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**Tiger, Tiger Burning Bright--or Not?  
India-US Relations in the 21st Century**



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## PREFACE

Some students of foreign affairs expect India to assume a paramount role in South Asia (SA) by the first decade of the next century. There are many reasons for this. India is already the largest and most populous nation in the region and has long been a leader of the non-aligned movement. Much like China, India is well situated to assume a great power role and assert itself more forcefully in world affairs. There is also the fact that the Indian government has recently implemented a comprehensive package of economic reforms. These permit market forces to determine economic outcomes much more than in the past. Conceivably, this "new" approach to development will eventually power India to a measure of prosperity; it has already spurred annual economic growth into the 5 percent range. Indeed, some observers have become so intoxicated by India's economic surge that there is talk of it being another "Asian Tiger" in the making.

If the Indian economy continues its aggressive growth into the next century, it might spend considerably more on its military forces. Further, as the Indian economy expands and integrates with the global economy, it is likely that Indian perceptions of its interests, and what should or can be done to protect them, will change. In other words, India may change its national security strategy to reflect its new status and that could result in a significant increase in its military capabilities.

Of particular interest to this study is whether or not India will come to feel that it must have more influence over events in Southwest Asia (SWA), especially the Persian Gulf. That is certainly a possibility. After all, India will probably: import much of its oil from there and enjoy vigorous seaborne commerce with the region. India will also trade heavily with the US and Europe and many of those lines of commerce will pass through Southwest Asia.

India's increased interest in Southwest Asia should be of interest to the US since it will also continue to have major interests there and will not want to see them challenged by any state, especially a powerful "newcomer" like India. It is the intention of this paper to explore India's future, how it might look and act like in the 2005 time frame, and how it could affect US interests. In particular, the study will analyze whether or not India is likely to develop power projection capabilities about which the US should be concerned. It will also assess whether or not India's national security strategy might impact US strategy for Southwest Asia and the Persian Gulf. Finally, it examine US actions which could make its relations with India mutually beneficial and non-contentious in SWA and elsewhere.

*Whoever controls the Indian Ocean dominates Asia. This Ocean is the key to the Seven Seas. In the 21st century the destiny of the world will be decided on its waters.*

Alfred T. Mahan<sup>1</sup>

## CHAPTER 1

### US Indian Ocean and Southwest Asia Interests and Post-2005 Strategic Posture

As the next century looms, those who ponder national security issues find themselves speculating about what the new century will mean for US interests and strategy in the Indian Ocean and Southwest Asia. Such speculation is not merely an intriguing intellectual exercise, the next century could profoundly challenge US security interests in that region. This conclusion is unavoidable when one realizes that several Southwest Asia states are actively trying to develop weapons of mass destruction (WMD). By 2005 those programs could be completed in spite of international efforts to control WMD technologies.

There are also many influences outside of Southwest Asia that could challenge or affect US interests in that region. As noted in the preface, one such factor could be a much more powerful India. This chapter briefly discusses US regional interests in 2005 and beyond. In a later chapter, a strategy for defending those interests will be presented.

#### *Oil: Still "The Prize"*

The need for oil and natural gas was not the original reason the US became involved in the Middle East. As early as 1833, in order to better provide for American merchantmen transiting the Arabian Sea, the US concluded an "Amity and Commerce" treaty with the Sultanate of Muscat-Oman. However, oil has certainly been responsible for recent interest. That motivation is not likely to lessen in importance in the near term. In fact, the importance of Persian Gulf oil and natural gas to the world economy will probably continue to grow. There are several factors that account for this conclusion. The most significant is the fact that 653 billion barrels of proven oil reserves reside in the Persian Gulf out of a world total of 926 billion. Consequently, the Gulf will inevitably supply much of the world's future oil needs.<sup>2</sup>

The world's demand for petroleum will continue to rise. Part of that increase is due to conditions in the developing world. Demand in East Asia is growing particularly rapidly because the economies of the "Asian Tigers" are explosively expanding. While Asia has large reserves of

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<sup>1</sup> Cited in Guido Gerosa, "Will the Indian Ocean become a Soviet Pond?" *Atlas*, 19 November 1970, p. 20.

<sup>2</sup> Figures derived from the *Handbook of International Economic Statistics* (Washington, DC: US Government Printing Office, 1994), p. 98.; *The Oil & Gas Journal Databook, 1995* (Tulsa, Oklahoma: PennWell Books, 1995), p. ix. "... estimates that proved reserves of crude oil on January 1 of this year approached 1 trillion bbl.," with OPEC's share at "770 billion bbl."

oil itself, it appears unlikely they can satisfy long-term Asian requirements. As the economies of developing countries mature they normally increase their consumption of energy and oil. Analysts have determined three reasons for this:<sup>3</sup>

1. "Developing nations concentrate on energy-intensive heavy industries." These often use antiquated physical plants since the high cost of capital investment discourages the purchase of technologically-advanced equipment to replace older systems. Once economic growth has taken place, more capable facilities and management improve efficiency.
2. "Urbanization spreads rapidly and in that process traditional fuels, such as biomass, are replaced by kerosene and electricity, some of it oil fueled."
3. "Developing countries are characterized by an unstoppable need for mobility and hence an explosive increase in cars and trucks, whose domestic manufacture initially at least produces vehicles with lower fuel efficiency . . ."

This phenomenon will also effect the amount of oil some producers will have to export. For example, some non-Persian Gulf producers, such as Venezuela and Nigeria, can be expected to consume domestically much of what they now produce for export.

Another reason Gulf oil is becoming more important is that developed nations are using more. For example, the US Department of Energy reports that US energy consumption:

. . . during January 1994 totaled 8.4 quadrillion Btu, 9.0 percent above the level of consumption during January 1993. Natural gas consumption increased 14.2 percent, petroleum consumption rose 9.8 percent, and coal consumption was up 9.6 percent. Consumption of all other forms of energy combined decreased 7.5 percent from the level 1 year earlier.

Net imports of energy during January 1994 totaled 1.4 quadrillion Btu, 8.9 percent above the level of net imports 1 year earlier. Net imports of petroleum increased 2.0 percent, and net imports of natural gas were up 16.6 percent.<sup>4</sup>

The direct importance of Southwest Asia's energy resources is underscored by US reliance on imported oil. The US now imports around 50 percent of its oil—a level higher than the previous

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<sup>3</sup> Edward R. Fried and Philip H. Trezie, *Oil Security Retrospect and Prospect* (Washington DC: The Brookings Institution, 1993), pp. 18-19.

<sup>4</sup> Energy Information Agency, US Department of Energy, *Monthly Energy Review*, April 1994 (Washington, DC: 1994), p.5

record high of 47.7 percent set in 1977.<sup>5</sup> This dependency level stands in sharp contrast with the 1985 record low of 31.5 percent. About half of the imported oil comes from the Gulf.

The increase in US oil imports is partly explained by a steady decline in US crude oil production. In 1995 it dropped 3 percent and it is expected to drop another 2.4 percent in 1996.<sup>6</sup> This downward production trend is likely to continue due to relatively strict US environmental laws and legal constraints that make oil production enterprises costly. Hence, the Energy Information Agency prognosis is that 62 percent of all oil consumed in the US in 2010 will be imported.<sup>7</sup>

The complexities of the international oil industry, the dynamics of developing economies, and the potential for new energy technologies and sources combine to make it difficult to predict confidently the world's energy future. It is certainly viable to conclude, however, that there will be significantly more competition for Persian Gulf oil during the next century. The difference will be that it will no longer be limited primarily to Europe, the US, and Japan. Indeed, the booming economies of East Asia will be the locus of most new demand. Oil will remain a vital strategic prize in 2005.

#### *Transit Routes for Commerce*

Important sea routes pass through or are adjacent to Southwest Asia and many of them are controlled by critical chokepoints. The Suez Canal, Bab al Mandeb, Strait of Hormuz, and Strait of Malacca are all corridors vital to Southwest Asia (SWA) sea lines of communication (SLOCs). Without use of these routes, international and regional trade would be substantially more expensive. One need only recall the effect of the closure of the Suez Canal after the 1973 Middle East War to affirm that conclusion. In that instance, weeks of transit time were added to the voyages of ships moving oil to Europe and North America.

Air routes and overflight rights are similarly important and their disruption or denial could harm commerce. With the demise of the Soviet Union, the importance of Southwest Asia as a nexus for routes between Europe and the Far East may lessen. However, if by 2005 the now weak economies of the Central Asian Republics (CARs) of the former Soviet Union have recovered, even matured, they might attract much more air traffic to Central Asia than is now the case. Additionally, while much air traffic will continue to avoid Chinese airspace, air routes between Europe and Asia could use northern India as their southern terminus.

Since the Carter Administration, the US has routinely asserted the right of transit for ships and aircraft through maritime areas and airspace improperly claimed or restricted by other

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<sup>5</sup> Robert J. Beck, "Economic Growth, Low Prices to Lift US Oil and Gas Demand in 1995," *Oil and Gas Journal*, 30 January 1995, p. 60. The DOE, Energy Information Agency publication *Short Term Energy Outlook, Quarterly Projections*, May 1995, put US dependence at 49%.

<sup>6</sup> *Monthly Energy Review*, December 1994, p. 5, and *Oil & Gas Journal*, 30 January 1995, p. 51.

<sup>7</sup> Energy Information Agency, *International Energy Outlook*, July 1994.

states.<sup>8</sup> This reaffirmation of internationally accepted transit rights will probably become more necessary in the next century. States that heretofore have not exercised dubious maritime claims could begin to do so because they may want to exploit maritime resources that become accessible through new technologies. Also, some states may attempt to enforce environmental laws more rigorous than those permitted by the 1982 *United Nations Convention on The Law of The Sea* or other treaties. Although there could be a *bona fide* desire to protect fragile ecosystems that are in decline, undoubtedly crass opportunism, hiding under the banner of environmentalism, and motivated by the wish to obtain greater territory and maritime resources will also come into play. As exploitation of the marine environment increases, environmental concerns will rightfully receive more regional appreciation.<sup>9</sup> Some states already have a history of being dissatisfied with the protections afforded the maritime environment under international law. The Gulf War further aroused these concerns due to the massive environmental damage it produced in the Gulf.

The US will need to monitor initiatives that seek additionally to regulate commerce and which might become excessively burdensome. As states begin to exploit resources on the continental shelf, such monitoring will become increasingly important.

Another reason the US is concerned about transit routes through Southwest Asia is that parts of its economy depend upon the import of strategic minerals such as chromium, manganese, cobalt, tungsten, tantalum, and platinum group metals. These are vital to the production of many electronic and metallic products. More pointedly, imported minerals are needed for the production of artillery, ammunition, helicopters, mines, missiles, satellites, sensors, ships, submarines, and tanks. Many of these minerals come from Indian Ocean littoral, or near-littoral, states such as South Africa, Australia, Myanmar, Indonesia, Malaysia, and India.<sup>10</sup> While theoretically many strategic minerals could be obtained from the republics of the former Soviet Union, reliance upon such sources is certainly problematic in view of their chronic political, social, and economic problems. Consequently, the US has good reason to maintain a strong presence in Southwest and South Asia.<sup>11</sup>

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<sup>8</sup> J. Ashley Roach and Robert W. Smith, *Excessive Maritime Claims*, Vol. 66 (Newport, Rhode Island: Naval War College, 1994). The book is replete with examples under numerous categories of cases.

<sup>9</sup> For a discussion of environmental issues becoming a national security concern, see Gareth Porter, "Environmental Security as a National Security Issue," *Current History*, May 1995, pp. 218-22.

<sup>10</sup> Kent Hughes Butts, *Strategic Minerals in the New World Order* (Carlisle, PA: Strategic Studies Institute, 1993), p. 39; Kenneth A. Kessel, *Strategic Minerals: US Alternatives* (Washington DC: National Defense University, 1990), pp. 5-12, 16.

<sup>11</sup> In this paper, South Asia is considered to include India, Pakistan, Bangladesh, Nepal, Afghanistan, Sri Lanka, and Bhutan.

## CHAPTER TWO

### Survey of Social, Economic, and Political Trends in India: the Post-2005 Future

This chapter surveys relevant social, economic, and political trends and issues in India and offers conclusions about how these may sort out by 2005. This survey is intended to give the reader "situational awareness," and context, for later discussions about post-2005 Indian national security policy and strategy.

#### *Implications of Population Growth and Expansion of the Indian Middle Class*

With a population of 846 million (439.3 million males and 407.1 million females), according to the 1991 Indian census, India has the second largest population in the world. To put this in perspective, one of every six people in the world is an Indian. The number of Indians continues to swell; it was up by 161 million during the decade between 1981-1991 and women now average 3.6 children with the replacement rate being slightly more than 2 children per woman.<sup>1</sup> In sharp contrast, Chinese women now bear fewer than 2 children, a drop from 4.8 children per woman during the 1970-75 period.<sup>2</sup> The Indian birthrate remains high despite the government's encouragement of family planning and sterilization. The "annual growth rate in families adopting family planning has been only 1.3 per cent in the years since 1976, rather than the 2 per cent required."<sup>3</sup> As a result, barring a drastic, immediate decrease in the birth rate, India could have a billion citizens by 2000.<sup>4</sup> The UN estimates India will have 1.5 billion as early as 2025.<sup>5</sup>

While Indians point to their large population as one reason India is going to be a powerful and important international player, it is just as likely that India's population could weaken it. Reasons for this conclusion will be explored below.

India has an enormous lower class.<sup>6</sup> It numbers around 84 million households out of 142 million in 1989/90.<sup>7</sup> The extent of deep poverty in this class is staggering. "Of the 800 mn to 1 bn people regarded by the World Bank as belonging to the world's 'absolute poor', perhaps one third live in India."<sup>8</sup> While the Indian Planning Commission reports that it has succeeded in

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<sup>1</sup> Research and Reference Division, *India 1993—A Reference Annual* (New Delhi: Ministry of Information and Broadcasting, 1994), p. 7 (hereafter referred to as *India 93*).

<sup>2</sup> Robert Livernash, "The Future of Populous Economies, China and India Shape Their Destinies," *Environment*, vol. 37, no. 6, July/August 1995, p. 7.

<sup>3</sup> *India, Nepal Country Profiles 1992-93*, p. 8 (hereafter referred to as *Profiles*).

<sup>4</sup> *Ibid.*, pp. 7-8.

<sup>5</sup> United Nations Population Division, *World Urbanization Prospects: The 1994 Revision* (New York: United Nations, 1995), pp. 30-33 (hereafter referred to as *Prospects*).

<sup>6</sup> What constitutes "lower" and "middle" class in India is an inexact term charged with political implications. For purposes of this study I have accepted the partial definition employed by the Economic Intelligence Unit of *The Economist*. It believes that if in 1989/90 a household earned more than 12,500 rupees a year, it had moved into the middle class. In 1990 it took approximately 19 rupees to buy a US dollar.

<sup>7</sup> *Profiles*, op. cit., p. 9.

<sup>8</sup> *Ibid.*, p. 9.

reducing the percentage of those living below the poverty line from 55 percent in 1973 to 39 percent by 1987-88, "the absolute number of impoverished remained at roughly 313 million, dropping by only 9 million since 1973."<sup>9</sup> These over 300 million people, living at or below the subsistence level, could easily become the soldiers of a vast army campaigning for a better life. Internal strife is probably India's surest path to economic stagnation.

The rapid growth of the Indian population has also created a large "middle class." Out of 142 million Indian households in 1989/90, about 58.6 million had an income over 12,500 rupees a year, sufficient to support a family and purchase "a growing range of consumer goods, including colour televisions, two wheeled scooters, and Western clothes of synthetic materials."<sup>10</sup> During the coming decade the large Indian middle class will probably try to influence, even set, the agenda for Indian society. This is due partly to the fact that the middle class will provide most of the government's tax revenues. Another reason is that many in the middle class will be operating private businesses and will be less inclined to demurely accept the government's edicts and its elitist, often anti-capitalist, bureaucracy. The middle class will probably be politically active in order to enlarge or maintain the modest measure of prosperity it has wrestled from the economy. Additionally, many middle and upper class Indians, who are both well educated and nationalistic, envision a future where India will assume a role worthy of its history and population. They will expect the government to achieve that destiny and will hold it accountable for failure.

Another significant fact is that India's population is relatively young. Based upon 1991 census figures, nearly 40 percent of the country's 846 million people are below the age of 14.<sup>11</sup> This has several implications. One must be that this large mass of young people will begin producing children of their own. During the decade 1981 to 1991, the Indian population, with almost exactly the same ratio of young to old, increased by 161 million!<sup>12</sup> Another implication is that economic and educational opportunities will not meet rising expectations (see Economic Trends, below). Even though India produces many well-educated people, it is also "the world's largest producer of illiterates and child labourers. Of the 82 million Indian children within the six to 14 age group, half do not attend school."<sup>13</sup> These figures stand in stark contrast with those of the "Asian Tigers," countries where children are forced to go to school and where it is recognized that a country's economic future is dependent upon having a well-educated population.<sup>14</sup> Dramatic and ubiquitous economic improvement is unlikely without widespread education. One study found that no country in the post-World War II era has grown rapidly without a highly

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<sup>9</sup> Planning Commission, Government of India, *Report of the Expert Group on Estimation of Proportion and Number of the Poor* (New Delhi, 1993), pp. 37-40., quoted in Livernash, op. cit., p. 9.

<sup>10</sup> *Profiles*, op. cit., pp. 9-10.

<sup>11</sup> *India 1993*, op. cit., p. 17.

<sup>12</sup> *Ibid.*, p. 7.

<sup>13</sup> Myron Weiner, "Suffer the Children," *Far East Economic Review*, 7 February 1991, p. 26.

<sup>14</sup> Some representative literacy rates in Asia are: China 78%, South Korea 96%, Sri Lanka 88%, and Indonesia 77%. *The World Factbook 1994* (Washington DC: CIA), pp. 84, 187, 370, and 218 (hereafter referred to as *CIA Factbook*). These contrast dramatically with India's rate which is only 52%. *ibid.*, p. 184. Nations even poorer than India, such as Botswana, Cameroon, Gabon, Ghana, and Rwanda have literacy rates in the 50-70% range.

literate labor force.<sup>15</sup> Another found that broadbased primary and secondary education helped speed economic development.<sup>16</sup> As noted, this is not the case in India.

As a consequence of India's educational shortfalls, population growth rate, and lack of rural career opportunities, there will be millions of young people in 2005 who will have nothing but free time in which to express their dissatisfaction. Many in despair can be expected to move to cities in search of work and a more fulfilling life. This trend is foreshadowed by the fact that in "every Indian state except for Kerala, three of every four members of the rural workforce depends on agriculture. Yet, some 60 percent of all holdings are too small to support and average-sized family."<sup>17</sup> These figures help explain why the United Nations believes India will be 45 percent urban by 2025, up from the current estimate of 27 percent.<sup>18</sup>

The Indian urban masses can be expected to search for ways to change society so that they can survive. Some may turn to religious movements. Many young people in the Middle East, facing similar situations, have done so. Some may associate with separatist ethnic or revolutionary groups which provide them with a sense of purpose and belonging and that aim to transform the social calculus and relieve their suffering.

The plight of Indian women also needs comment. The 1991 census disclosed that for every 1000 males there were only 927 females. In the state of Chandigarh the ratio was 790 females to a thousand males!<sup>19</sup> Worldwide, females slightly outnumber males and they normally live longer. This gender gap exists in India because social mechanisms such as female infanticide, the abortion of female fetuses, and bride-burning are still practiced. If India manages to eliminate these abhorrent practices, the male-female ratio would improve but its population could also grow even faster.

The female education rate in India is also disturbing because there is evidence that when female education goes up fertility rates go down.<sup>20</sup> Female literacy is only 39 percent while for males it is 64 percent. In one state, Rajasthan, female literacy was only 20.4 percent!<sup>21</sup> By comparison, female literacy in two other traditional societies, China and Indonesia, is 68 percent.<sup>22</sup>

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<sup>15</sup> Costas Azariadis and Allen Drazen, "Threshold Externalities in Economic Development," *Quarterly Journal of Economics*, 105, May 1990: pp. 501-27.

<sup>16</sup> Robert J. Barro, "Economic Growth in a Cross-Section of Countries," *ibid.*, 106 May 1991, pp. 407-44.

<sup>17</sup> Livernash, *op. cit.*, pp. 11, 25.

