): p. 1.
4. D. Vasudevan, "Tharoor Criticises Nehru's 'Moralistic' Foreign Policy," *DNA: Daily News and Analysis*, January 10, 2010, http://www.dnaindia.com/india/report_tharoor-criticises-nehru-s-moralistic-foreign-policy_1332933.
5. The best case is made by C. Raja Mohan, *Crossing the Rubicon: The Shaping of India's New Foreign Policy* (New Delhi: Viking, 2003).
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8. C. Raja Mohan, "Nehru's World View: More History And Less Politics Please," *Indian Express*, January 11, 2010, <http://www.indianexpress.com/news/nehru-s-world-view-more-history-and-less-politics-please/565669/0>.
9. K. Subrahmanyam, "Arms and the Mahatma: No Place for Pacifism in Security," *The Times of India*, May 8, 1997, as reproduced at <http://www.hvk.org/articles/0597/0138.html>.
10. Deepa Ollapally and Rajesh Rajagopalan, "India." For previous attempts at such taxonomy, see Kanti Bajpai, "Indian Strategic Culture and the Problem of Pakistan," in Swarna Rajagopal, ed., *Security and South Asia: Ideas, Institutions and Initiatives* (New Delhi: Routledge, 2006).
11. Nikola Mirilovic and Deepa Ollapally, "Realists, Nationalists, Globalists and the Nature of Contemporary Rising Powers," in Henry R. Nau and Deepa M. Ollapally, eds., *Worldviews of Aspiring Powers*, pp. 211-15.
12. The BJP's election manifesto states, "What is needed is to take lessons from history, recognize the vitality and resilience of India, the power of its world-view and utilize its strength, which drove it to glorious heights and analyse its weakness, which led to this abysmal fall." Bharatiya Janata Party, *Election Manifesto 2014*, p. 2
13. Deepa Ollapally and Rajesh Rajagopalan, "The Pragmatic Challenge to Indian Foreign Policy,"
14. Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley, CA: University of California Press, 1980).
15. US Department of Defense, "Sustaining US Global Leadership: Priorities for 21st Century Defense," January 2012, p. 2.
16. See for example, *The Washington Post*, June 1, 2012.
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25. Arun Sahgal, "India and the Rebalancing Strategy for Asia-Pacific," *IDS Comment*, July 9, 2012.
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28. *The Hindu*, December 13, 2013.
29. Jean Francois Huchet, "Between Geostrategic and Economic Competition: Emergence of a Pragmatic India-China Relationship," *China Perspective*, Vol. 3 (2008): p. 63.
30. S. Jaishankar, "The Elusive Smoothness of the Silk Route," Op-Ed, *The Hindu*, July 13, 2003. Jaishankar is the former Indian ambassador to China and current ambassador to the United States.
31. Embassy of India, Beijing, China. [Indianembassy.org.cn](http://indianembassy.org.cn).
32. "Export Import Data Bank," The Ministry of Commerce and Industry, the Government of India, <http://commerce.nic.in/eidb/default.asp>. In 2012, the UAE was India's largest trading partner for unique circumstances related to India's energy exports from Iran.
33. Lok Sabha Debates, June 9, 2009.
34. *Economic Times*, October 22, 2013.
35. The author conducted a series of focused interviews in 2011 and 2012 across a broad spectrum of the Indian economic and strategic elite, geared specifically to accessing their views on India-China economic relations. References here to business-based opinions unless otherwise indicated are from these interviews, given under non-attribution rules. My findings are examined in more detail in "The India-China Divergence."
36. Deepa Ollapally and Rajesh Rajagopalan, "India," pp. 101-08.
37. Deepa Ollapally, "India's Evolving National Identity Contestation."
38. Paranjy Guha Thakurta, "Energy Security: Mani Shankar Aiyar Slams UPA for Bowing to US," Rediff.com, October 1, 2010, <http://business.rediff.com/slide-show/2010/oct/01/slide-show-1-maverick-mani-slams-upa-for-bowing-before-us.htm>.
39. Satish Chandra, "It's a Sellout," *Deccan Herald*, July 23, 2009, <http://www.deccanherald.com/content/15317/its-sellout.html>.
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41. Sanjaya Baru, "Foreign Policy Challenges and Priorities Facing the Next Government," *Center for Advanced Study of India*, March 29, 2009, <http://casi.ssc.upenn.edu/iit/baru>.
42. Manjari Chatterjee Miller, *Wronged by Empire: Post-Imperial Ideology and Foreign Policy in India and China* (Stanford: Stanford University Press, 2013), p. 2.
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44. Christopher J. Rusko and Karthika Sasikumar, "India and China: From Trade to Peace?" *Asian Perspective*, Vol. 31, No. 4 (2007): p. 106.

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48. Editorial, *The Times of India*, October 17, 2013.
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ASIA'S SLIPPERY SLOPE: TRIANGULAR TENSIONS, IDENTITY GAPS, CONFLICTING REGIONALISM, AND DIPLOMATIC IMPASSE TOWARD NORTH KOREA

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