<sup>18</sup> *Prospects*, *op. cit.*, pp. 76-77.

<sup>19</sup> Census of 1991, *India 1993*, *op. cit.*, p. 8.

<sup>20</sup> Weiner, *op. cit.*, p. 27.

<sup>21</sup> *India 1993*, *op. cit.*, pp. 8-9. India considers a person literate if he or she can read and write a language with understanding.

<sup>22</sup> *CIA Factbook*, *op. cit.*, pp. 84 and 187

## *Religion and Caste*

As India moves into the next decade, religious strife and social discontent will probably become more prevalent.<sup>23</sup> There are several reasons for this conclusion. Much of the Hindu majority, which is 82 percent of the population (Muslims are 12 percent and groups such as Sikhs, Buddhists, animists and Christians make up the rest), believes it is not treated fairly by the central and state governments. Hindus cite several examples for this conclusion. One is that the government has forced Hindus to change ancient religious practices in the name of modernism while allowing minorities to maintain some of their traditional practices.

This issue became a major controversy in 1985 in the so-called Shah Bano case when the government was harshly criticized for deciding to "appease the Muslim clergy on the constitutional question of whether or not the nation's secular courts could intervene to provide divorced Muslim women with maintenance from their husbands."<sup>24</sup> That is, the Indian civil code, which provided such maintenance, was changed to make Islamic law, the shari'ah, superior. This decision had many implications and effects, too many to explore here,<sup>25</sup> but one was the majority belief that Hindu law ought to be superior to civil law as well. If that happens, how would disputes involving a clash between Hindu and Islamic law be resolved? How could the dispute be arbitrated if civil law, the law of the nation, were made a lesser authority? This conundrum can only be corrected when the government chooses to put civil law back into a superior position. Even though that solution will offend, scare, and anger many Muslims, India's Hindu majority feels the government has been far too conciliatory to them and believes that "progress" has been halted and modernism delayed as a result.

Hindus also become agitated that they are the only large religious grouping that has been pressured into accepting family planning. Meanwhile Muslims, who have not, steadily increase their numbers and percentage ranking in the population.<sup>26</sup> The polarization created by the few issues just examined, and there are considerably more, demonstrates why many Hindus support parties such as the *Bharatiya Jana Party* (BJP).<sup>27</sup> The BJP, and the even more radical and chauvinistic *Vishwa Hindu Parishad* (VHP) and *Shiv Sena* parties, are committed to extending the authority of the Hindu religion, protecting Hindus from "discriminatory" government practices, and from affirmative action policies that provide unique privileges to non-Hindus.

This brief discussion cannot do justice to the emotions at play. To obtain a feeling for the emotionalism evoked by intercommunal issues, consider that during the 1991 election campaign

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<sup>23</sup> For a detailed examination of some of the causes of this strife and discontent, see Atul Kohli, *Democracy and Discontent: India's Growing Crisis of Governability* (Cambridge: Cambridge University Press, 1990).

<sup>24</sup> Shekhar Gupta, *India Redefines its Role*, Adelphi Paper 293 (London: Oxford University Press, IISS, 1995), p. 17.

<sup>25</sup> For a discussion of the legal ramifications of this case, see John Mansfield, "Personal Laws or a Uniform Civil Code," in Robert Baird, ed., *Religion and Law in Independent India* (Delhi: Manohar Publications, 1993).

<sup>26</sup> Census of India 1981, quoted in *India 1993*, p. 19.

<sup>27</sup> The BJP's attitude towards Muslims has evolved over the last ten years from toleration and the need for secularism in government to its present advocacy of Hinduism, Hindu rights, and an emphasis on the Hindu nature of Indian society.

"BJP candidates and their election agents openly said that 'there are only two places for a good Muslim: Pakistan or Kabristan (the graveyard)'."<sup>28</sup> Also, consider the actions of the Shiv Sena party which presently controls the city of Bombay. "During the sectarian riots of 1993, activists of the party allegedly killed 2,000 of the two million Muslims in the city, leading to comparisons with neo-fascists in Europe."<sup>29</sup>

While there are many reasons for the recent, growing popularity of these parties, this development bodes ill for India. India has tolerated, indeed encouraged, minorities through governmental policy and constitutional protections that, for example, mandate that 28 percent of all governmental jobs are reserved for members of the scheduled castes (untouchables) and tribes. These rules exist because India's founding leaders recognized that it could not survive as a nation unless its many social, ethnic, and religious groupings were satisfied that they would be treated fairly. The danger now is that Hindu extremist parties could obtain enough power to achieve their agenda and enforce the notion that "'Hindu' is not simply religious: it also depicts the national or cultural life of India."<sup>30</sup> Such an outcome would alienate Muslims, Sikhs, and others, greatly empower separatist movements, and probably lead to social chaos. Such an apocalyptic development is not impossible as the shortlived BJP government following the 1996 elections proved. If the BJP gains power, and the right wing of the party dictates policy, the BJP will probably seek the enactment of chauvinistic Hindu legislation.<sup>31</sup> Whether or not this happens by 2005 depends on how successful the Congress party (I) is in keeping the "social pot" from boiling over. If Congress can bring at least modest prosperity to India, and keep the Hindu majority happy, the BJP will probably not take power unless the Congress (I) party is totally discredited—say by a major scandal. If the pot boils over, and it will if the economy fails to perform, it is probable that the BJP, or a more conservative, possibly fascist, party will assume power or wield great influence. That would transform how India is governed and terminate the social contract by which India has thus far managed to survive.<sup>32</sup>

Caste-related issues have also assumed greater importance in Indian affairs. The change is partly due to the 1990 decision of Prime Minister Singh, and the *Janata Dal* party, to implement a policy reserving 22 percent of all government jobs for intermediate caste members (this would have been in addition to the 28 percent already set aside for untouchables and tribal people). Had the policy been fully implemented, 50 percent of all governmental jobs would have been unavailable to upper caste Hindus. The announcement of this policy led to an upper caste revolt, especially among students, which resulted in many deaths, some due to self immolation, and ultimately the fall of the Singh government.<sup>33</sup> The net result has been an increase in Hindu

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<sup>28</sup> P.S. Jha. "The Fascist Impulse in Developing Countries." *Studies in Conflict and Terrorism*, vol. 17, no. 3, July-September 1994, p. 162.

<sup>29</sup> Ali Abbas Rizvi, "Will There be a Fourth Indo-Pak War?," *Asian Defense Journal*, July 1995, p. 33.

<sup>30</sup> Ashutosh Varshney, "Battling the Past, Forging a Future? Ayodhya and Beyond," Phillip Oldenburg, ed., *India Briefing 1993* (Boulder: Westview Press, 1993), p. 10

<sup>31</sup> See Manoj Mitta, "A Uniform Civil Code: A Calculated Gambit," *India Today*, 31 July 1995, pp. 98-99, for a discussion of how the BJP is calling for a uniform civil code, i.e., superior to Islamic shari'ah law, and trying to embarrass the Congress (I) party.

<sup>32</sup> Oldenburg, op. cit., pp. 41-42.

<sup>33</sup> Although the Indian Supreme Court ruled the policy constitutional, it has been allowed to lapse

extremism and the inability of the Congress Party (I) to form strong coalition governments due to the defection of Hindus to parties such as the BJP. A long-term outcome of this incident could be that the shaky coalitions that govern will be more likely to take, or accept, extreme (i.e., popular with the Hindu majority) positions during social emergencies. As one observer put it, "Parliamentary democracy appears to play a special role in caste and communal conflict in India. The temptation to act for short-term political gain seems even greater when a parliamentary system makes it possible to force incumbents from office in mid-term by opportunistic coalition building or disruptions in law and order situations."<sup>34</sup> That would further animate the centrifugal forces now at work in India.

Another event that energized caste as a political issue was the breakaway of a group from the *Janata Dal* party which merged with the *Bahujan Samaj Party* (BSP), a party of the scheduled castes, to form "a lower-caste-Muslim alliance that won power in the crucial state of Uttar Pradesh."<sup>35</sup> The significance of this is that many upper class Hindus saw the alliance as an attack on Hindu social organization, which has encouraged many of them, along with the issues outlined above, to support more extreme social policies towards both lower caste Hindus and Muslims. To be sure, the long-term outcome of this, or similar, alliances is by no means certain. It could be a harbinger of the creation of class-based political alliances, a more vital empowerment of labor unions and the like. One thing is certain, the political landscape of India is suffering intense upheavals and these will probably get more intense as social and economic pressures increase.

Another problem is created by uneven economic development. "Western and southern India seemed poised on the edge of an East-Asian-style economic miracle. The less educated north, however, is still bound by rigid statist policies and inadequate investment in education, and risks stagnation. The poor performance of the Hindu heartland could feed pressures from political-religious revival movements as well as tensions with the more prosperous regions."<sup>36</sup>

As we wait to see how history adjudicates the issues mentioned, there are several other social challenges with which India must deal. One is the corrosive effect anti-separatist security operations, in Kashmir and other locations such as the Punjab, have had upon human rights and the integrity of the Indian government. That is, the Indian government and its security forces have been accused by international human rights organizations to be abusing their police powers.<sup>37</sup>

Another problem is rampant corruption in the Indian political system. "Corruption, in this perspective, is not simply an annoying or even occasionally shocking fact of life associated with particular individuals, as in Italy or the United States, but a well-advanced cancer eating at the vitals of the polity. The linkage of politicians and criminals is not a simple matter of protection

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<sup>34</sup> M. Glen Johnson, "Politics of South Asia-Emerging Trends: An American Perspective", V. Suryanarayan, ed., *South and Southeast Asia in the 1990s* (New Delhi: Konark Publishers Pvt Ltd, 1992), p. 10.

<sup>35</sup> Gupta, op. cit., p. 21. Also see Jha, op. cit., p. 257

<sup>36</sup> Hans Binnendijk, ed. *Strategic Assessment 1995*. Institute for National Strategic Studies, (Washington, DC: US Government Printing Office, 1995), p. 74.

<sup>37</sup> Paul Kreisberg, "Foreign Policy in 1992: Building Credibility," in Oldenburg, op. cit., pp. 26-27.

for the latter, traded for 'useful' electoral help every now and then, but an increasing merger of criminal and political enterprises and personnel."<sup>38</sup>

Some observers of the Indian scene are very pessimistic about its future and its ability to deal with the many problems and powerful forces that have been outlined. Some observers have suggested that India will eventually succumb to a form of fascism. This might happen if "small and middle bourgeoisie" join together and somehow manage to take power, probably under the twin banners of socialism and nationalism—to protect themselves from the demands of secular, professionally-managed capitalism, the threat of non-Hindu minorities, and the competition of the international marketplace.<sup>39</sup>

### *Separatist Movements*

The most ominous Indian separatist movements are those of the Punjabi Sikhs and the Kashmiri Muslims. But there are many more. India has shown great skill in the past in dealing with some of these movements: for example, those of the Mizos and Nagas. Whether India will show a similar ability to reach accommodation in those in Punjab and Kashmir is open to question. The Sikh problem is probably more amenable to negotiation and compromise than the Kashmiri. Indeed, real progress has been made in the last few years.

As the Muslim-Hindu divide led to the creation of Pakistan, and was a factor in the creation of Bangladesh, a similar outcome might be the offing in the dispute over Kashmir. The rub is that India is disinclined to permit the secession of Kashmir, even if it were to become an independent state rather than a part of Pakistan. That outcome is dreaded because it would be a *de facto* admission that India, as a multi-ethnic and multi-faith state, might not be a viable concept or reality. It would lead to increased demands by other dissatisfied minorities for national homes or autonomous areas of their own. So India is unlikely to bend much over Kashmir. This festering problem will get worse if India continues to employ excessive force in dealing with insurgents and civilians who happen to live in areas of military operations. As the dispute over Kashmir is so emotional for both India and Pakistan, there is very little chance that it will be resolved. The greater likelihood is that it will embroil the two in another war—possibly even one that goes nuclear.

### *Other Social Issues*

India is faced also with a serious health challenge from AIDs. "Bombay, for example, has 100,000 to 150,000 prostitutes out of a population of 12 million. The HIV infection rate for these women increased from 1 percent in 1987 to 30 percent in 1990."<sup>40</sup> As the virus spreads among the population, it can be expected to cause profound damage, especially among the young—the group that some hope will bring about India's bright economic future. As one source has put it,

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<sup>38</sup> Oldenburg, *op. cit.*, p. 3. Also see John F. Burns, "High-Level Graft Case Rocks India's Political Establishment," *The New York Times*, 22 January 1996, p. A5.

<sup>39</sup> This is a very adumbrated version of a scenario described in detail in Jha, *op. cit.*, pp. 229-74.

<sup>40</sup> John L. Petersen, *The Road to 2015* (Corte Madera, CA: Waite Group Press, 1994), p. 213.

"AIDs is expected to retard much of the progress made in the late 1980s by countries like India."<sup>41</sup>

Another concern is pollution: particulate emissions, emissions of carbon dioxide, water pollution and the like. India already relies heavily upon coal for energy, coal production was 240 million metric tons in the early 1990s, but demand for coal is expected to surge to 600 million tons by 2010.<sup>42</sup> Indian coal is of very low quality, producing considerable pollution, especially ash. As Indian use of coal rises, it will mean a much higher, even crippling, rate of death from respiratory diseases. In China, where coal quality is better, this has already occurred and particulate emissions are the leading cause of death.<sup>43</sup> Hopefully, India will adopt long-term policies that encourage the washing of non-coking coal, but short-term expense could prevent that.

Water pollution has already reached crisis proportions and is a major health problem.<sup>44</sup> While the government is taking some actions that should improve the situation, many projects, such as the construction of more dams, will take beyond 2005 to fully complete. But as the population continues to burgeon one cannot see much hope for dramatic improvement. Only a favorable investment environment will attract the capital that India must have to make infrastructure improvements such as these.

#### *Economic Trends*

In 1991, the government of Prime Minister P. V. Narasimha Rao began to implement an aggressive reform program for the Indian economy. The results have been encouraging and impressive.

The rupee has been devalued, controls reduced, clearance of foreign joint ventures simplified, and most quotas have been abolished, virtually freeing captive industries such as steel, cement and sugar. Personal, corporate and excise taxes have been slashed across the board, export profits exempted from tax and exporters allowed to keep a percentage of these in free foreign-exchange accounts. Import of gold by non-residents has been permitted at nominal duty, and the harsh 1973 Foreign Exchange Regulation Act (FERA) is being drastically revised.

The results have been mixed, but tend largely towards improvement. Inflation was down in 1993, touching its lowest level in the past 25 years; stock indices have doubled; exports have been rising despite civil disturbances (achieving a 22% increase in 1993-94); foreign-exchange reserves are up more than eighteen fold over the 1991 summer levels and foreign investment is up

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<sup>41</sup> Ibid. p. 214.

<sup>42</sup> Tata Services, *Statistical Outline of India 1992-93* (Bombay, 1992), p. 62, and Tata Energy Research Institute, *Environmental Considerations in Energy Development*. Final Report Submitted to the Asian Development Bank, July 1992, p. 49. Quoted in Livernash, op. cit., p. 27.

<sup>43</sup> Ibid., p. 28.

<sup>44</sup> Ibid., p. 30.

several times. In 1993-94, Indian companies raised \$1.5bn internationally through global depository receipts and began using the money to pay of old, expensive debts. Major international investments have been cleared, despite political opposition in the fields of power, petrochemicals and telecommunications. By early 1994, foreign direct investment had risen nearly 40 times over the Rs2.3bn in 1989 (which was partly historical and consisted mainly of British investment in the plantations).<sup>45</sup>

India's economic growth rate is currently a respectable 4 percent.<sup>46</sup> Faster growth might be possible if the Indian economy is rationalized further, by allowing market forces to more fully determine economic developments and outcomes vice using less efficient mechanisms—such as the fiat of the government's central economic planners. During the next ten years, Indian political leaders can be expected to keenly scrutinize the performance of the economy. The diverse political constituencies of the country already anticipate that economic conditions will get better. There will probably be little patience with only modest growth especially when compared to other Asian economies.

### *The Fate of Economic Reforms*

As noted, the economic reforms that have been implemented have helped pry the Indian economy out of the rut it was once in. Now the economy is growing at a modest rate and the International Monetary Fund (IMF) is no longer demanding basic reforms. Those reasons alone make it unlikely that the reforms will be repealed and there are additional reasons that the reforms are supported. One of them is Indian nationalism. While many nationalists could eventually end up opposing the reforms and calling for more protectionism, most Indians now see them as encouraging growth and helping India assume its rightful place in the world.

Another reason there will probably be sustained support for the reforms is that most informed Indians realize that there is no way India can go back to old economic practices. The world, and agencies such as the IMF and the World Bank, will no longer coddle nations unwilling to take the medicine needed to cure economic ills. Scarce development funds will go to those nations that allow market forces to determine economic outcomes or to places where the political and military consequences of economic failure, such as the republics of the former Soviet Union, are greater. Even China, India's premier competitor, is permitting many very aggressive capitalist practices to take root and the Chinese economy is growing considerably faster than India's, maybe as high as 13% a year.<sup>47</sup> If India is to remain in a position to deal with China, and to build the necessary military forces to deter or fight their often aggressive neighbor, its economy must keep at least some parity with China's.

The reforms have not been implemented without challenges from a variety of sources. Due to the broad acceptance of socialist thought in India, political disagreements over economic

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<sup>45</sup> Gupta, op. cit., pp. 8-9.

<sup>46</sup> *CIA Factbook*, op. cit., p. 185

<sup>47</sup> *Ibid.*, p. 84

priorities and paths are common and often bitter. Some Indians still prefer the economic security and protections provided by the regulated, socialist economy that India pursued during the Cold-war, which emphasized self reliance and socialism. Some working class Indians resist the trend towards privatization because they fear that jobs will be eliminated as industries that were formerly government owned are rationalized, leaving the common man without a future. Some businessmen fear that the emphasis on a free market will mean the loss of vital government subsidies and that their businesses will, as a result, either fail or suffer a decline in profits. Then there is the pervasive fear, held by most Indian socialists, some businessmen, and many nationalistic Indians, that foreign economic interests, especially multinational corporations, will purchase India's most profitable enterprises leaving Indian businessmen only the scraps. This last concern was recently energized when the American multinational corporation, Enron, was charged with improperly gaining permission to go ahead the Dabhol power project. A project some Indians consider so expensive that they are sure it will have to sell energy at exorbitant prices.<sup>48</sup> Public outcry caused a temporary cancellation of the project by the state of Maharashtra, but it has recently been allowed to proceed following the renegotiation of the entire deal. Nevertheless, the resentments that foreign investment arouse in India were starkly highlighted by the incident. These examples are only illustrative of the resistance and controversy that economic reform has and will generate.

Other situations that could compel the economic reforms to be dropped or seriously cut back include national emergencies such as war, civil war, the rise of rabid ethnic or religious extremism, and economic protectionism. However, the reforms are likely to survive. Few knowledgeable and objective Indians deny their generally positive effect. Extending the reforms will probably be a slow process, partly because of the fragile character of the Indian government. Several groups have been hurt by the reforms: these include businessmen, factory workers, government bureaucrats (such as those that once wrote or enforced regulation regimes for the economy). The fate of the Enron power project has also raised a few yellow flags. It looks risky to approve high profile development projects, at least those involving foreign capital and management, because much of the country still considers capitalism evil. Hence, the Congress (I) party, among others, now believes it is too risky to aggressively implement development programs.

Meanwhile, international sources of capital have realized that India remains a risky place to invest, especially in comparison to other Asian nations.<sup>49</sup> Since the Enron deal went bad, foreign institutional investment in India has "continued to drop steadily."<sup>50</sup>

While the reforms will probably survive, they will probably be selectively modulated to appease special interests. While there have been, and will be, improvements to the organization and management of the Indian economy, these will probably be marginal and slow. India will

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<sup>48</sup> See "The Enron Mess," *India Today*, 31 July 95, pp. 88-95.

<sup>49</sup> See Stanley Reed, ed., "India's Pols May be Turning Against Foreign Business," *Business Week*, 21 August 1995, p. 44, and John Greenwald, "No Passage to India - American Firms Face an Antiforeign Backlash in the World's Largest Democracy," *Time*, 18 September 1995, pp. 91-92.

<sup>50</sup> "Poor Outlook," *India Today*, 15 January, 1996, p. 71.

proceed forward in the plodding manner for which it is famous; maybe a bit faster than was the case during the Cold War, but much slower than the Asian Tigers. Even with the current reforms in place, there are some disturbing trends. For example, while the population of India increased 2.03 percent in 1991, employment increased only 1.5 percent.<sup>51</sup> Facts such as this suggest that, even if further reforms are implemented and sustained, the Indian economy will have a difficult time just staying even with population growth. The dilemma becomes larger when it is realized, for example, that approximately two-thirds of the Indian work force, which now accounts for one-third of the GDP, is presently employed in agriculture.<sup>52</sup> If the development experiences of other nations are indicative, many small farms will be consolidated during the coming decade so that machinery and pesticides can be used on larger scales in order to reduce production costs. In short, very large farms or agribusiness, able to compete on the world market will evolve and dominate. Many small farmers will sell out. As has been the case in Iran, China, and Vietnam, these farmers will probably move to the cities to find work—and will end up in competition with millions of young people who also cannot find work. This competition will result in lower real wages for many Indians because there will be so few jobs. If the government tries to employ this mass of people in state factories doing “make-work,” as it has been wont to do in the past, it will do so at the cost of modernization and economic growth. Nevertheless, the government may find itself unable to resist the political pressures demanding that it do just that.

Additionally, if one considers the aggregate economic growth rates for India acceptable, at around 5 percent, one needs to understand that agriculture has been a significant contributor to this growth for many years, primarily due to the “green revolution” and expansion of planted areas. However, how long agriculture can be expected to keep contributing to the positive side of the “growth equation” is uncertain.<sup>53</sup> For example, although the figure for 1992-1993 was 5 percent, normal yearly growth rates have been about 2.70 percent.<sup>54</sup> It “has been estimated that about 70 per cent of growth in agricultural production can be attributed to increased fertilizer application.”<sup>55</sup> That source of growth has limits. The same can be said of other inputs such as the liberal use of pesticides and cheap water; water, as noted, is also needed for human consumption. Sustained growth is required because of India’s booming population growth and because two-thirds of its population is dependent upon agricultural work. But few options remain. For example, some slash and burn agriculture is still practiced. That will go away because it is inefficient and because it is getting hard to find places to burn.<sup>56</sup> Nascent environmental groups are determined to protect what remains.<sup>57</sup> Recently agricultural areas have only expanded at a rate of 0.09 percent a year, down from a rate of 1.2 percent during the period 1951-1957.<sup>58</sup>

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<sup>51</sup> Gupta, op. cit., p. 11.

<sup>52</sup> Ibid.

<sup>53</sup> Oldenburg, op. cit., p. 84.

<sup>54</sup> Ibid., p. 375.

<sup>55</sup> Ibid., p. 383.

<sup>56</sup> There are estimates that only 10 percent of India’s land is forested in contrast to the 20 to 30 percent that was wooded when India gained independence in 1947.

<sup>57</sup> Barbara Crossette, *India* (Bloomington: Indiana University Press, 1993), p. 76.

<sup>58</sup> Robert Bradnock, *India’s Foreign Policy Since 1971* (New York: Council of Foreign Relations Press, 1990), p. 43.

Arable land is now around 58 percent of the total area.<sup>59</sup> There are not too many more areas which can be cleared for crops. Even with parts of India now raising three crops per year, only so much more growth is attainable.<sup>60</sup> This means that if the GDP is to show sustained improvement through 2005, it will have to increase growth in non-agricultural areas. Meanwhile, the agricultural sector must continue to produce enough food for increasing domestic requirements so that India does not have to divert funds to import food. These challenges are going to be very hard to meet.

There are also several critical bottlenecks in Indian development plans that must be solved if economic development is to proceed vigorously. Two of the more pressing are the need for motive power and modern infrastructure.

### *India's Growing Need for Infrastructure Development*

As the Indian economy grows, it will need more energy. Even though India now supplies 90 percent of its energy needs from domestic sources, half from coal, these are unlikely to meet future requirements. Indeed, India must take urgent action now if it is to avoid encountering major energy shortages—it could be argued that it is already in that situation.<sup>61</sup> For example, the state of Maharashtra, where the Enron project is located, would have been short 3,600 Megawatts of power by 2005 had the project been canceled.<sup>62</sup> Other states face similar prospects. If the Enron case is an example of what foreign investors have to put up with when dealing with India, then India is going to have great of trouble acquiring the billions it needs to build its power infrastructure, and for other projects.

India must already import oil in spite of the production coming from the Bombay High offshore fields. In 1990, India produced 33.1 million tons of oil and imported, mostly from the Gulf, 33.87 million tons.<sup>63</sup> As a result, some sources believe that "India's oil requirement will rise to 100 mn tons by 2000 AD. That would mean a continued dependence upon the resources reaching [it] *via* the Arabian Sea."<sup>64</sup> This situation is unlikely to change even if India succeeds in its present efforts at recovering oil from reserves that were not efficiently exploited in the past.<sup>65</sup> This is because India, like many developing nations, is beginning to sharply increase its use of petroleum. "In India, demand for motor fuel is expected to outpace that for all other petroleum products and rise more than 16 percent annually from 1991-92 to 1996-1997, which would double consumption in just 5 years."<sup>66</sup> This trend can probably be reduced by more sharply

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<sup>59</sup> In 1988, 57 percent of the total land area supported agriculture according to *The Tata Statistical Outline of Indian 1988-89* (Bombay: Tata Services, Department of Economics and Statistics, 1987), Tables 52 and 56, p. 64.

<sup>60</sup> *India 1993*, op. cit., p. 375

<sup>61</sup> *Profiles*, op. cit., pp. 31-32.

<sup>62</sup> "The Enron Mess," op. cit., p. 93, and the *Khaleej Times*, 13 January, 1996, p. 22.

<sup>63</sup> K. R. Singh, "India and the Arabian Sea: Reassessing Maritime Strategy," *The Journal of the United Service Institution of India*, October-December 1993, vol. 73, no. 514, p. 510.

<sup>64</sup> *Ibid.*

<sup>65</sup> *Profiles*, op. cit., pp. 32-33.

<sup>66</sup> Liverash, op. cit., p. 30.

taxing the use of petroleum and firm encouragement of public transport—options unlikely to please the middle class.

While speculation about future energy costs is risky, it seems fair to suggest that by 2005 we may see a rise in the price of crude oil as the world's limited supply is put under increasing demand. If this happens, India will have a hard time paying its energy bills as it did when OPEC raised the price in the 1970s. This would also limit the amount of funds that India could devote to development projects. As discussed earlier, India will continue to rely upon coal for most of its energy needs.

### *Need for Technology*

India has developed and fielded some impressive technology, especially aerospace technology. It has launched its own satellites and produced a long-range ballistic missile, the *Agnie*. It has also detonated a nuclear device. Even so, India still needs access to outside technology. There are several reasons for this. Many of India's achievements are dependent on access to Western or East Asian technologies that it cannot duplicate. It is also worth noting that in spite of having several simultaneous weapon development programs underway, for such diverse weapon systems as aircraft and tanks, India has been embarrassingly unsuccessful or slow at bringing them to production.

Considering all those factors, India's quest for technology will probably include the employment of espionage. This conclusion should be put in the context that every nation that has the resources to do so supports some form of an industrial espionage effort. India, which has produced many technically-trained individuals who have obtained employment abroad with cutting-edge research institutions and businesses, is in a position to exploit some of these individuals to obtain access to proprietary technology. Moreover, India has a large, influential and loyal expatriate population. Many of these individuals would likely cooperate with Indian intelligence gathering agencies.

Also, due to years of neglect, and efforts by the government to protect business from outside competition, India's infrastructure, including its factories, telephone system, roads, airports, sea ports, electric power plants and distribution grid, need substantial upgrading and expansion. Indicative of this is the fact that India has only about 7 million telephones. Currently it plans on adding 2.5 million lines a year.<sup>67</sup> It is highly unlikely that India will be able to execute its ambitious infrastructure development plans without outside financial help and expertise, including technology. Yet, as the Enron case has shown, outside investors may be taking considerable risks if they provide the capital or technologies India needs. India also needs to remove layers of needless bureaucracy that inhibit project approval. Significantly, there is already evidence that infrastructure bottlenecks are slowing growth and predictions are that growth will be less this year than last.<sup>68</sup>

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<sup>67</sup> *India 1993*, op. cit., p. 621.

<sup>68</sup> *Khaleej Times*, op. cit., p. 22.

### *Conclusions*

During the next decade, India must meet some extremely difficult challenges if it is to enjoy the bright future that some predict it will have. It must greatly reduce its population growth and do a much better job of educating its population. It must provide economic and social opportunities to its middle class, discontented minorities and ethnic groups and still please its Hindu majority. These are difficult and complex tasks to tackle, even one at a time.

Even though India has faced difficult challenges in the past and survived, it is unlikely that its economic, social, and political conditions are going to get significantly better by 2005. It is not going to become a new Asian Tiger; if anything India will probably be more of an "Asian Water-Buffalo" that plods along in not very exciting form. More explicitly, in spite of past economic reforms, the Indian economy will probably achieve only modest growth and India will probably not resolve the many socio-economic issues which confront it.

Indeed, such problems are likely to worsen. As they have in the past, Indian governments will find it more and more difficult to justify investment in the future if it means denying the urgent demands of the present. Further, while India will probably hobble into the next century as a nation, it will do so without resolving separatist pressures. These could become even more pressing due to economic factors. India may find that regional socio-economic differences become very pronounced because some regions have geographical, or other, advantages that help them prosper. If economic, ethnic, or religious regional movements coalesce they could become profoundly powerful, with more developed regions acting as if they were nations unto themselves, a phenomenon some have observed in China. This would severely hobble the ability of the government to implement countrywide development and would further empower separatist movements.

All of the factors noted above, and others, will grind on India. As a result, India is unlikely to generate enough excess capital to more than modestly improve its domestic situation.

*The future of India will undoubtedly be decided on the sea. It is indissolubly connected with developments in the Indian Ocean.*<sup>1</sup>

K.M. Panikkar

## CHAPTER THREE

### India's National Security Interests in 2005

This chapter will attempt to identify the national security interests India will have in 2005. When appropriate, an assessment of whether or not India is likely to manage those interests will also be provided.

#### *Preservation of Indian Democracy and Social Order*

India is justifiably proud of being the world's largest democracy. While many South and Southwest Asian countries were colonized, few made a smooth transition from colony to independent state and fewer still attained a functioning democratic government. India can generally claim to be a good role model for others trying to manage such a transition. It has preserved its democratic character in spite of several wars, serious social challenges, and decades of slow to moderate economic growth. While surviving as a democracy, India has also evolved into one of the most industrialized nations in the world. There is much with which to be impressed.

Yet, as the previous chapter discussed, Indian democracy faces serious challenges. These include resentments stemming from economic disparities, caste differences that unfairly determine or distribute socio-economic opportunity, and the strains created by separatist ethnic and religious movements. In spite of these problems, many Indians take vehement exception to the suggestion that their country's social, ethnic, and religious groups will not be accommodated within the shell of democracy. They point out that Indian history has been predominately positive since independence, and India maintains a strong commitment to democracy.

Nevertheless the present socio-economic-political situation in India, which can be judged from fair to very bad, could easily explode by 2005.<sup>2</sup> While these disruptions may be successfully controlled, they present a very serious security challenge that cannot be solved by security forces alone. It will take an effective government, working with the flexibilities provided by a strong economy, and motivated by the desire to do what is best for the nation, to solve them. It will also require a populace willing to work patiently with the government on imaginative political solutions. Currently, however, the Indian government and police forces have serious problems with venality and the economy is barely keeping pace with population growth.<sup>3</sup>

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<sup>1</sup> K. M. Panikkar, *India and the Indian Ocean: an Essay on the Influence of Sea Power on Indian History* (London: George Allen & Unwin Ltd, 1945), p. 16.

<sup>2</sup> An examination of the literature discussing Indian social affairs, shows that this prediction is already coming true. By 2005, such explosions could be uncontrollable.

<sup>3</sup> For an often harsh overview of Indian society and its political problems, see Arvind N. Das, *India Invented: a Nation in the Making* (New Delhi: Manohar Publications, 1992)

Significant portions of the populace are alienated from the central or state governments as well as other traditional sources of leadership.<sup>4</sup> Many of the disaffected have begun to change allegiance from a Gandhian adoration of the secular state, and have started supporting divisive ethnic and religious associations. In light of these facts, the prognosis is that by 2005 India will face severe systemic crises forcing it to focus, more and more, on internal problems. Out of desperation, Indians may accept more authoritarian governments. These will probably stress adherence to a "national culture" and emphasize an idealized Hinduism. While this may come to pass, class-caste politics and differences, diverse economic realities and aims, along with at least some residual support for secularism, will probably moderate the severity of a Hindu populism and keep it from embracing extreme positions.

### *Protection of Indian Territory and National Security*

India has a long history of successfully defending its territory from outside aggression. Recently, this has meant China and Pakistan with whom India has fought several border clashes. Indian relations with Pakistan are presently proper but cold. But emotions run deep. As recently as 1994, the two looked like they were on the road to war.<sup>5</sup> Because Pakistan is much weaker, it would be wise to avoid provoking India. This power gap is unlikely to narrow by 2005. In fact, it will probably get substantially wider as the differential between the GDP of the two increases.

Indeed, that differential could lead to near-term military conflict should Pakistan elect to take desperate measures to avoid falling decisively behind India by 2005. Many Pakistanis believe that the key to a safe future for their country, in the presence of an ascendant India, lies to the north among the Central Asian Republics. Some Pakistanis have become so intent on monopolizing trade and strategic relations with the CARs that there is talk of "reclaiming" the tongue of Afghani territory that stretches up to the CARs and China known as the Wakhan corridor. This corridor was created in 1895 by agreement between the British and Russian empires. This tongue blocks Pakistan from having a direct route into the Central Asian Republics.<sup>6</sup> If Pakistan were to attempt to seize that corridor, India would likely move to stop it. Alternately, India might attempt to secure its own route through the tongue, either by force of arms or outright purchase, and thereby provoke Pakistan to oppose it.

Even without such speculative scenarios, there is great danger that India and Pakistan will again go to war over Kashmir. If Sikh separatists, supported by Pakistan, become active again, the two nations might also fight over developments in the Punjab. What is disturbing about these prospects is that neither state appears to have worked out a policy concerning the use of nuclear weapons, making the region's nuclear threshold distressingly low. Although that situation should improve by 2005, the emotionalism that both countries exhibit over Kashmir suggests the danger

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<sup>4</sup> See Atul Kohli, *Democracy and Discontent: India's Growing Crisis of Governability* (New York: Cambridge University Press, 1993), pp. 398-403.

<sup>5</sup> See Ali Abbas Riwi, "Will There be a Fourth Indo-Pak War?," *Asian Defense Journal*, July 1995, pp. 32-35.

<sup>6</sup> See Ralph H. Magnus and Eden Naby, "Afghanistan and Central Asia: Mirrors and Models," *Asian Survey*, vol. 35, no. 7, July 1995, p. 617.

will not be substantially reduced until rigorous confidence-building measures are instituted and progress towards a political solution, an unlikely prospect, has been achieved.<sup>7</sup>

China and India presently have good, but not cordial, relations. Tensions persist because China has refused to accept the 1914 McMahon Line delineating the boundaries between them. In particular, China claims territory in India's Arunachal Pradesh state. It also "occupies 14,000 square miles of territory in the Jammu and Kashmir states, and claims a further 50,000 square miles of territory on the Indian side of the present boundary."<sup>8</sup>

In spite of these disagreements, relations significantly improved following the visit of former Indian Prime Minister Rajiv Gandhi to China in 1988. As the result of subsequent consultations and diplomacy, especially during Prime Minister Rao's visit in 1993, neither state has sought to settle their disputes using military forces. Additionally, a variety of confidence-building measures have been implemented, including some that involve mutual troop withdrawals from sensitive areas.<sup>9</sup> Both states also avoid encouraging separatist movements or insurrection in the territory of the other and their economic relations are rapidly expanding.<sup>10</sup>

This will probably continue to be the case in 2005. Both nations understand they would lose more than they would gain from another war, no matter what they might accomplish on the battlefield. Both nations want to concentrate on developing their economies and realize they need to demonstrate responsible behavior if they are to continue receiving infusions of outside investment capital. They know that one of the fallouts from war, or rising tensions, would be a reluctance by others to share new technologies for fear they would be diverted to military purposes. Any aggression would also raise regional suspicions of hegemonic aspirations and alternately provoke creation of a security mechanism directed against it.

It would be imprudent, however, to categorically state that China will never opt for war. It will certainly continue to work at improving its strategic posture vis-à-vis India. If Chinese nationalists and hard-line military leaders assume more authority, which some fear is happening now, China may decide to pursue its equivalent of a Manifest Destiny no matter the cost. A reading of Chiang Kai-shek's book, *China's Destiny*, gives some idea of the scope of this dream. China has long had its eyes on Bhutan, Sikkim, Nepal, and areas of Assam and Arunachal Pradesh. China's present policies toward Tibet, which it brutally jackbooted into submission in 1951, should stand as a good example of the type of behavior which can be expected if China develops the capability and will to act. Tibet, a dagger thrusting towards the heart of India, is being forced to accept more and more troops as China battles the Tibetan resistance movement.

Similarly, China could continue to ratchet up the pressure on Nepal and force it to accept the status of a satellite. Such outcomes would damage India's strategic posture and would prove

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<sup>7</sup> For details on measures now in effect, see Michael Krepon, ed., *A Handbook of Confidence-building Measures for Regional Security* (Washington, DC.: Henry L. Stimson Center, 1995), pp. 53-55.

<sup>8</sup> *Defense & Foreign Affairs Handbook*, "India" (London: International Media Corporation Limited, 1994), p. 524.

<sup>9</sup> Krepon, op. cit., pp. 63-65.

<sup>10</sup> Shekhar Gupta, *India Redefines its Role*, Adelphi Paper 293 (London, Oxford University Press, IISS, 1995), pp. 56-57.

attractive to China should its aspirations for superpower status in Southeast and East Asia be thwarted by Japan, Korea, the Association of Southeast Asian Nations (ASEAN), or the United States. Additionally, as one observer of China has put it: "China perceives India to be an ambitious, overconfident yet militarily powerful neighbor with whom it may eventually have to have a day of reckoning."<sup>11</sup>

Recently India has become concerned about Chinese naval activity in the Indian Ocean. This partly stems from reports that China may obtain basing rights in Myanmar (Burma).<sup>12</sup> Strategically, such basing would put China in an excellent position to protect its commerce and oil supplies transiting through the Indian Ocean and permit it to challenge the military forces and/or interdict the commerce of an adversary. China also sees Burma as a new route for trade coming from its inland provinces, such as Yunnan. Those provinces have not developed as fast as the coastal provinces. If the Old Burma Road were reopened, it would facilitate more rapid development.<sup>13</sup> A Burma route would also bypass the Strait of Malacca which could become closed to Chinese shipping in the event of a military imbroglio in the South China Sea. Ultimate Chinese strategic intentions were stated by General Zhao Nanqi, Director of the Chinese Academy of Military Sciences, who was quoted in 1993 as saying, "We are not prepared to let the Indian Ocean become India's Ocean."<sup>14</sup>

Due to recent changes in Indian policies, India and Burmese relations are improving. This is good for India because it needs Burma's help controlling the arms and drug traffic in and to its northeast states and to maintain peace along their considerable border.<sup>15</sup> Good relations could also help keep Burma from developing closer ties with China.

India also has concerns about America's relationship with China and how it could harm India's strategic posture. With its Soviet patron gone, good US-Chinese relations could mean that the US would ignore, or only mildly protest, Chinese aggression during another Sino-Indian war. To be sure, it is difficult to evaluate how significant that danger is, especially with US-Chinese relations now suffering. But even if US-Indian relations improve considerably by 2005, and even if they have a significant economic dimension, the odds are that the US will still consider its relations with China more important.

Indian defense experts also distrust US intentions in the Indian Ocean. This fear is built upon the belief that the US will use its naval power to intimidate or coerce India. The deployment of the *Enterprise* battle group into the Indian Ocean during the Indo-Pakistan war of

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<sup>11</sup> Gary Klintworth, "Chinese Perspectives on India as a Great Power," in Ross Babbage and Sandy Gordon, eds., *India's Strategic Future: Regional State or Global Power?* (Basingstoke: Macmillan Press Ltd, 1992), p. 96.

<sup>12</sup> *Jane's Defense Weekly*, 27 November 1993, p. 11, and *Thailand and Burma, Country Report*, no. 1, 1993 (London: The Economist Intelligence Unit, March 1993), p. 31.

<sup>13</sup> P. Stobdan, "China's forays into Burma: implications for India," *Strategic Analysis*, vol. XVI, no. 1, April 1993, p. 35.

<sup>14</sup> J. Mohan Malik, "Chinese-Indian Relations in the Post-Soviet Era: The Continuing Rivalry," *The China Quarterly*, June 1995, p. 328.

<sup>15</sup> "Indo-Myanmar relations: coming slowly closer," *India Today*, 31 January 1994, p. 40.

1971 is cited as an example of this kind of blatant gunboat diplomacy.<sup>16</sup> The construction of a US base on Diego Garcia, which began in 1972, further aggravated Indian fears, as did the ensuing deployments of US and Soviet naval forces to South Asia.<sup>17</sup>

While India's reactions to these events often looked, through the lens of the Cold War, as pro-Soviet whining, they were founded upon principles that had a logic in Indian minds. India didn't want either of the superpowers present in its lake: the Indian Ocean. Moreover, it was trying to burnish its nonaligned credentials by establishing the Indian Ocean as a Zone of Peace. As it developed, though, India had to accept the presence of both superpowers since they had no way of stopping them. That being true, India was not adverse to having the countervailing presence of both superpowers. However, when the US recognized China, and even tilted towards, India felt it had no choice but to sign a Treaty of Peace and Friendship with the Soviet Union.<sup>18</sup> With the Soviet Union dismembered, Russia enfeebled, and China's economy and strength rapidly burgeoning, India by 2005 will probably desire, even seek, an ally.

India has low-grade security concerns with the countries of Sri Lanka, Bangladesh, and Nepal. These partially stem from the fact that it has received thousands of Tamil refugees from Sri Lanka, thousands of Chakma tribal refugees from Bangladesh, and has a continuing concern about Indian citizens of Nepali origin who might harm its relations with China. Additionally, Nepal and Bangladesh have water resources that India needs. Ominously for India, both have turned to China for arms. To some extent this can be attributed to Indian highhandedness. As one writer observed: "For more than a quarter of a century, India's policies have been pushing regional nations closer to the Chinese."<sup>19</sup> However, if India is more careful and sensitive to the concerns of these neighbors, it should be able to avoid conflict with them and stem further deterioration to its strategic landscape.

Offshore India has many maritime interests. It must protect oil fields, such as the Bombay High fields, and territories such as the Andaman, Nicobar and Laccadives islands. In fact, the Indian Navy has responsibilities for "over 2 million square miles of the exclusive economic zone, 7,000 kilometers of coastline, 1,284 islands and islets, and widely dispersed sea lanes of communications (SLOCS)."<sup>20</sup> India is also relying upon the Indian Ocean for the transport of much of her commerce. This is likely to grow as its economic relations with the West improve and as long as its neighbors are unreliable or hostile.

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<sup>16</sup> K. R. Singh, "The Indian Ocean and India's Maritime Strategy," in Kousar J. Azam, ed., *India's Defense Policy for the 1990s* (New Delhi: Sterling Publishers, Inc., 1992), pp. 80, 83. For some confirmation of the Indian view, see Richard N. Haas, *Conflicts Unending* (New Haven: Yale University Press, 1992), pp. 80-81.

<sup>17</sup> Y. V. Chavan, "Expansion of Diego Garcia Will Aggravate Tension," paper delivered at the International Conference on the Indian Ocean, World Peace Council, New Delhi, 23 November, 1974, reported in *FBIS-NEA-74-2225*, no. 222, 15 November, 1974, pp. U2-U3.

<sup>18</sup> Max Frankel, "To India the U.S. Is a Bitter Disappointment," *New York Times*, 30 November 30, 1971, p. 2.

<sup>19</sup> Barbara Crossette, *India* (Bloomington: Indiana University Press, 1993), p. 114.

<sup>20</sup> Vice Admiral Mihir K. Roy, "The Littoral Countries at the Crossroads," Kanti P. Bajpai and Stephen P. Cohen, ed., *South Asia After the Cold War* (Boulder, Colorado: Westview Press, 1993), p. 249.

### *Enhancement of India's Regional Influence*

India should remain the preeminent power in South Asia in 2005. As one source put it: "South Asia remains essentially an Indo-centric region in terms of India's undeniable power potential and centrality."<sup>21</sup> Not surprisingly, India often behaves as if it is the supreme power. This stance has been exhibited forcefully on several occasions. For example, India intervened in Sri Lanka in 1987 and the Maldives in 1988. One writer, commenting on more recent events, has said, "India's imposition of economic pressures on Nepal in 1989 and its continuing highhandedness in dealing with disputes in its relations with Bangladesh have been a discouraging sign that India will seek imposed hegemony rather than regional leadership based on consensus."<sup>22</sup>

Some Indians urge their country to seek hegemony. The comments of a retired Indian admiral are illustrative:

As India develops her economic and technological power, it is necessary for her to also project a complementary image of military power in the region. We should be able to bring to bear on the region all the three facets of the nation's power (economic, technological, military), if we are to gradually displace the substantial extra-regional presence in the area and to develop mutually advantageous economic relations with other countries of the region.<sup>23</sup>

Regional states have responded to India's undeniable power position in several ways. One of the most common, at least for those who will not bend to Indian dictates, has been to seek the support of powerful states. During the Cold War, this tactic was very successful for Pakistan, particularly after the Soviet invasion of Afghanistan. In that case, the US considered Pakistan vital for thwarting what looked like a relentless Soviet advance towards the Persian Gulf. There are still regional states that would like outside sponsors. Some would even welcome a stronger Chinese presence as a "countervailing force" to India.<sup>24</sup>

While it remains to be seen how assertive India will become by 2005, based upon its aspirations for great or even superpower status, it can be expected to try to extend its regional and extra-regional influence. India will probably concentrate on increasing its economic and political influence in South Asia, and to a lesser extent Southwest Asia. This is because the survival of future governments will be intimately linked to how well the Indian economy performs. Hence, India will want assured access to markets and cheap energy. There are several

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<sup>21</sup> Nancy Jetley, "South Asia in the Nineties: Some Perspectives," in V. Suryanarayan, ed., *South and Southeast Asia in the 1990s* (New Delhi: Konark Publishing PVT LTD, 1992), pp. 18-19.

<sup>22</sup> Thomas P. Thornton, "South Asia," in Nicholas X. Rizopoulos, ed., *Sea-Changes* (New York: Council on Foreign Relations Press, 1990), p. 68.

<sup>23</sup> ADM J. G. Nadkarni (Ret), "Foreign and Defence Policies for India in the 1990s," in Satish Chandra, B. Arunachalam, V. Suryanarayan, eds., *The Indian Ocean and its Islands. Strategic, Scientific and Historical Perspective* (Newbury Park, California: Sage Publications, 1993), p. 53.

<sup>24</sup> See Mahinda Werake, "China and South Asia: Some Historical Perspectives," Shelton U. Kodikara, ed., *South Asian Strategic Issues: Sri Lankan Perspectives* (Newbury Park, California: Sage Publications, 1990), p. 65.

mechanisms that might help India obtain that outcome. One would be for it to encourage the further development of the South Asian Association for Regional Cooperation (SAARC). Such encouragement must involve an Indian recognition that it cannot bully its way to cooperation. It will have to be conciliatory and sensitive to the fears of its neighbors. By using diplomacy and sensitivity, India might be able to form an effective regional economic and political bloc with other regional states.

India should be vitally interested in promoting integrated regional development programs. Resources such as the Ganges and Brahmaputra Rivers, which pass through Nepal and Bangladesh, will require such an approach if their potential is to be fully exploited. A regional approach to those and water resources is necessary if India is to continue to maintain growth in its agricultural sector. Without such a plan, disputes over resources could lead to war and declining agricultural production.<sup>25</sup> Unfortunately, there is little evidence that a regional approach will be taken even by 2005.

Since the demise of the Soviet Union, India, like Pakistan, has put considerable effort into cultivating relations with the Central Asian Republics. One reason for this is their potential excellent market. Another is that "Central Asia now figures in the Indo-Pakistani rivalry as more than a mere sideshow. It is potentially Pakistan's or India's strategic hinterland, or rear, and thus merits both states' cultivation and close attention."<sup>26</sup> If Pakistan develops strong relations with the CARs and another Indo-Pakistan war breaks out, "Pakistan would allegedly have access to military supplies that could not be interdicted or blockaded by the superior Indian navy and air force. This projected Central Asian rear includes Afghanistan and Xinjiang, China's Western province with a large Muslim population of Kazakhs and Kyrgyz."<sup>27</sup> Pakistan would also like to obtain CAR support for its efforts to wrest Kashmir from India.<sup>28</sup> Understandably, India does not want Pakistan to gain this strategic advantage and is, therefore, keen on developing meaningful its own relations with CAR states to block that.

India is also concerned that the Muslim populations of the Central Asian Republics might become inflamed by Islamic extremists. If extremist governments come to power in Tajikistan or China's Xinjiang province, Kashmiri Muslims might want to join with them. Such scenarios, however unlikely, become more credible by 2005 if socio-economic conditions in India, Pakistan, and maybe the CARs, worsen, and if a new generation of Muslims comes to maturity that has not been raised on communist secularism.<sup>29</sup> Presently China, Russia, and the CARs themselves, are opposed to any activity that increases the role of Islam in their societies. The CARs are so concerned that they have "made it clear to Pakistan that any effort on its part to sponsor fundamentalist parties there, as it did during the war with Moscow, will be taken as a hostile and inflammatory act."<sup>30</sup>

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<sup>25</sup> John L. Petersen, *The Road to 2015* (Corte Madera, CA: The Waite Press, 1994), p. 90.

<sup>26</sup> Stephen Blank, "Central Asia and South Asia in a New World Order," *Asian Defense Journal*, July 1995, p. 30.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*, p. 31.

<sup>29</sup> Martha Brill Olcott, "Central Asia: The Calculus of Independence," *Current History*, October 1995, p. 341.

<sup>30</sup> Blank, *op. cit.*, p. 30.

India will also try to lessen the appeal of radical Islam within its borders. This will require fair treatment of its own Muslims. Fair treatment means affirmative action job programs for Muslims and other opportunities. As noted in Chapter Two, this affirmative action formula is contested (and resented) by many Hindus. It will take patience and commitment to keep these programs in place during the coming decade in the face of growing Hindu nationalism. However, failure to carry through with the Indian constitution's social contract would open Indian society to massive unrest and revolution.

### *Maintaining Indian Autonomy*

Since achieving independence, India has sought economic and military autarchy. This goal grew mainly out of its colonial experiences with the British Empire. India never again wants to be forced to seek permission to do what it believes is in its national interest. Socialism, the intellectual province of many Indians, also played a part. Indian leaders wanted to protect their economy from the rapacious competitions of the international capitalist economy. While India has supposedly renounced some of its emphasis on autarchy, part of the price of economic reforms, it still has an obstreperous public sector. The government owns and operates banks, irrigation and power projects, railways, telephone and telegraph services, factories that produce nearly every conceivable product, and even services such as insurance.<sup>31</sup>

The Indian government also operates the largest, most developed arms industry in South Asia. It is developing its own main battle tank, the *Arjun*, plus guided missiles and aircraft. Under license, it produces, or has produced, various MiG aircraft, *Leander*- and *Godavari*-class frigates, as well as German Type 209 submarines, and T-72 and Vickers 37 tanks. The Indians have become so competent with Russian equipment, in fact, that India recently beat out Russia for a contract to refurbish Malaysia's MiGs.<sup>32</sup> While the Indian government may divest itself of much of this industrial baggage by 2005, it has found that doing so is difficult because of those who benefit from the *status quo*. If the Indian economy does languish by 2005, the prognosis made in Chapter Two, it could become even more politically difficult to privatize these jobs.

### *Protection of Indian Nationals Abroad*

India is concerned about the millions of former or present nationals living abroad. It has significant expatriate populations living in such diverse locations as Canada, the US, the UK, Fiji, Mauritius, Malaysia, Guyana, Trinidad, South Africa, and throughout the Middle East. In the Persian Gulf region alone, it has 1.3 million workers.<sup>33</sup> Whenever possible, India will protect its civilians living abroad. This was illustrated during the Gulf War. In that case, India had about 172,000 expatriates living in Kuwait and 10,000 in Iraq; fortunately 20,000 of the total were on vacation when the war clouds began to assemble. After sustained diplomatic efforts, driven by a

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<sup>31</sup> For a comprehensive overview see Research and Reference Division, *India 1993—A Reference Annual* (New Delhi: Ministry of Information and Broadcasting, 1994), pp. 507-630.

<sup>32</sup> Michael S. Lelyveld, "Russian-Israeli Deal Hints At Mideast Realignment," *Journal of Commerce*, 22 December 1995, p. 1.

<sup>33</sup> J. Mohan Malik, "India's Response to the Gulf Crisis: Implications for Indian Foreign Policy," *Asian Survey*, vol. 31., no. 9, September 1991, p. 855.

clamor of concern at home, India repatriated 160,000 of these workers.<sup>34</sup> Besides fearing what might happen to its citizens because of war, India is also concerned with how Hindus are treated abroad. These fears rightfully come to the fore when communal relations deteriorate, such as when the Ayodhya mosque was destroyed by Indian Hindus, or when Indian Hindus have attacked Muslims.

Indian expatriates are additionally important because they are a source of remittances. Expatriates work overseas in high and medium tech industries, and as manual laborers, and send significant sums of money home. As one observer petulantly observed, "such is the scramble for attracting NRI [non-resident Indian] money into India that by 1989 itself NRI deposits in non-resident external (NRE) accounts and FCNR [foreign currency non-resident] accounts added up to the equivalent of the country's total foreign exchange reserves."<sup>35</sup> As a result, events like the Gulf War can cost India hundreds of millions of dollars, a difficult penalty for a poor nation to absorb. Additionally, non-resident Indians play an important role in Indian development plans as it hopes to tap into the funds these individuals possess. In 1989, for example, "non-resident Indians were the most important single external source of investment funds, providing more than any individual country apart from the United States. at over Rs 6 crore [a crore is 10 million]."<sup>36</sup>

Expatriates living in the US, which some say number as high as a million, compose a group that should be studied by those who look at long-range socio-political trends and how they can change political dynamics in the United States.<sup>37</sup> Indian expatriates, due to their unusually high educational achievements, constitute one of the wealthiest minority groups in the US. If they become better at lobbying their causes in the US Congress, say for more understanding of, and support for, Indian concerns and less emphasis on Pakistan, they could become profoundly influential; maybe more influential than the American Israel Political Action Committee. An even more interesting development would be an India-Israel cooperative lobby. India and Israel have many common interests including a fear of radical Islamic movements, concerns about an "Islamic bomb," and somewhat similar positions on nuclear proliferation. These viewpoints could help forge a potent alliance between American Hindus and Jews.

### *Protection of India's Merchant Fleet*

As India's economy gradually throws off the shackles of a planned economy, it is becoming more and more dependent upon ocean-borne commerce. As a famous Indian strategic thinker put it:

While to other countries, the Indian Ocean is only one of the important oceanic areas, to India it is the vital sea. Her life lines are concentrated in that area. Her future is

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<sup>34</sup> K. R. Singh, "South Asia and the Gulf Crisis," in Shelton U. Kodikara, ed., *External Compulsions of South Asian Politics* (Newbury Park, California: Sage Publications Inc., 1993), pp. 288-89.

<sup>35</sup> Arvind N. Das, *India Invented: A Nation-in-The-Making* (New Delhi, Manohar Publications, 1992), p. 186.

<sup>36</sup> Robert Badnock, *India's Foreign Policy Since 1971* (New York, Council on Foreign Relations Press, 1990) p. 56.

<sup>37</sup> *Ibid.*, p. 56. estimates that 600,000 Indians live in the U.S., as of 1990. For a discussion of Indian expatriates living in the U.S. see M. Granger Morgan, K. Subrahmanyam, K. Sundarji, and Robert M. White, "India and the United States," *The Washington Quarterly*, Spring 1995, p. 155.

dependent on the freedom of that vast water surface. No industrial development, no commercial growth, no stable political structure is possible for her unless the Indian Ocean is free and her own shores fully protected.<sup>38</sup>

This is partly due to the fact that India is bordered by nations and mountain ranges which do not grant easy access to international markets. There is also a lack of infrastructure, such as roads and bridges, which permit India to get product out via land routes. As a result, India's merchant fleet and harbors assume an inordinate significance. In early 1993, India's merchant fleet ranked 18th in the world in shipping tonnage and numbered 430 vessels.<sup>39</sup> The growing requirement to protect oil and economic lifelines in which the Indian merchant fleet moves, is an excellent justification for India having a strong navy.

A new dimension for India is the fact that China's navy is growing rapidly and by the next century it may have the capability to threaten Indian commerce even in the Indian Ocean. This prospect gives the Indian Navy, for the first time in its existence, a threat that could be used to justify large expenditures on naval forces, forces much larger than were ever needed to deal with Pakistan.

### *Energy*

India's requirement for energy continues to burgeon. While it will be able to supply some of its needs through 2005, it has abundant coal resources, if the Indian economy attains and sustains a rapid growth rate, like those of the Asian Tigers, its requirements for energy will explode. Some of the reasons for this common phenomenon were explored in Chapter One. As that chapter also noted, much of the world in 2005 and beyond is going to be relying upon Persian Gulf states for petroleum products. India will be no exception. Even though Pakistan may permit a pipeline between Iran and India to pass through its territory, this source of petroleum, along with tanker trucks, would be unreliable during periods of tension.<sup>40</sup> As a consequence, India can only count upon waterborne transport of petroleum from SWA and from its Bombay High production fields. During periods of war the Indian Navy would be needed to protect oil shipments.

### *Controlling Narcotics*

India is the world's largest producer of legal opium for pharmaceutical purposes. It is also a significant producer of illicit narcotics. Because of these facts, India will continue to be pressured to control illicit drug trade originating in India or its neighbors such as Afghanistan, Burma, Nepal, or the CARs.<sup>41</sup> But India has good reasons of its own to control illegal drug activity. Indian leaders are afraid that domestic criminal organizations are linking up with

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<sup>38</sup> K. M. Panikkar, *India and the Indian Ocean: an Essay on the Influence of Sea Power on Indian History* (London: George Allen & Unwin Ltd, 1945), pp. 83-84.

<sup>39</sup> *India*, op. cit., p. 601.

<sup>40</sup> *Khaleej Times*, 13 January, 1996, p. 4.

<sup>41</sup> A good diagram of drug trade routes is provided in "The Drug Trade in South East Asia," *Jane's Intelligence Review*, Special Report No. 5., April 1994, p. 12.

international drug trafficking networks. One danger from this is that drug money could be used to fund groups inimical to India. This has already happened in Pakistan. Prime Minister Benazir Bhutto claims that when her government implemented a tough anti-drug campaign the drug barons “responded by channelling money to militant fundamentalist groups in Karachi.”<sup>42</sup> Additionally, drug use is directly related to the spread of AIDs, a blight that is already threatening to overwhelm Indian health services.

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<sup>42</sup> Blank, op. cit., p. 29.

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## CHAPTER FOUR

### Between Iraq and a Hard Place: India and its Neighbors

This chapter explores the probable character of India's 2005 relations with selected Southwest Asian states, the Central Asian Republics, Russia, Pakistan, and other important Indian Ocean littoral states. The goal will be to identify dynamics involving those states that could effect US-Indian relations in 2005 and beyond.

#### *Iran*

There are many factors that should encourage good relations between Iran and India. One is that they have a strong cultural affinity. Until recently educated Indians considered Persian to be the language of culture. This stems from the influence of India's Mughal rulers who adopted Persian as the official language for administration and law.<sup>1</sup> There are also ethnic affinities. "Iran" itself is named after the "Arya," an Indo-European tribal group from which the word Aryan also comes.<sup>2</sup> Upper caste Hindus claim the same progenitors. Light-skinned Aryans became the *Brahmins*, darker skinned peoples became the *Shudras* or slaves.<sup>3</sup> A more recent reason for the two states to have good relations is that Iran now realizes that India has no desire to destroy or dismember Pakistan—just keep it weak and in line.

India could gain a great deal from good relations with Iran. Iran has substantial oil reserves and India will need more oil as it develops. In addition to oil, India might be able to entice Iran into investing in India. This is a reasonable possibility if oil prices surge by 2005. Iran is also a route for goods going to the Central Asian Republics. India trades with those republics via the Indian Ocean, Iran, and Turkmenistan. If Iran builds the roads, ports, and railroads needed to further enable commerce, India will use them. In fact, India is investing, along with Russia, in such Iranian infrastructure development.<sup>4</sup> India believes that helping Iran develop economic relations with the CARs will hinder Pakistan from developing its own. For example, "India supports Iran's efforts to build a railway to Turkmenistan to forestall or divert trade from Pakistan."<sup>5</sup>

Iran is well aware of Indian motives and supports them. Iran also distrusts Pakistani Islamic proselytizing activity in the CARs. It believes Pakistani activity could dilute its own influence there. Central Asians are only considered nominally Muslim because of their communist secular-materialism background and Iran would like to see them convert to Twelver Shi'ism. Iran, like India, also fears Pakistan will deny it a fair share of CAR trade.<sup>6</sup>

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<sup>1</sup> Note Stanley Wolpert, *A New History of India* (New York: Oxford University Press, 1993), p. 133.

<sup>2</sup> *Defense and Foreign Affairs Handbook* (London: G. R. Copley, 1994), p. 539.

<sup>3</sup> Wolpert, *op. cit.*, p. 32.

<sup>4</sup> Michael S. Lelyveld, "Russian-Israeli Deal Hints of Mideast Realignment," *Journal of Commerce*, 22 December 1995, p. 1.; and Stephen Blank, "Central Asia and South Asia in a New World Order," *Asian Defence Journal*, July 1995, p. 31.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*, p. 30.

Good relations with Iran could also give India greater influence there. This influence could allow it to more effectively deter, and if necessary fight, Pakistan. Pakistan needs Iranian support if it fights with India: “. . . Pakistan lacks depth and the only country that has provided this depth is Iran.”<sup>7</sup> In past Indo-Pakistan wars, Iran has provided weapons, fuel, personnel, and infrastructure support.<sup>8</sup> Hence, if Iran were to remove its support for Pakistan, India’s ability to deter Pakistan would probably grow. An India-Iran accommodation would also make it more difficult for Pakistan to accuse India of being anti-Muslim if India.

Iran could also be an excellent market for Indian weapons. It needs to replace large amounts of American or European made equipment that is obsolete, obsolescent, or inoperative due to a lack of parts. India also has technicians and facilities able to repair Soviet-designed equipment. A recent example of this relationship was provided when India designed, manufactured, and installed new batteries on Iran’s *Kilo*-class submarines. The Indian replacements allegedly function better in the warmer environment of the Indian Ocean than those of Russia.

The future nature of Indo-Iranian relations will depend upon how vigorously Iran pushes its Islamic agenda. If it behaves too aggressively it will drive India away. Iran has moderated its policies and rhetoric over the last few years—partly out of recognition that its shrill posture was driving potential friends away, crippling economic development, and uniting its enemies.

### *Iraq*

There are also excellent reasons for India and Iraq to have good relations. When UN sanctions end, India could obtain oil from Iraq which, not incidentally, has much larger reserves than Iran. It also has a much smaller population.<sup>9</sup> Those realities could give Iraq great financial flexibility and clout, especially if the price of oil rises by the next decade.

Iraq is covertly trying to rearm and when the sanctions come off it will do so overtly. India would be a good source for arms. It is a reliable, competent, and cheap supplier. Additionally, both India and Iraq have secular governments that fear Islamic extremism. They have also organized their societies in conformance with socialist thought and both distrust the motivations of Western capitalism.

Whether or not India and Iraq will move towards better relations by 2005 will be a function of several factors. One is Iraqi behavior. Another will be if Iraq offers attractive financial terms for Indian products. For example, if Iraq agreed to provide oil at concessionary prices in return for Indian weapons or other products, India would find the deal difficult to turn

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<sup>7</sup> Statement by Pakistani government on 8 May 1973 in *Pakistan Horizon*, vol. 26, no. 2, pp. 120-22. Reported in Surendra Chopra, *Pakistan’s Thrust in the Muslim World: India as a Factor* (New Delhi: Deep & Deep Publications, 1992), p. 56.

<sup>8</sup> *Ibid.*, p. 60.

<sup>9</sup> *Atlas of the Middle East*, (Washington DC: US Government Printing Office, 1993), p. 11.

down. That would be especially true if India was upset with the West. A scenario where India might eschew relations with the West, and accept them with Iraq, might be as follows: because of a combination of harsh fiscal policies forced upon it by the IMF and World Bank, as well as legislation restricting Indian access to the US economy, the Indian economy stalls. In a nationalistic paroxysm of anger, India elects a government that panders to anti-western prejudices. Such a government might opt to "go it alone," counting on help from Iraq and other pariahs such as Iran, to avoid remaining under the harsh economic regime mandated by the IMF.

Russia could play a part in the above scenario, although its involvement would not be essential to achieve Indian goals. Russia itself could return to extreme anti-western policies, even if it does not backslide to communism. Should that occur, some Indians would want to align again with Russia—if only to regain a potent ally against China. Such an association would probably make an ancillary association with Iraq easier to justify and sustain.

In general, however, India is unlikely to risk irritating its Western trading partners (or damaging its international reputation as a principled state) by aligning too closely with regimes that have an anti-western complexion. The West could cripple Indian economic development with almost no effort and probably little sacrifice; indeed, many Western governments would relish having a valid reason for stopping Indian products, such as textiles, from competing with their own. Additionally, India cannot behave such that it forfeits the capital and technology it needs from the West. Finally, cozy relations with Iraq would hazard India's trade with the Gulf Cooperation Council states.

#### *Gulf Cooperation Council States*

Indian relations with the GCC states have a much better chance of flourishing than those with Iran or Iraq. After all, none of the GCC states have the pariah status of Iran or Iraq. The GCC states also need, unlike Iran or Iraq, skilled and unskilled manpower. India already supplies much of their workforce. It could also provide capable military personnel.

Yet India would be wise to avoid getting too closely involved with any one GCC state. There are many animosities amongst them and these often flair up resulting in cold and unaccommodating fraternal behavior. Bystanders, unless they are somehow essential, or have a GCC-wide mission, can easily be harmed or compromised by these disputes.

As a consequence, India course should be to develop good economic relations with the GCC states but eschew individual security commitments.

#### *Central Asian Republics*

Even when they were part of the Soviet Union the CARs feared political Islam. Afghanistan's agony, following the Soviet withdrawal, could not be denied and central Asians did not relish a similar sectarian imbroglio. As it is, the Central Asian Republics would prefer maintaining secular governments while being culturally Islamic. This attitude is also a function of the fact that the CARs have highly literate, technologically proficient populations that identify

closely with Russian culture. The net result of this is the CARs are unlikely to fall prey to Pakistani strategic schemes based upon relatively soft religious and cultural sentiments, vice hard *realpolitik*. There is no strong reason to believe that this situation will markedly change by 2005. Pakistan's aspirations are also damaged by the fact that it is not a particularly exciting role model. It has chronic social turmoil, a lagging economy, and a rather boring demeanor due to the conservatism of institutionalized Islam. As a consequence, if India is careful at managing relations with the CARs, it need not greatly fear that Pakistan will obtain a strategic advantage from them. Since India produces many good products, Central Asian Republics should provide a fruitful marketplace for by 2005.

### *Pakistan*

The likelihood of India having good relations with Pakistan is remote. This is primarily due to the problems in Kashmir and Punjab and India's continued meddling in Pakistani affairs. A continued dynamic shaping Indo-Pakistani relations is the United States. With the end of the Cold War, they understand that Pakistan can no longer routinely count upon American support. In recognition of the softness of US relations, Pakistan has been forced to consider new strategies for dealing with India. Some Pakistanis think a Pakistan-Iran-Afghanistan alliance would provide the political and military wherewithal to do that. Others would rather see a Pakistan-Iran-Turkey or Pakistan-Iran-China alliance.<sup>10</sup> Conspicuously, Pakistan has always been intent upon securing Iranian support. With the US more careful and selective about South Asian affairs, Pakistan may also find it appropriate to seek even closer relations with China. Indeed, some defense experts fear that Pakistan may invite China into the Indian Ocean.<sup>11</sup> Such a move would provoke an angry response from both the US and India. Pakistan is unlikely to take such a bold step unless it feels it can no longer deal with India without Chinese support.

For India the end of the Cold War has meant an opportunity to reshape American perceptions of the South Asian regional security environment and to erode the US-Pakistan relationship. US trade with India will inevitably dwarf US trade with Pakistan, thus, the US are likely to develop stronger relations by 2005. Economic concerns may even push strategic factors aside. As one analyst said:

But it is reasonable to assume that Washington would view India differently if the trade between the two countries increased from the current \$7.5bn. It is too early to expect India to acquire the same importance as China in trade terms. But if trade reached \$15bn and direct US investment grew in the next three years, which is not impossible, the equation would change.<sup>12</sup>

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<sup>10</sup> Bhabani Sengupta, "India's South Asia Policy in 1990s," in V. Suryanarayan, ed., *South and Southeast Asia in the 1990's* (New Delhi: Konark Publishers PVT Ltd, 1992), pp. 67-68.

<sup>11</sup> Blank, *op. cit.*, p. 30.

<sup>12</sup> Shekhar Gupta, *India Redefines its Role*, Adelphi Paper 293 (London: Oxford University Press, IISS, 1995), pp. 12-13.)

While it remains to be seen how relations will evolve by 2005, it is probable that Indian and US ties will improve with Pakistan being the net loser.

*Other Indian Ocean Littoral States*

If India becomes intent upon being a major regional military power, one capable of projecting power, it would profoundly disturb other states in the South Asian region. As one observer put it:

India's clear emergence as a military power of considerable reach will contribute to a significant escalation of South-East Asian defense capabilities, particularly in Indonesia, Singapore, Malaysia, and Thailand, and will cause concern in Australia. India is developing a power projection capability, particularly with the Air Force, which not only is of concern to the region, but serves notice to the superpowers that their own roles in the Indian Ocean are subject to check.<sup>13</sup>

The above quotation, from 1988, summed up the fears that many Indian Ocean states had about India during the Cold War. That build up, which was not sustained, would have been constructed upon the foundation of a relatively weak economy with the assistance of the Soviet Union. Things have greatly changed since then. Economic factors have replaced concern about ideological motivation among regional states. India wants to be another Asian Tiger and is not going to do anything to harm that prospect unless nationalistic passions somehow run amok. India is unlikely to be a threat to any but its closest neighbors, particularly Pakistan.

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<sup>13</sup> Gregory Copley, "Inevitable India, Inevitable Power." *Defense and Foreign Affairs* (December 1988), p. 52.

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*India is going to be and is bound to be a country that counts in world affairs, not I hope in the military sense, but in many other senses which are more important and effective in the end.*<sup>1</sup>

Jawaharlal Nehru

## CHAPTER FIVE

### Grand Strategy and Force Structure: India in the 21st Century

This chapter provides an estimate of India's strategy and force structure in 2005. The chapter will also discuss factors that may inhibit India from obtaining the goals and force structure it desires.

#### *National Security and Military Strategy of India: 2005*

It is difficult to argue authoritatively about what India's national security and military strategy will be in 2005 and beyond. The most obvious reason for this is that India has never produced either an official national security strategy or a national military strategy.<sup>2</sup> There have been "idealistic pronouncements of very long term aims; these are in the realm of political platitudes and are not what a strategic planner can use for analyses."<sup>3</sup> This can be attributed to an Indian tendency to view life as "unpredicable" and hence unplanable.<sup>4</sup> There is also a Nehruvian disdain for the place of military force in international affairs. Furthermore, those discussions about strategy that do appear in the public domain (in books or articles) tend to be very theoretical, heavily clouded by wishful thinking and "old socialist" perspectives, and are of little help to anyone trying to discover the roots of a future strategy.<sup>5</sup>

In spite of the lack of strategic documents, India has clearly has enduring interests that will shape its security posture in the future. Foremost are its fears of China and continuing apprehensions about Pakistan. Another concern is India's continuing anxiety about maintaining national integrity; that is, its determination to avoid being Balkanized by separatist movements based upon religion, ethnicity, or the like. As an Indian admiral has put it:

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<sup>1</sup> "India's Foreign Policy," in *Selected Speeches*, September 1946-April 1961 (New Delhi: Ministry of Information and Broadcasting Government of India), p. 47.

<sup>2</sup> C. V. Rajagopal, "India's Defence Policy in the 1990s," in Kousar J. Azam, ed., *India's Defense Policy for the 1990s* (New Delhi: Sterling Press, Inc., 1992), p. 40. The author confirmed this, in November 1995 in a discussion with VADM R. Tandon, Deputy Chief of the Indian Naval Staff.

<sup>3</sup> General K. Sundarji (Ret), "The World Power Structure in Transition from a Quasi Unipolar to a Quasi Multipolar State and the Options of a Middle Power in this Milieu," *The Journal of the United Service Institution of India*, October-December 1992, vol. 72, no. 510, p. 423.

<sup>4</sup> George Tanham, "Indian Strategic Culture," *Washington Quarterly*, Winter 1992, p. 134.

<sup>5</sup> See Kousar J. Azam, ed., *India's Defense Policy for the 1990s* (New Delhi: Sterling Press, Inc., 1992) and V. Suryanarayan, ed., *South and Southeast Asia in the 1990s. Indian and American Perspectives* (Delhi: Konark Publishers Pvt Ltd., 1992).

One must therefore accept that in the next 10 years the conflicts within the country, mainly in the Punjab and Kashmir, will increase in secession of those regions from the Union unless strong, determined and all out efforts are made to maintain the unity of the country.<sup>6</sup>

Another major factor in the evolution of Indian strategic thinking will be the Indian *Weltanschauung*. Most Indians are convinced their country is a nascent world power, maybe even a superpower. Many are willing to do whatever is necessary to achieve that status and are sure that the ticket to that status is the possession of military forces having credible power projection capabilities.<sup>7</sup>

India's future national security strategy must also concern itself with economic matters. India will want to protect its access to overseas markets and avoid being subjected to import quotas, or other restrictions, that could throttle trade.

While the above generalities are illustrative of the some of the components of an Indian grand strategy, a fully refined, coherent security strategy must be more detailed. It must posit what India's economic and political goals and priorities are and then designate integrated methods to achieve them. It must explicate missions for military forces. A complementary national military strategy must provide details about military missions and the modalities selected to discharge them. In spite of the difficulties in forecasting Indian strategy, the following projections are provided.

#### *Strategic Posture 2005*

In 2005 India's goal will be to become a modern, prosperous, strong, and respected nation. As such, the first priority of any Indian national security strategy will be economic development. Only with strong, sustained economic growth will India be able to provide for its burgeoning population and create a powerful military forces to fend off a resurgent China bent upon superpower status. In the absence of strong growth, India will be unable to attain most of its national security goals. Moreover, economic growth must outpace population growth or India will reach "critical mass" and implode; time is important.

As a result of these economic imperatives, India will be a strong supporter of open markets. It will support GATT and other initiatives that enhance multilateral economic cooperation such as "open regionalism" plans now endorsed by groups such as the Asia Pacific Economic Cooperation (APEC) forum and the South Asian Association for Regional Cooperation (SAARC).<sup>8</sup> While doing so India will attempt to protect its own industry from outside competition. This will tend to hurt its relations with states both in and out of South Asia.

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<sup>6</sup> Vice Admiral M.P. Awati, "India's Defence in the 1990's," in Azam, op. cit., p. 12.

<sup>7</sup> Selig S. Harrison, "South Asia and the United States: A Chance for a Fresh Start," *Current History*, vol 91., no. 563. March 1992, p. 99.

<sup>8</sup> Vice Admiral Mihir Roy (Ret), "Indian Ocean Rim Trading Bloc," *The Journal of the United Service Institution of India*, January-March 1995, vol. 75, no. 519, pp. 220-24.

In spite of India's emphasis on economic development, for reasons explored previously, its development will be modest.

Next, Indian strategy will emphasize measures that maintain territorial integrity. While keeping India a democratic state will be a cherished goal, remaining intact and stable will be even more important. Since India's social future will remain dismal for millions, even if economic development generally helps hundreds of millions of others, preservation of domestic stability will be a difficult chore. India is going to be racked by incessant domestic challenges resulting from sectarian disputes, separatist movements, stresses of modernization, unequal economic progress, regionalism, population growth and resource scarcity. Indian policymakers will be consumed by those problems and remain so unless diverted by major external challenges.

As the strongest economic power in its region, India could be the arbiter of South Asian affairs in 2005. When it can, it will perform that role in a peaceful manner but it will be able to back up its influence with economic and military power. Though the predominate power, India will not be an overly dynamic hegemon as it will be heavily preoccupied with its internal problems.

Its main external strategic concern will be with finding a way to counter China's burgeoning strength. There may be several ways to do this. The two most obvious are for India to ally itself with others facing similar concerns about China, and the second is to reach an accommodation with China.

It is unlikely that India opt for the latter alternative. Doing so would require India to abandon its irredentist claims, stop challenging China, and give up its dream of becoming a superpower (or the dominant power in South Asia). Moreover, because many of the goods produced by the two nations compete in the same markets and because China is very uncompromising when it comes to protecting its economic opportunities, accommodation with China probably means deferring to it. Doing that would be extremely difficult for Indian nationalists who tend to be overly sensitive to any slight. It would probably have the additional cost of slowing India's progress towards its goal of a more prosperous future. That is not a politically viable course of action. Any government making that choice would be hardpressed to survive. While it seems unlikely that India will stoop to accommodating China, it will do so if conditions become so bleak that it must. For example, if India's economy stalls while China's forges ahead, it will become clear to Indian leaders that they can no longer afford to even fend off the military might of China.

If India pursues the first option, which is more in line with Indian aspirations and self-image, it will have to behave differently in South Asia. It cannot expect states that it has browbeaten or insulted to become allies. To encourage states to align with it, India will have to make some sacrifices and moderate its nationalist agenda. For example, India might decide to give up some of the market share it has obtained so that otherwise disgruntled South Asian states will be more willing to cooperate. While this may be distasteful, it will not choke India as much as would kowtowing to China.

To secure a more favorable strategic balance vis-à-vis China, India could work, along with other concerned Asian nations to create a cooperative regional security community. While there is not now such a community, one could evolve should China become more bellicose. If China continues to behave as it has recently in the Spratley islands and South China Sea, by 2005 regional states may be eager to form a security structure. Indeed, in such a situation there could be strong reasons for the U.S., India, even ASEAN nations such as Vietnam, to cooperate against, even contain, China. Such an evolution, while clearly to India's advantage, would require it to be much more sensitive to the apprehensions of its neighbors.<sup>9</sup> However, if India is more sensitive to the fears of its neighbors the South Asian Association for Regional Cooperation (SAARC) might evolve into a security apparatus.

Additionally, India will likely try to use its large expatriate population in the United States, and the alliance it is forming with American business, to influence, even determine, the direction of these relations. Besides having an increasingly influential expatriate community in the U.S., India has helped set up an India Interest Group of 31 major U.S. multinationals.<sup>10</sup> These alliances will probably become very influential.

Whether India and other South Asians are capable of pursuing such measured policies is problematic. There are many factors that tend to inhibit such cooperation. For example, by 2005, Malaysia, Thailand, Indonesia, even Burma, will probably be nearing middle power status and capably competing with India. In North Asia, a fairly good symbiosis may evolve, where China and Eastern Russia supply raw materials to Japan and Korea, and all four parties match strengths with weaknesses, and are able to share the large and diverse economic pie. In South Asia, there will probably be too much duplication of effort and corrosive competition over a smaller pie, for such a condominium to evolve.

### *Military Missions*

India will need strong military forces to deter China and Pakistan and to prevent non-regional powers from meddling in its affairs. This means it will deploy strategic forces by 2005.<sup>11</sup> As the former Chief of the Indian Army Staff, General K. Sundarji, put it: "*There is no alternative to nuclear weapons and ballistic missiles if you are to live in security and honor.*"<sup>12</sup> It will also insist that those forces are on par with its neighbors in terms of delivery systems regardless of the international political grief that decision will engender.

That said, Americans who insist that India should forego nuclear weapons while letting China have them (which in effect is what the Nuclear Non-proliferation Treaty does), are asking

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<sup>9</sup> Major S P Yadav, "India's Role in the Future of SAARC," *The Journal of the United Service Institution of India*, vol. 75, no. 519, p. 179. Also see Lt Col K. S. Ramanathan (Ret), "India and the Future of SAARC," *The Journal of the United Service Institution of India*, *ibid.*, pp. 50-57.

<sup>10</sup> "South Asia: Dominated by Internal Politics," *Strategic Survey 1994/95* (London: Oxford University Press, 1995), p. 197.

<sup>11</sup> Paul Dibbs, "The Future Military Capabilities of Asia's Great Powers," *Jane's Intelligence Review*, vol. 7, no. 5., p. 232.

<sup>12</sup> Sundarji, *op. cit.*, p. 429. Emphasis in original.

Indians to accept an intolerable situation. Consider the probabilities of an informed American public agreeing to a scheme where the United States, surrounded by hostile states having nuclear weapons, would give up its weapons because they were developed after a "cut off date" established by countries outside of the region. A situation like this can create profound insecurities. Remember, the U.S. almost went to war with the Soviet Union because it tried to deploy nuclear weapons in Cuba.

While India will field strategic forces, they will primarily have symbolic significance unless the Indian economy becomes so weak that it can no longer afford competent conventional forces. India will rely upon conventional forces to protect the country from its neighbors and internally to keep the country from imploding. These conventional forces will be defensively orientated, although a select and limited number will have power projection missions.

Furthermore, India's ground forces will likely be modernized and reorganized with the aim of reducing personnel numbers and increasing mobility. There are several reasons to make these changes. One is that the Indian military observed how easily Iraq's massive army was outflanked and pulverized during the Gulf War by forces "shooting and scooting" and by weapons that were profoundly lethal against stationary or slow moving targets. As the Revolution in Military Affairs continues, such forces will become even more vulnerable. For the Indian military, another hard reality is that their equipment and doctrine is similar to Iraq's.

Indian leaders know that before they even consider fighting a modern military force they had better take corrective action. Another reason India needs mobile ground forces is that it may have to deal with a two front war involving China and Pakistan. This scenario is potentially made even more challenging because improving relations with Russia means China no longer needs the same level of protection on its northern border. To deal with these threats, India needs to be able to move forces rapidly across the subcontinent. Additionally, Pakistan has the advantage of having interior lines of communication, making it possible for it to concentrate forces against India faster. Thus, Indian armies are going to need greater mobility along with better intelligence and surveillance capabilities.<sup>13</sup> Furthermore, if India must once again fight Pakistan, it will be determined to exact a crushing defeat on it. India believes Pakistan has "earned" this treatment by the fact that it has been able to mobilize the UN in the past to prevent India from decisively beating it. To avoid UN interference, India wants mobile and lethal forces that can obtain the country's political goals before the UN can mobilize and once again steal victory from it.

Fortunately for India, fielding a quality force is not as difficult for it as for many developing nations. India has large numbers of technically-sophisticated personnel, many of whom are unemployed and could be attracted to a military career. Even so, India will have to be careful how it manages these people as pension benefits are threatening to eat up all of the Indian defense dollar by the next decade.<sup>14</sup> While India may find it easier, though still expensive, to find quality personnel, fielding more mobile forces will be an expensive proposition. For the army it

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<sup>13</sup> Lt. General J.F.R. Jacob (Ret), "Towards Rationality in Defense Preparedness," *The Journal of the United Service Institution of India*, vol. 75., no. 519, January-March 1995), p. 45.

<sup>14</sup> Gupta, op. cit., p. 40.

means acquiring fast tanks and thousands of armored personnel carriers, heavy equipment transports, trucks and HUMVEE-type vehicles. It means acquiring helicopters and other types of lift as well as depot facilities. It means buying and storing a tremendous amounts of fuel, even to sustain routine operations, and all of these require more money.

For the navy it not only means acquiring more ships, but ships that can go in harm's way far from home and remain fully supported while at sea. That means purchasing sophisticated combat systems and weapons, robust communications, command and control capabilities, and, if aircraft carriers are acquired, ships to protect it. It means buying supply ships for fuel, ammunition, food, and parts.

If India wants a good power projection capability, and one that might be employed far from India, it should invest in naval forces, including full deck aircraft carriers. But in India's situation, this is probably not necessary. India does not need to go far afield to protect its limited interests. If a nation has limited funds and it needs to project limited power near its coasts, or in the immediate region, air forces are a better investment.

India's power projection force will be small, because a large force would be too expensive for a cash-strapped country, and they must be mobile and rely upon high technology. Because Indian forces need only be capable of projecting a modicum of power in South Asia, and probably no where else, those forces will be naval and air forces—with much greater reliance being placed on air forces. Such forces should meet India's security needs unless China decides to build a large, blue water, power projection navy and routinely deploys it to the Indian Ocean. India will field sophisticated conventional forces, such as aircraft with precision-guided munitions, because they pack a larger punch for the amount invested. As one PGM advocate observed, "precision weapons (are) tailor-made for any nation with adequate technology but limited resources, desperately seeking a shortcut to combat power."<sup>15</sup> While they do not have utility in all situations, in most cases where India would want to project power, they would have more lethality and impact than less sophisticated forces. While such forces require a measure of sophisticated infrastructure and technical support, Indian industry and technicians should be fully able to provide that.

Although Indian forces will be no match for those of the United States or other major powers, they will be capable of deterring or punishing them if they intrude in South Asia. As one Indian Admiral put it:

The major powers also realize, unlike many Indians, that the Indian Navy does not require numerical or qualitative equivalence with the non-littoral naval forces in the Indian Ocean to pose a dangerously high level of threat to them. While they know that the Indian Navy in its present strength cannot pose such a threat, they also know that an

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<sup>15</sup> Colonel John T. Burke, "Precision Weaponry: The Changing Nature of Modern Warfare." *Army*, 24 March 1974:12-17.

Indian Navy of perhaps double the present size, ten years from now will be able to do just that.<sup>16</sup>

While the Admiral's point specifically referred to the Indian Navy, it applies to all Indian forces capable of striking outside of India. India will use missiles, aircraft, as well as its navy, to keep outside powers at arms length or to attack them if they threaten the subcontinent.

### *Indian Arms Industry*

India will continue develop its arms industry because, like Israel, it is reluctant to rely upon outsiders for defense needs. India also believes it can successfully compete in this area and create many good jobs.

According to the Stockholm Institute of Peace Research (SIPR), global arms sales are currently galloping at \$1,000 billion per annum, with China and even Pakistan being activists in the arms bazaar. Hence India must necessarily get over its Nehruvian philosophy of not exporting defense items and instead expand her military-industrial complex to meet the requirements of both the domestic and export markets, thereby creating employment and incomes for the growing labor force.<sup>17</sup>

India, like France, will have to privatize and rationalize much of its defense industrial base. India will also have to change the way it manages defense industrial issues. Currently the Defense General Quality Assurance (DGQA) agency, under a lieutenant general working for the Ministry of Defence, determines industrial policy for both private and public defense production facilities. This is a cantankerous, expensive set-up which is too slow to react to market forces and technological changes. Some idea of how absurd management of Indian defense industrial base has become is provided by the fact that "60 percent of [Indian] defense factories and PSUs [public sector undertakings, 5 of which are wholly owned by the government] are using 50 percent production capacity and the remaining 40 percent—partial capacity. According to a statement made by the Defence Minister in Nov 91, machines worth Rs 40 crore were lying idle in [Indian] factories. ... [He] would have had no objection in letting the private sector use these."<sup>18</sup>

Since modern weapons rely more and more upon software code, and since Indian engineers are some of the best code writers in the world, India will find it easier, and cheaper, than many developing nations to produce high technology weapons. This advantage will be

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<sup>16</sup> ADM J.G. Nadkarni (Ret), "Foreign and Defence Policies for India in the 1990s," in Satish Chandra, B. Arunachalam, V. Suryanarayan eds., *The Indian Ocean and its Islands, Strategic, Scientific and Historical Perspectives* (New Delhi: Sage Publications, 1993), p. 50.

<sup>17</sup> Vice Admiral Mihir K. Roy, "The Littoral Countries at the Crossroads," in Kanti P. Bajpai and Stephen P. Cohen, eds., *South Asia After the Cold War* (Boulder, Colorado: Westview Press, 1993), p. 250.

<sup>18</sup> Maj Gen V. K. Madhok (Ret) "Toning up Defence Production Why Armed Forces Must Take Interest," *The Journal of the United Service Institution*, October-December 1993, vol. 73, no. 514, p. 473.

enhanced by the increasing inability of the developed nations to manage the proliferation of technologies as the world economy integrates. In fact, many multinational corporations, as their domestic markets contract, will probably find the co-production of weapons an attractive proposal. In accordance with its already well-known "industrial doctrine" of autarchy, India will be inclined to agree to co-production but with the *quid pro quo* that its corporations get access to the technology. This has been its practice in the past. One of the more dramatic recent examples of this was India's insistence that the Indian Space Research Organization get access to Russian cryogenic rocket engine technology in spite of Category II provisions of the Missile Technology Control Regime (MTCR). India will also work assiduously at "backward engineering" weapon technologies, as the former Soviet Union did, but with the advantage that information flow, and personnel migrations to and from India will be much freer making such plagiarism easier and cheaper.

### *International Engagement*

It is probable that many Indians, especially those who are sure that their country deserves a greater world role, will want India to be active in international efforts such as peacekeeping. This conclusion is especially likely if India secures a permanent seat on a reorganized and expanded UN Security Council. India wants that seat, and thinks it deserves it. While lobbying for the seat, India will demonstrate a pronounced willingness to offer military forces for UN operations, especially peacekeeping, because many Indians believe such sacrifice enhances the country's claims to greatness. Expansion of the Security Council is not likely in the short term because China, and others, perceive such a development as a net strategic loss.<sup>19</sup> If the seat does not develop, India will feel wronged and it may cause it could petulantly withdraw from most UN participation. This is especially true if India is fixed, as suggested earlier, upon dealing with its massive internal problems.

### *Force Structure · 2005*

As the Indian economy grows, its ability to support an impressive force structure equipped with sophisticated weapon systems complemented by a robust research and development program will grow even though *per capita* income may remain modest. To be sure "impressive" may be an inappropriate choice of words because India already has around a million men in its army. It is acknowledged that size does not necessarily translate into combat effectiveness. Glaring proof of this was given by the way Saddam Husayn's military machine, which had fought Iran for a decade, crumbled when faced by a first rate military force. Size can also be a disadvantage, especially if that force cannot be sustained during combat as was the case, for example, with Rommel's Africa Corps during the Battle of *al-Alamein*.

With all the variables that are at play, predicting what an Indian force structure might look like in ten years verges on the foolish. Even so, a few observations are appropriate. The first

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<sup>19</sup> K. C. Pant, "The New World Order and India's Place in it," *The Journal of the United Service Institution of India*, July-September 1993, vol. 73, no. 513, p. 289. This article reports that at a Non-aligned Summit in Jakarta, China's observer said that China would oppose "democratization" of the UN. K. C. Pant was a Defense Minister of India.

is that Indian force structure aspirations consistently exceed available means. India will be hardpressed to maintain current force levels, especially in the air force and navy. Both services need to be recapitalized. Second, there is no discernible strategic logic for many of the decisions being made about force types and levels. If decisions are made by formula, it is the formula of a bygone day. For example, each service normally gets a set rate of the defense budget. "The Indian navy has been pegged to 13 per cent of the defense budget (with the army at 57% and the air force at 30%)."<sup>20</sup> India needs a national security strategy and a rational, less political, mechanism to make strategic policy. As it now stands, India has neither. "Ever since independence, the cabinet or the Cabinet Committee on Political Affairs (CCPA) has dealt with security among innumerable other important issues, leading to ad hoc decisions and knee-jerk reactions."<sup>21</sup> If India is trying to work its way out of this situation, it is hard to tell. There has been no defense minister for nearly two years. Over the last nine years, India has had five defense secretaries and no defense minister for half that period.<sup>22</sup> Another observation is that India's present force structure, while impressive, is definitely geared towards self-defense and has little power projection capability. Based upon the above there is little prospect that India will substantially improve its military capabilities over the next ten years. India will instead probably maintain the same capabilities with qualitative improvements.

#### *Present Force Structure*

For this discussion, specific numbers are not terribly important since numbers will invariably change by 2005. The numbers listed below have all been derived from open sources and are provided only to give a sense of the force structure that India now supports.<sup>23</sup> Where a range of numbers is given it is a result of conflicting information.

##### Total Armed Forces Personnel:

Army	1.1 million
Air force	110,000
Navy	55,000

##### Army Order of Battle:

2-3	armored divisions
1	mechanized division
22	infantry divisions
10	mountain divisions
5	independent armored brigades
7	independent infantry brigades
1	mountain brigade
1	parachute brigade

<sup>20</sup> Roy, op. cit., in Bajpai and Cohen), p. 250. Of course, the same criticism can be leveled at service budget allocations in the US.

<sup>21</sup> "Tension Remains High in South Asia," *World of Defence '95* (London: Jane's Defence Weekly Publications, 1995), p. 58

<sup>22</sup> Ibid.

<sup>23</sup> Gregory Copley ed., "India," *Defense and Foreign Affairs Handbook* (London: International Media Corporation, 1994), pp. 518-28., *The Military Balance 1994-1995* (London: Brassey's, 1994), pp. 153-55., and Jacob, op. cit., pp. 44-45.

3	independent artillery brigades
6	Air Defense brigades
3-4	independent engineer brigades
14	helicopter squadrons

Significant weapons include 950 T-54/55/62 tanks, 1,200 T-72, and 1,100 *Vijayanta* (Vickers) tanks, 700 APCs, 800 BMPs, and thousands of artillery pieces of various sizes.

#### Air Force Order of Battle:

2	squadrons of Mirage 2000H and 7TH
4	squadrons of Jaguar IS
4	squadrons with 90 MIG-23 BN
5	squadrons with 90 Mig-27ML.
1	squadron with 20 Hunter F.56.
15	all weather air defense squadrons, 8 with 240 MiG-21, 1 with 40 MiG-23
1	squadron of attack helicopters with 30 Mi-25 or Mi-35.
2	reconnaissance squadrons with MiG-25s
1	maritime strike squadron with 8 Jaguar and Sea Eagle Air to surface missiles
2	heavy transport squadrons with 24 IL-76
7	transport squadrons with 113 An-32
2	light squadrons with 22 HAL Do-228.
25	battalions of SA-2 (150 launchers, 12 Bn SA-3 with 48 launchers)

#### Naval Order of Battle:

Aircraft Carriers: 2 aircraft carriers, *Vikrant* with 6 Sea Harriers and *Viraat* with 12 Sea Harriers.

Submarines: 3-6 *Kursura* (Foxtrot) class  
6-8 *Sindhugosh* (Kilo) class  
3-6 *Shishumar* (Type 209) class

Destroyers: 2-6 *Delhi* class  
5 *Rajput* (Kashin) class

Frigates: 6 *Nilgiri* (Leander) class  
3 *Godavari* class  
5 *Khukri*  
4 *Kamorta* (Petya)

Corvettes: 4 *Veer* (Tarantul) class  
2 *Vibhuti* (similar to Tarantul) class  
3 *Vijay Durg* (Nanuchka II) class  
5 *Abhay* (Pauk-II) class

Amphibious Forces: 8 *Ghorpad* (ex-Polnocny) class LSM  
2 *Magar* class LST  
7 LCU

Mine Warfare: 12 *Pandicherry* class Mine Sweeper-Ocean  
4 *Bulsar* class inshore minesweepers  
6 *Mahe* class inshore minesweepers

Naval Aviation: 1 squadron of 23 Sea Harriers  
1 squadron Il-38 May maritime patrol  
1 squadron of 5 Bear maritime patrol

	2 squadrons of 18 Sea King ASW helicopters
	1 squadron of 5 Hormone and 18 Helix antisubmarine helicopters
	several squadrons of utility, training aircraft
Supply:	2 <i>Depak</i> AO
	5 small AO
Miscellaneous:	6 <i>Vidyt</i> (OSA II)
	various patrol boats

The Indian armed forces have gone through some turbulent years where budgets were expanded then sharply cut, making long-range planning and cost-effective procurement of new systems difficult. For example, "From 4.04% of the GDP in 1986-87, the budget came down to 2.44% in 1993-94 despite sluggish growth in the intervening period, marking a cut of 40%, not accounting for the 1992 devaluation. Since the wage bill has continued to increase, the only areas where expenses can be cut are modernisation and acquisitions."<sup>24</sup> Current defense budgets are around 7 billion dollars and this is apparently not enough to maintain readiness as the services are reportedly suffering heavily from a shortage of cash and spares.<sup>25</sup> The low level of funding for the military is drawing heated attacks upon the government, especially from the BJP party. Credible defense analysts argue that India needs to spend at least 3.0 percent of its GDP to ensure credible conventional defense, if geopolitical threats generally remain unchanged in the next decade. A 2.5 percent GDP spending level would be adequate if India were to deploy its nuclear capability."<sup>26</sup> Yet there are also strong voices saying that India should spend more funds on eradicating poverty and enabling economic development.

### *Force Structure Aspirations*

Economic conditions permitting, or national security realities requiring, the Indian military, as well as many civilian leaders, would like to build to a new level of capability. A detailed list of those aspirations will not be made, the details are too likely to change over the next ten years, but the flavor of the overall thrust will be provided.

The Indian Army has wanted to mechanize for a long time. Until recently, it talked about creating Reinforced Army Plains and Mountain Divisions (RAPIDS and RAMIDS). The Army plan called for the deployment of 80 armored regiments by 2000, up from the 59 in place in 1994. Currently this number is not expected to increase.<sup>27</sup> The Army also wants to field mobile artillery, an essential requirement in an era where counter-battery fire can be returned almost instantaneously. India also needs a new main battle tank and complementary armored personnel carriers. The indigenous *Arjun* tank program is years behind schedule and the army has deferred procurement of APCs for the time being.<sup>28</sup>

<sup>24</sup> Gupta, op. cit., pp. 38-39.

<sup>25</sup> Ibid., p. 38.

<sup>26</sup> "Trend in Defence Expenditure," by retired Air Commodore Jasjit Singh, who heads the Institute of Defence Studies and Analysis in India, quoted in Gupta, Ibid., p. 39.

<sup>27</sup> Ibid., p. 38.

<sup>28</sup> Copley, op. cit., pp. 524-25.

The Air Force wants precision-guided munitions, new air transports, more Mirage 2000s and MiG-29s, and the Light Combat Aircraft (LCA) which is supposed to be a sophisticated multirole aircraft. It would also like to replace ex-Soviet jet aircraft engines with better engines from Europe or the United States and upgrade the avionics of older aircraft. India will probably not attempt to procure long-range strategic bombers but it will want better maritime surveillance assets, especially if Chinese naval activity increases in the Indian Ocean.<sup>29</sup>

Indian naval authorities have long wanted to build and operate aircraft carriers and cruisers.<sup>30</sup> It is hard to say what will happen to that goal as plans seem to change year to year, but India feels some urgency since the two carriers it now has are prone to breakdown and their replacement costs ought to be distributed over several years. India's ambition to design and build nuclear submarines has also changed repeatedly due primarily to enormous program costs. It will take a decision by the Chinese to build and deploy such platforms to get the Indians to make an affirmative decision in the near term. India also needs to replace a large block of ships and submarines built in the 1970s.<sup>31</sup> The two most telling examples of the aging problem are the carriers, *Vikrant* and *Viraat*, whose keels were laid down in 1943 and 1944, respectively. Ship recapitalization is a big problem because Indian naval officers believe they "will require at least eight surface ships in each of [India's] three fleets (with the completion of the new naval base at Karwar) and will therefore need to double the number of surface ships and long-range maritime aircraft in a prudent time frame for patrolling an operational radius of about 1,500 miles."<sup>32</sup>

The Indian Navy plans to patrol the country's large Exclusive Economic Zone, and to be able to deny the ocean and to interdict the commerce of either Pakistan or China in the event of war. This means it will need more modern maritime patrol aircraft and aircraft capable of launching air to surface missiles.

Other military programs include the development of five guided missiles as part of the Integrated Guided Missile Development Programme (IGMDP). Included in this program are India's *Agni* intermediate range guided missile; the *Prithvi* medium range surface to surface missile; the *Akash* SAM; the *Trishul* short range SAM; and the *Nag* antitank weapon.<sup>33</sup> There are also plans for satellite intelligence collection systems.

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<sup>29</sup> Paul Dibb, "The Future Military Capabilities of Asia's Great Powers," *Jane's Intelligence Weekly*, vol 7. no. 5, p. 232.

<sup>30</sup> "Stretching the Defense Ruppe," Interview with T.N. Seshan, *Defense & Foreign Affairs*, p. 22; see also "India Emerges," *Defense and Foreign Affairs*, December 1988, p. 12 and Gregory Copley, "Inevitable India, Inevitable Power," *Defense and Foreign Affairs*, December 1988, p. 28.

<sup>31</sup> For a discussion of emerging Indian requirements see K. R. Singh, "India and the Arabian Sea: Reassessing Maritime Strategy," *The Journal of the United Service Institution of India*, October-December 1993, vol 72., no. 514, pp. 509-521.

<sup>32</sup> Roy in Bajpai and Cohen, op. cit., p. 249.

<sup>33</sup> Gupta, op. cit, p. 43.

### *What Could Prevent India from Getting the Force Structure It Wants?*

If the Indian economy falters, it will become harder both to fund and justify large military expenditures. Furthermore, many Indians are not convinced that their country faces strong threats from either China or Pakistan. Some believe that India's greatest threat is internal and that this threat can be handled with the weapons India has now, though probably with fewer personnel under arms.<sup>34</sup> As a result, India may not even keep today's force levels. However, those levels are inadequate if India is to assume an active regional role and deal with a strong, aggressive China. In some ways India is at the point of no return. If its economy sustains moderate growth over the next decade, it may be able to support a modest force structure in 2005. But the prognosis is not good for the Indian navy and army. The navy is getting smaller, and gets only a paltry portion of the defense budget. Since navies are very capital intensive, and ships take years to construct, it seems reasonable to conclude that the Indian navy will not have much capability, certainly no power projection capability, by that date. According to the Indian Deputy Chief of the Naval Staff, VADM Tandon, the Indian Navy will lose about 20 percent of its capability in the next 6 years because there are no significant replacement ships under construction.<sup>35</sup> While those might be purchased, or leased, if conditions degenerate far enough before corrective action is taken, Indian shipyards would presently be expected to produce them. In view of India's chronic budget problems, and the great cost and lead time for the construction of naval forces, it is unlikely that the operational capabilities of the Indian Navy will appreciably change for the better by 2005 unless a comprehensive recapitalization program begins immediately.

The army will probably still receive the largest portion of the defense budget in 2005, but the Indian Air Force should be closing in on it. Call this the "Gulf War Effect" or merely fallout resulting from Pakistan getting F-16s, but it is unlikely to change as long as Indian policymakers remember how important air power was in the Gulf War. While air forces would not be able to competently deal with insurrections, such as those in Kashmir, they do allow impressive power to be projected, especially if coupled with PGMs, and India will need that capability to credibly deter China.

Based upon the programs India desires to pursue, it would appear that it is an ambitious nation. But as explained above, for the next decade it is unlikely to achieve its ambitions, even if it starts in that direction. One reason is that Indian political leadership has proven to be mercurial. Examples of this "on again-off again" approach to defense procurement are the plans to build aircraft carriers, nuclear submarines, and the RAMIDS and RAPIDS programs.

Additionally, robust military programs must compete with development priorities. Institutions that provide international aid, such as the IMF and World Bank, frown upon programs not directly supporting economic development. In hard times, military programs are nearly impossible to justify—and hard times are going to come back. Finally, and a bit ironically, Indian insistence on developing indigenous weapons may rob it of the chance in the near term of

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<sup>34</sup> Ibid., p. 38, 40.

<sup>35</sup> Author's interview with VADM Tandon during International Seapower Symposium at the Naval War College, November 1995.

acquiring powerful military forces. This is because some Indian programs have had unbearable cost overruns and production delays. For example, after over 20 years of development, the Advanced Light Helicopter program, supporting all three services, still has not delivered a usable helicopter. The Light Combat Aircraft was supposed to be introduced in 1995 but will not enter service until 2005. The Arjun main battle tank project, started in 1974, with delivery scheduled for 1995, is now not expected to deliver until the early 21st century.<sup>36</sup> So bad are these delays and overruns that they can cause problems for otherwise good programs. For example, the Indian program to develop an indigenous 5.56mm family of small arms and ammunition has, for lack of funds, been halted, even though all research and development is complete and a modest undertaking.

### *Conclusions*

India's national security strategy in 2005 will in large measure be driven by economic progress. It will stress programs which stimulate growth, its number one priority. It will focus on preserving Indian territorial integrity in the face of challenges coming from separatist movements, ethnic strife, and socio-economic dislocations created by modernization and growth. Although Indian leaders will want to preserve the country as a democracy, that may not be possible without some dilution of democratic rights.

India can be either an important friend of the United States in South Asia or a cool competitor for regional influence. The almost inevitable Chinese threat could encourage the development of regional security mechanisms involving India, ASEAN nations, even the United States. India and the United States should pursue measured cooperative ventures and try to work with regional states to encourage that evolution. If India behaves too aggressively towards its neighbors, as has been its recent tendency, India will drive them into the arms of China or the United States in much the manner that the GCC states rely upon the U.S. in the Gulf and India may find itself strategically isolated and possibly marginalized.

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<sup>36</sup> Major Gen V K. Madhok (ret), "Toning up Defence Production - Why Armed Forces Must Take Interest," *The Journal of the United Service Institution*, October-December 1993, vol. 73, no. 514, pp. 473-74.

*India's new strength, once consolidated, will lead it to greater presence and influence in Arabia and the Persian Gulf.*<sup>1</sup>

## CHAPTER SIX

### US-India Relations in the 21st Century

This chapter has two sections. The first outlines the probable nature of United States-Indian relations in 2005 and how India's regional posture could impact United States security interests in both South and Southwest Asia. The final section offers a strategy for dealing with the projected security landscape.

#### *Implications for United States South and Southwest Asian Interests and Policies*

United States-Indian relations in 2005 will depend on mutual accommodations in several troubling areas. In the economic sphere, as discussed in an earlier chapter, the United States wants India to remove structural trade impediments, such as unfair import licensing rules and duties. For its part, India is upset over the constraints the United States puts on the export of new technologies, pressure over protection of intellectual property, and its continual harping about human rights. It is impossible to tell in detail how these issues, and many more, will be resolved over the next decade but, in view of the great business profits to be made if relations prosper, it is likely that most irritants impacting economic relations will be successfully managed. As two knowledgeable observers have put it: "On political issues, India's dealings with the US, for example, are bound to be stormy in the short term. But it is reasonable to assume that Washington would view India differently if the trade between the two countries increased from the current \$7.5bn."<sup>2</sup>

This theory gains credence when you look at the case of China. The potential of that market has entranced American business and very substantially influenced, if not determined, the course of United States-Chinese relations. The probability that business concerns will come to determine the direction of United States relations with India is increased by the fact that India has helped set up an India Interest Group of 31 major US multinationals.<sup>3</sup> These companies, and India, now lobby Congress for policies that are to their mutual benefit. As the importance of the Indian economy and market grows, the impact of this group, and others likely to evolve, should substantially increase. When one considers that Indians constitute the richest minority group in the United States, that possibility becomes even more credible. We can expect the close-knit, educated and affluent Indian community to pressure for policies and legislation conducive to better Indian-American relations.

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<sup>1</sup> Gregory Copley, "Inevitable India, Inevitable Power," *Defense and Foreign Affairs*, December 1988, p. 52.

<sup>2</sup> Selig S. Harrison and Geoffrey Kemp, *India and America After the Cold War* (Washington, DC: Carnegie Endowment for Peace, 1993), p. 12-13.

<sup>3</sup> "South Asia: Dominated by Internal Politics," *Strategic Survey 1994/95* (London: Oxford University Press, 1995), p. 197.

While growing business ties and emerging interest groups, should make it easier for US and Indian relations to flourish, they must still resolve serious policy differences concerning security. These involve United States efforts to control the proliferation of Weapons of Mass Destruction and to slow nuclear weapon upgrades by achieving a Comprehensive Test Ban Treaty. There is also US determination to control the spread of guided-missile technology through the Missile Technology Control Regime. The rub is that most Indians consider these counterproliferation instruments unfair. They are seen as chauvinistically restricting rising nations from achieving parity with older nuclear powers. They are regarded as institutionalizing another aspect of North-South discrimination by pronouncing developing states incompetent to rationally and carefully administer a nuclear weapons program.

Indians also believe the NPT and MTCR schemes are selectively enforced. They cite the case of Israel as proof. Israel, they point out, is widely acknowledged to have nuclear weapons and ballistic missiles (the Jericho-2) and has not signed the NPT, but the US gives her billions of dollars in aid along with broad access to the most sensitive military technologies. In contrast, India is routinely stigmatized and threatened by the US for having its own nuclear and ballistic missile programs even though it, like Israel, is surrounded by enemies it has fought. Of course India's situation is a bit different in that its enemies have a nuclear capability.

Another irritant is that US policy dictates that India and Pakistan should receive equal treatment.<sup>4</sup> Indians repeat the familiar *mantra* that their country's population is profoundly larger than Pakistan's. They note that India has a well-developed nuclear know-how, a much larger economy, a long democratic tradition, and larger, more capable military forces. So how can it be equated with Pakistan? While some may say America should continue to balance any relationship with India with an equal reliance upon Pakistan, that will be increasingly difficult. India is unlikely to accept such parity much longer due to nationalistic pride and the reality that it is already substantially more powerful than Pakistan. As the disparity between the two is likely to markedly increase by 2005, that conclusion will be even more valid. India is also irritated by the fact that it is not treated as well as China. Indians see this as a slight because both nations possess capable military forces, strategic weapons, large economies, and India's population will probably overtake China's early in the next century.

Even though the US and India have some substantive disagreements over policies and economic issues, they should not make their entire relationship hostage to them. India is fully engaged internationally (for example, it is a strong supporter of UN peacekeeping operations) and could prove to be a useful counter to China in Asia. These facts suggest that it would be more logical for the US to work patiently with India, in spite of their differences, while lessening the importance and flexibility of its relationship with China.

Within Southern Asia, India will be the undisputed regional hegemon. It will achieve that status for several reasons. One will be its unquestioned military preponderance. This is not to say

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<sup>4</sup> For example, see the remarks of Secretary of Defense William J. Perry to the Foreign Policy Association, New York, 23 January 1995.

that it will be a superpower, that is unlikely for reasons developed in Chapter Two, but Indian military muscle should be substantially greater than all of its neighbors, except China. India's status will also be due to its economic dominance of the region. If fully mobilized, it could sustain the Indian war machine until victory, or its political ends, have been achieved. India will have also recalibrated its regional posture and intentions. It may even produce a long overdue national strategy. Additionally, the reduction of US military and political power in Asia will create a void which India will be quick to fill.

As a regional hegemon, India will be able to powerfully influence developments in South Asia. More pointedly, it could either limit US options or make it easier for the US to achieve regional goals and protect its interests. Fortunately, there is little reason to suppose that the aims of the US, India, or those of any other state in South Asia, need be greatly dissonant. Indian and US interests are roughly similar; they include the desire for regional stability, economic prosperity based upon open markets, the continued survival or spread of democracy, and the unhindered use of the Indian Ocean for commerce. Furthermore, India would gain little from imperious behavior in South Asia. Such behavior would international relationships, hurt trade, and make other regional cooperation efforts, such as the distribution of Brahmaputra river water, more difficult.

As a result of India's potential regional status, the US should consider changing the way it conducts its affairs there. That is, it should make India the linchpin of its South Asian strategy much as some say that the centerpiece of US European strategy will be based upon cooperation with preponderant a Germany.<sup>5</sup> This does not mean the US should let India have its way irrespective of the consequences. India should be held accountable for irresponsible behavior, violations of international standards, or the abuse of power, just like any other country; but, there are many good reasons to embrace a regional partnership with it. As American force structure decreases, along a willingness to use forces except to defend critical interests, the US could benefit from having allies in areas where it maintains interests.

There is no suggestion here of making India an American proxy in South Asia. The US learned the risks of that strategy when it relied upon the Shah of Iran with disastrous consequences. A better example upon which to base US strategy is its relationship with US. Egypt has provided critical political support for the Middle East Peace Process and for the creation of the *Desert Storm* coalition that defeated Iraq. Egyptian military support has included the granting of transit rights for deploying US forces, troops for Somalia and *Desert Storm*, and the provision of military hardware such as heavy equipment transports.

For a regional partner to be useful and reliable in the next century, it must meet several criteria. First, it must have unmistakable military capability. That is, the ability to apply force to support or protect United States interests in the face of military resistance. Second, it should be a democracy, a government with legitimacy. Since India is the preeminent South Asian power, and

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<sup>5</sup> This conception of future US policy for Germany and Europe is based upon comments of Richard Holbrooke, Assistant Secretary of State for European and Canadian Affairs, as reported in the *London Financial Times*, 20 February 1996, p. 12.

a democracy, it is the natural candidate for developing a suitable security relationship in the region. Certainly it would be better to have India in a stable relationship than to have it as a regional competitor. Along with political legitimacy and power, a partner needs some sort of national consensus on what constitutes its national interests and how far it should go in protecting them. Both India and the United States must come to realize a partnership is in their best interests. Whether or not a US-Indian relationship can be crafted is difficult to evaluate, but the United States would be wise to recognize the inevitability of India's future regional status. That should prompt the United States to take actions now to improve relations and to shape a future whose prospects and options are maximized.

Even if the US and India embrace further political, economic, and military cooperation, disagreements will remain. India will undoubtedly try to keep some form of the Non-aligned Movement hobbling along, probably with a continued North-South agenda. Indian xenophobia will also continue to create burble. And, of course, security issues, such as those over non-proliferation, need resolution. Still, as recounted in a previous chapter, there is already a positive trend in Indian-United States relations. Improved political contacts go back to Rajiv Ghandi's administration, but those contacts, such as the visit of Prime Minister Rao to Washington in June 1994, are becoming common. The late Commerce Secretary Ron Brown repeatedly visited India.

Secretary of Defense Carlucci visited India in 1988 to begin the process of building military ties. Since then, relations between Indian and United States armed forces have improved greatly. High-level service meetings, training opportunities, personnel exchanges, and exercise observer swaps, are now common. For example, in March 1996 and earlier in May 1995, the Indian and US navies conducted joint exercises.<sup>6</sup> There is a Joint Indo-US Army Executive Steering Group, a United States-Indian Air Force Steering Council, and a US-Indian Navy Steering Council. These meet on a recurring basis.<sup>7</sup> In late 1995, United States-Indian staff talks were held in Washington.

While most Indo-American relations presently revolve around staff talks, they could evolve beyond that by 2005, especially if international situations encourage the process. For example, if Indian and United States relations with China deteriorate there would be good incentives for both to cooperate on common security issues. Along this line the two navies could share intelligence and even jointly track Chinese submarines and surface combatants. Additionally, if China begins aggressively to operate its navy in the Indian Ocean, India may become eager for a strong United States presence.

Alternately, if Sino-US relations become more amicable, India may feel that it must look elsewhere for support. Since there are no other superpowers to turn to, India would want to forge a coalition with other states that fear China. There are some obvious coalition candidates, such as, Russia, Japan, South Vietnam, and South Korea. Furthermore, if China does become active and powerful in the next decade, its relationship with Pakistan will become more problematic.

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<sup>6</sup> "India, US Navies to Hold Five-Day Joint Exercise." *Defense News*, 25-31 March 1996, p. 2.

<sup>7</sup> Unpublished information paper by LTC M. Poore, CINCPAC. "A Chronology of US-India Military Cooperation," prepared in 1995.

India recognizes that the worst possible situation in which it could find itself is total isolation. This could happen if China manages to forge good relationships with countries mentioned above and with Pakistan. Such a circumstance could cause India to capitulate to, or accommodate, China. This would be a major strategic setback for the United States, if Sino-US relations continue to travel their current course.

Alternately, a disgruntled and fearful India might support the formation of a hybrid "North-South" condominium of nations dissatisfied with the having to cooperate, even associate, with Western capitalist nations, especially the United States. In this scenario, China, India, Russia, Korea, maybe Iraq and Cuba, even Iran and other disgruntled states, might cooperate to block Western economic and cultural dominance. Such an association would appeal to the "Cold War warriors" left over in China, India, Russia, and Cuba. It would attract those inspired by anti-Western confrontations; for example, unrepentant Indian socialists, Hindu and Islamic extremists, Russian neo-fascists, hard-line communists or Chinese militarists. Such an association or movement would also provide emotional satisfaction to the leadership of countries frustrated with having to follow the difficult economic requirements of the IMF and World Bank. There are already disturbing indications that such an evolution is occurring.<sup>8</sup> If Russia, China, and India become more nationalistic and assertive, such a coalition cannot be discounted.

To be sure, it is not certain how effective such a grouping could be. While there are many common frustrations encouraging developing nations to cooperate there are also many reasons for them not to. For example, most Islamic nations would not want to associate with the communist government of China or a reborn "Soviet Union," or with Russian neo-fascists bent upon wresting back portions of the empire of the former Soviet Union; namely, the Central Asian Republics. Another reality is that most potential members of such an anti-Western condominium are still hoping to come to suitable accommodations of their own with the West. Even so, if they are greatly frustrated in this course, they will look elsewhere.

The warning bells are ringing and they suggest that the United States should change its policy of treating India and Pakistan equally. The United States should cooperate with the nation that will be the dominant regional power in the next century: India. India is also the South Asian nation with which the United States will have its strongest economic relations. Furthermore, while it is unlikely that Pakistan will ever cooperate with the United States against China, India would probably appreciate such an opportunity.

#### *A Regional Strategy for 2005*

It is now appropriate to suggest the contours of a United States regional strategy for 2005. The primary interest of the United States will continue to be access to reasonably-priced oil. World demand for Gulf oil is going to substantially increase by 2005 and states that do not possess adequate oil reserves will be determined to obtain an assured supply. The Persian Gulf is probably the only place that can meet the world's increasing demand. Hence, nations will either want to control that oil or guarantee they get their share of it. The United States must craft a

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<sup>8</sup> See Voice Of America background report 5-32620, "Russia and Iran," 4 March 1996, byline of Ed Warner.

response to this situation. It must be able to protect Gulf oil and American access to it. Of all of the world's powers, the United States, because of its excellent military forces, good diplomatic relations with the critical oil producers, and strong oil industry ties to the region, is best positioned to ensure its interests are protected. This also means that the United States will have strong reasons to preserve the *status quo*.

The factor most likely to threaten the *status quo*, yet one the United States supports, is the quest for democracy by regional populations.<sup>9</sup> The conundrum facing the United States is that too close an association with undemocratic regimes will make it look like it unequivocally supports them. In other words, US principles clash with US interests in the Gulf. To obtain the future it desires, the United States must encourage the evolution of a cultural ethos in Southwest Asia that is conducive to democracy and associated institutions.

One way to deter potential adversaries, keeping them from miscalculation and the world from underwriting the costs of another Gulf war, is for the United States to clearly identify the interests it *will* fight to defend. This worked well with NATO. During the Cold War, the Soviet Union knew that the United States would defend NATO members, some of whom were at best only marginally important to United States' security. In contrast, while access to a reliable source of oil is a vital interest of the United States, it has not concluded defense treaties with even one of the critical, oil-rich Gulf states.

Just as the United States needs a military strategy to protect its interests in the region, it should have a cultural strategy dedicated to the same task. There are several reasons for that conclusion. The culture of the United States is seen by many people as a threat, and that perception is not confined to any particular region of the world. Indeed, even at home some people regret what popular culture is doing to America. Is it surprising, then, that societies having traditional cultures fear American influence when they can see its cultural ideas, widely disseminated through movies and other media, being accepted and lauded by their youth while old, proven values are put aside? It is not astonishing that many Muslims see America as a threat.<sup>10</sup> The fact is—American and Western culture is a threat. It is wreaking havoc on traditional societies, it is creating new realities which neither they nor America can control. This concern is no less prevalent in India than it is in Iran or the Arab states.

The United States should help South and Southwest Asian societies confront their fears and place them in perspective. It should try to explain the social and cultural processes at work, the fact that no culture can remain isolated in this day of instant audio-visual communication, widespread education, and interdependent economies. It must emphatically try to convince those who employ violence in an effort to protect their traditional values of the basic evil of terrorism.

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<sup>9</sup> *A National Security Strategy of Engagement and Enlargement* (Washington DC: The White House, 1995).

<sup>10</sup> For a good discussion of some of the attitudes at play see John L. Esposito, *The Islamic Threat: Myth or Reality* (New York: Oxford University Press, 1992); and Bernard Lewis, "The Roots of Muslim Rage," *The Atlantic Monthly*, September 1990, pp. 47-60.

The US will need strong military forces to deter potential adversaries in this region. While others can provide detailed analyses of the type of forces needed, it is clear that they must have certain characteristics. They should be optimized for ease of deployment and maintainability. Those forces should be interoperable with those of probable coalition partners and regularly operate with them so that tactical and operational procedures are common and seamless. This will become increasingly important in US relations with India.

Of particular relevance to this study is the prospect that India will seek to extend its influence to the Persian Gulf. One writer has described this possibility thus: "India's South Asia policy and diplomacy will be extended to the Persian Gulf, if not also to the Middle East. The two geopolitical regions, as noted, have developed many linkages which will not get snapped. . . India will probably be recognized as a power entitled to be linked to a regional security system for the Gulf arena."<sup>11</sup>

It is hard to say in what capacity, and under what conditions, India would consider becoming linked to a Persian Gulf security arrangement. That is because most roles that India might be asked to accept would earn it the animus of at least one Gulf state. For example, if India put troops ashore in Kuwait and/or Saudi Arabia to help them deal with Iraq, it would obviously anger Iraq. It would probably also anger Iran since it has long averred that only regional states should be involved in regional affairs. Most Muslims also believe that only Muslims should play an active role in Southwest Asian defense, especially of Saudi Arabia. A measure of confirmation of this was provided during the Gulf War when India's large Muslim population supported Iraq in spite of its unmitigated aggression against Kuwait. Hence a decision by an Indian government to get involved in the Gulf, especially with ground forces, would be fraught with danger. In view of the domestic risks and the chance that it could end up at cross purposes with regional states, or the US, India would wisely avoid assuming a significant role.

However, India could contribute to regional stability in other ways. It could offer logistic support to coalition nations, and such services as battle damage repair, with less risk than the actual deployment of forces to the Gulf. True, neither Iran or Iraq would be happy about that, but if suitably rewarded by Kuwait, Saudi Arabia, and others, India might accept that loss for a net gain in other areas. Further, the Indian Muslim population might see that involvement, if suitably packaged by the Indian government, as India helping protect the Muslim holy places in Saudi Arabia. This could actually end up improving the relationship of the Indian government with its Muslim citizens.

India might be able to contribute to SWA security with less danger via naval or air forces. Since it is now spending a large part of its defense dollar on upgrading its air force, air power will probably be its force of choice to influence the region or to assume a role in Gulf security. Not only is it India's most capable power projection force, it also has the advantage of being easy to deploy. If deployed to help with regional security it would also have a smaller footprint than ground forces, causing a host government less trouble from extremists or ultra nationalists.

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<sup>11</sup> Bhabani Sengupta, "India's South Asian Policy in 1990s," V Suryanaryan, ed., *South and Southeast Asia in the 1990s* (Delhi: Konark Publishers Pvt Ltd, 1992), pp. 68-69.

In general, however, it is doubtful that Indian air power would be of great military significance in SWA where most states will have topline Western aircraft. India would find sustaining deployed air forces a major undertaking especially if it continues to rely upon Russian aircraft. It would also assume some military risks with China and Pakistan by letting a complement of its more capable forces leave India.

Indian naval forces could also contribute to regional security. However, if India expects to employ naval power to influence events there, it will need forces that can project power and remain on station for prolonged periods. These forces have to be able to deliver ordnance ashore while simultaneously protecting themselves in demanding warfare environments. Normally aircraft carriers are necessary for naval power projection, although surface ships and submarines can have a strike role if suitably armed. Presently neither of India's antiquated aircraft carriers, fitted only with basic Sea Harriers, is able to conduct meaningful offensive operations ashore.

Additionally, none of India's surface ships or submarines are armed with cruise missiles capable of attacking targets ashore or fitted with robust combat systems capable of functioning in a high threat environment. While this may change by 2005, present acquisition trends do not support such a prognosis. Further, the acquisition of Tomahawk-like cruise missiles, and combat systems able to deal with robust anti-ship cruise missiles, will be an expensive option for a poor nation, even if the technology becomes considerably cheaper.

In conclusion, while Indian forces might have some political significance for United States regional strategy, they will have only modest military significance until beyond 2005. However, *having a cooperative or neutral India could be a critical factor in the event of United States involvement in future conflicts in Southwest Asia.* The United States should expend diplomatic effort building a consensus with India about its regional intentions so that India contributes rather than hinders United States' actions there.

## CHAPTER SEVEN

### Areas Where US-Indian Cooperation Could Occur

This chapter suggests areas where the United States and India can cooperate in both South and Southwest Asia, and areas where our interests will probably be divergent. A great deal of cooperation between the United States and India is possible, particularly with to: UN peacekeeping operations; efforts to control narcotic trafficking and terrorism; support to bolster regional democratic governments; and encouraging the development of a South Asia regional security mechanism. Indian leaders would probably welcome such cooperation. Even the general population of India is beginning to look at relations with the US in a different, more positive light. For example, during the 1991 visit to India of General Kickleigher, Commander in Chief United States Pacific Command, the previously unthinkable prospect of a bilateral defense relationship was tacitly accepted by Indian political parties.<sup>1</sup> For cooperation to evolve, both countries will have to work at scrapping old, irrelevant perceptions. That process will take time even with both working at it. The effort must begin now. In some cases, as noted, it has already. Below are listed some areas where mutually beneficial cooperation might occur between India and the United States.

A. *Freedom of Navigation.* Keeping critical sea lines of communication, such as the Strait of Malacca, open is important for the movement of both commercial and military operations. As United States force structure decreases, and trade with South Asia becomes increasingly important, the United States would benefit from schemes which permit it to keep fewer forces forward deployed by enlisting others who support similar national objectives.

B. *Support for Democracy.* Maintaining regional peace and stability by encouraging prosperity, and democracy is in the interests of both nations. India has helped enlarge democracy via its interventions in the Maldives and Sri Lanka. The US can cooperate to reject outside attempts to compromise national sovereignties in South Asia, and possibly Southwest Asia.

C. *Operations to Counter Drug Trafficking, Terrorism and Piracy.* Patrolling the Indian Ocean to control illicit drug movement, piracy, terrorist activity will continue to be a top priority of the US. Piracy is already of concern in Southeast Asia where Indonesian and Singaporean authorities have increased cooperation to deal with it. An International Maritime Bureau Piracy Center has been established in Kuala Lumpur.<sup>2</sup> As maritime commerce grows in importance in the Indian Ocean, piracy will become more prevalent there unless strong efforts are made to curb it. While regional navies will no doubt get involved, the navies of the US and India could play an important role in stopping piracy. They could also push for

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<sup>1</sup> Partha S. Ghosh, "Challenges and Opportunities: Indian Foreign Policy in the 1990s," in Kanti P. Bajpai and Stephen P. Cohen, eds., *South Asia After the Cold War* (Boulder, Colorado: Westview Press, 1993), pp. 119.

<sup>2</sup> Organization for Economic Cooperation and Development, *Maritime Transport* 1992, May 1993.

regional cooperation against piracy via ASEAN and APEC. Similarly, terrorism and drug trafficking are problems that could best be dealt with on a regional or larger basis. Both India and the United States, and other regional governments, should find much that they can do together at arresting these activities.

Combating religious extremism and terrorism. This must be carefully pursued as neither India nor the United States should campaign against any religion (be it Islam, Sikhism, etc.) In India alone there are 100 million Muslims. Extremism that breeds terrorism, rips at the very fabric of civilization, and cannot be tolerated. Both nations could pool intelligence, possibly even cooperate militarily, against transnational extremism. Both can use international fora to condemn terrorism and to encourage cooperation against it. India might also help Southwest Asian states to deal with terrorism. It has great experience dealing with low intensity conflict from its own terrorist problems in Kashmir and the Punjab. It could impart this knowledge to the security forces of the Gulf states.

*D. Humanitarian Assistance.* The governments should develop policies and procedures for dealing with disasters such as typhoons, floods, famine, and plague, as well as more routine situations such as Search and Rescue for mariners and downed aircraft. They could consider prepositioning disaster relief materials and supplies in South Asia, maybe at Indian naval or air bases.

*E. Supporting Republics of the Former Soviet Union.* Helping the Central Asian Republics evolve into democratic, independent, stable states will not only help improve their chances of successfully transitioning to democracy and open markets, but will improve the economy of the entire region.

*F. United Nations Operations.* India has been one of the UN's strongest supporters for the past 40 years. They have provided personnel for UN operations spanning the range from peacemaking to peacekeeping. Although the US is currently ambivalent about its relationship with the UN, this is one area where India and the US will undoubtedly cooperate.

*G. Counterbalancing China.* Depending on what role China decides to assume in the next century, military cooperation to balance it could be important for both India and the US. Cooperation could take place in such areas as anti-submarine warfare operations (e.g., joint tracking of Chinese submarines); anti-surface warfare operations (such as, compiling and sharing common surface traffic pictures); and intelligence.

*H. Arms Control.* While the US and India are likely to maintain their differences with regards to nuclear weapon proliferation, they should be able to cooperate in less sensitive areas of weapons proliferation.

I. *Defense Research and Development.* Present defense cooperation programs, such as that for the Light Combat Aircraft, can be expanded. To facilitate this evolution, the US should ensure that its delegates on the US-Indian Joint Technical Group, which is charged with developing activities where cooperation can occur, are competent and sagacious.<sup>3</sup> These individuals should be able to identify areas where fruitful cooperation can occur, and avoid activities that can hinder relations. Along this line, US defense planners should recognize that the US government invests billions of dollars a year in software development, a field Indians contribute to both in India and via US or multinational corporations. The US could reduce development costs on selected weapon systems if it would cooperate with India in their development.

J. *Scientific Research and Development.* India produces some of the best mathematicians, biologists, and physicists in the world. It has a space program and is eager to participate in cutting edge aerospace technology. With such varied interests, India should be able to find areas where cooperation with the US would be fruitful for both. Other areas of possible cooperation include biotechnology, the agricultural sciences which are vital to keeping India's "green revolution" alive, and the "hard sciences." The US is now cooperating in such sensitive areas as space and supersonic transport technology with Russia; thus, cooperation with India could hardly be considered an unacceptable security risk. The costs of supporting hard science research are becoming daunting even for the US, joint activities promoting such science should be both beneficial and attractive. Such cooperation would allow the US to continue to aggressively work in all of these areas, which are essential to the scientific breakthroughs and economic progress in the next century. There is precedent for such cooperation in the 1980s.<sup>4</sup>

K. *Regional Economic and Security Cooperation.* The US and India should encourage economic integration and cooperation among the nations of the region as well as multilateral regional security arrangements. As economic interdependencies increase, there will be stronger reasons for South Asian states to cooperate on regional economic, military and security issues. The US and India should facilitate this process since a stable regional environment will help propel economic development and require less engagement by the US on the military level.

L. *Enforcement of UNCLOS.* The two states should be able to cooperate to resist maritime claims of others which exceed those recognized by the UN Convention on the Law of the Sea.

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<sup>3</sup> United States Information Service, "Agreed Minutes on Defense Relations Between the United States and India," 12 January 1995.

<sup>4</sup> Selig S. Harrison and Geoffrey Kemp, *India & American After the Cold War* (Washington, DC: Jarboe Printing Co., 1993), p. 42.

*M. Environmental Cooperation.* Both India and the United States are concerned about the degradation of the environment, including air and water pollution, deforestation, and over-fishing. They disagree over who is responsible for solving these problems and the priority they should assume. This is further discussed below. The fact remains, environmental issues will increasingly demand action. As noted in Chapter Two, India has serious problems with air and water pollution which will increasingly sap its ability to develop. The US has many technologies that could help meet those challenges as well as other environmental quality problems. Both nations need to develop greater understanding of the perspective of the other on these issues and act together for the common good. Only a balanced, comprehensive effort will solve global environmental problems. These problems cannot be ignored or left to fester.

### *Impediments to Cooperation and Flare Points*

In many cases, impediments to cooperation are the reverse side of opportunities discussed earlier. The comments below are intended to better reveal their contours. Impediments to cooperation include:

*A. Nuclear Weapons.* Disagreement over the Indian nuclear program, nonproliferation, and nuclear testing are bound to continue. India's position is that all nuclear weapons should be eliminated in accordance with Chapter Six of the NPT and that selective enforcement of the NPT must cease. The US needs to reassess its policies since the current approach will neither promote better relations nor terminate existing nuclear programs. Only a stable, secure regional environment will restrain a paranoid nation from acting vigorously to ensure it can defend itself. The US would be better advised to focus its efforts on that agenda. Doing so might allow it to keep the pressure up on real rogue states such as Iraq. Present US efforts in this area are seen as misguided and discriminatory.

*B. Double Standards.* India believes that US policy is inconsistent. This is especially true with regards to the NPT and the Missile Control Technology Regime.

*C. Pakistan.* The US has pursued a policy with Pakistan based on the premise that the Indo-Pakistan relationship requires a balancer. As long as this policy is pursued, relations between the US and India will be strained.

*D. Access to Technology.* Controls that limit access to cutting edge technologies will continue to irritate India. Many of these are based upon efforts to limit India's ability to develop WMD or ballistic missiles. Essentially, these efforts have already failed. The widespread availability of extremely powerful computers means that proliferation will happen. Current policies encourage the perception that the US is sponsoring a nefarious plot to keep underdeveloped countries weak.

Many so-called "dual use" technologies will become available to virtually any state determined to acquire them. Without cooperative agreements in place this could be costly. US businesses could lose important markets and, in return, the US will have gained almost nothing of significance in terms of enhanced national security. Rather than feed these suspicions, and hurt the competitiveness of American firms doing business with India, a thorough review of the actual utility of these control safeguards should be completed.

E. *Immigration Barriers*. This could become an issue if the US enacts legislation that is seen as unfairly restricting Indian emigration.

F. *Interference in Regional Affairs*. The US should not influence regional affairs except when it has a real national interest. Too active of a US posture draws Indian criticism making it harder to cultivate better relations in more critical areas. The US cannot police the world alone. The US electorate will no longer tolerate operations unless significant interests are involved. Policymakers must concentrate on the important issues and leave most other issues to be decided by regional states.

G. *Trade Disputes*. The US Omnibus Trade and Competitiveness Act, especially Special 301 Provisions concerning unfair international trading and investment practices, is seen as being unfairly used against India.

H. *Human Rights*. The US should understand the profound security problems faced by India, and grant that it must occasionally suspend some civil rights while never relenting on the importance of maintaining basic human dignity.

I. *The Environment*. Even though this was also listed as a possible area of cooperation, it cannot also be a source of disagreement. The US and the West consume an inordinate amount of the world's resources. Some in India believe that what is needed is a "revolutionary turn-around of the developed world's societal values in living standards and lifestyles" and they call for the United States, as "the chief protagonist and practitioner of capitalism and the biggest consumer of energy and materials in the world" to "take the lead in making the sacrifices and the major restructuring involved."<sup>5</sup> While most Americans would resist the sharp decline to their life styles which would result from the above suggestion, in the long term the United States must decrease the negative impact high American consumption has upon the world's environment. Along that line, it must help developing nations obtain modern technologies that reduce environmental pollution.

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<sup>5</sup> Air Marshal J. Zaheer, (Ret), "New Global Security Dimensions." paper presented to the Beijing Institute for International Strategic Studies, quoted in *The Journal of the United Service Institution of India*, October-December 1992, vol. 72, no. 510, p. 458.

*J. Arms Control.* This is another area that is just as likely to create confrontation as cooperation. The US transfers large amounts of conventional arms to South and Southwest Asia. According to the US Arms Control and Disarmament Agency, South Asia's share of the world's arms imports grew from 4.9 percent in 1981 to 11.4 percent in 1991. The share for the Middle East, which would include the Persian Gulf region, grew from 35.9 percent to 41.4 percent during the same period.<sup>6</sup> Significantly, the US accounts for much of that trade in arms. If India decides to develop its own arms industry, it will invariably compete with that of the United States. Further, the US is likely to insist that India agree to controls on what and to whom it sells. If US arms merchants corner most of the "legitimate" SWA market, which they nearly have, India could find it both attractive and expedient, like Russia and China have, to enter those markets where the US, and most of Europe, is absent. That means selling to Iran and Iraq. While not presently an area of contention, it could become so if the US fails to take actions now to encourage India to stay out of that market. Only if India can look at a comprehensive set of beneficial relations that it would forfeit if it enters the SWA arms market, and which outweigh the benefits SWA weapon sales would bring to its struggling defense industry, can competition in this area be avoided.

Sustained effort, supported by strong political leadership, high level political and military counterpart visits, joint exercises, along with the participation of business, can help develop a strategic vision that will permit action for the common good in SA and, to a lesser extent, SWA.

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<sup>6</sup> Source: World Military Expenditures and Arms Transfers, 1991-1992 (Washington, DC: US Arms Control and Disarmament Agency, 1994), p. 5.

## CHAPTER 8

### Conclusions

With its force structure and defense budgets in decline, the United States will become much less willing to shoulder all of the costs for preserving security in South Asia and elsewhere. It may be necessary for it to obtain the assistance of selected regional powers to protect US vital interests. India, a democracy with growing economic ties to the United States, might reasonably assume such a role in South Asia. The United States and India have similar broad interests in the region even though they are often in dispute over specific policies or issues. To be sure, for such cooperation to flourish, the two nations will have to engage in a sustained dialogue. Such dialogue is already occurring, and with increasing in frequency.

Even should ties with India improve, however, it grate under any suggestion that it is a pawn of US foreign policy. It will cooperate with the US when the two countries' national interests overlap, but will otherwise remain aloof and independent. It will be eager for good business ties with the US, but will avoid offending SWA states and its own Muslim minority, by appearing to be too closely allied with the US. Indian military forces are unlikely, in any event, to be able to project more than modest power. They will not be robust enough to provide militarily significant contributions to any regional security scheme, however, the political significance of receiving Indian support should not be discounted.

Even though the primary Indian Ocean/Persian Gulf interest of the United States is access to oil, other commercial ties will continue to increase in importance. The Indian Ocean is one of the world's most important sea lines of communication, and India controls the heart of it. If India can overcome its tremendous domestic problems and maintain even a modest rate of economic growth, its influence will not only dominate South Asia but will increase worldwide. With a population estimated to equal or surpass China's during the next century, India could easily been seen as the next great market for the world's goods and states will be courting its friendship as vigorously as they have China over the past decade. America will undoubtedly be one of those suitors. The conundrum faced by the US is that it will be forced to reevaluate its relationship with Pakistan. India is unlikely to provide the US with any special commercial relationships while the US acts as the region's balancer.

This dilemma can best be overcome by recognizing India's special status (including as a nuclear power) and working to insure that India follows the same safeguards and principled behavior that has marked other powers in the nuclear age. As India sits down at the main table of international relations, it will stoutly pursue an independent course. It will likely become a benign hegemon in the Indian Ocean region and will prefer investing its scarce national treasure in further development than in defense. The US can encourage this course with the result being a more stable and prosperous region.

The wild card in this scenario is China. If China moves aggressively into the Indian Ocean, India will respond with a naval buildup of its own. It might also seek an accommodation with the US and institute a combined exercise program. Pakistan is unlikely to be drawn into such an accommodation and China might try to outflank India by reaching an arrangement with the Pakistanis. Other factors that will affect regional stability and security include the future of the royal families on the Saudi Peninsula and whether or not Iraq and Iran shed their rogue state status. Regardless of how events turn, it is certain that they will be easier to deal with if India can be counted on for support.