

# Essay

## India in an Age of Uncertainty and Instability

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**A**n expansionist China, focused on realising the Chinese dream of becoming the dominant power, and a USA that is giving short shrift to time tested policies, approaches, and agreements under President Trump, have together plunged the world into an age of uncertainty and instability. Their hegemonic tendencies, unilateralist proclivities, and disruptive policies in pursuit of short term self-interest to the detriment of the existing world order cannot but be a matter of concern to the international community.

### Expansionist China

It is clear that China will aggressively deploy its considerable political, economic, military and diplomatic clout in pursuit of its strategic objectives. While some years earlier, China identified its core interests as limited to Tibet, Xinjiang and Taiwan, today they are virtually all- encompassing. Using “sustainable economic development”, as a pretext China today is prepared to safeguard its investments, trade and related activities the world over by military means. This explains its brazenly aggressive postures in the South China Sea, in the East China Sea, at Doklam, and on Arunachal Pradesh. Indeed, the PLA’s expanding footprint abroad is quite apparent with development of overseas military bases and logistic facilities at places like Djibouti, Gwadar, Ormara, Hambantota, etc. India is clearly in the cross hairs of China's expansionist endeavours as evidenced by its moves to undermine the former's influence in Southern Asia and its implementation of the China Pakistan

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Economic Corridor (CPEC) in disregard of India's sovereignty concerns in Jammu and Kashmir. The Belt and Road Initiative (BRI), of which CPEC is a part, is the vehicle for channelling its political and economic ambitions to dominate Asia and ultimately catapulting it into becoming the world's pre-eminent power.

China's expansionist moves fly in the face of international norms and merely rest on its own convenient make believe. In the case of the South China Sea, the Hague Permanent Court of Arbitration has ruled that China has no legal basis to claim "historic rights" to the bulk of the South China Sea and other disputed areas. Similarly, Chinese claims to Arunachal Pradesh are based on the ridiculous assertion that it is "South Tibet".

As in its foreign policy so too in its economic policies China has displayed no hesitation in flouting international norms and even commitments. It has thus failed to fully comply with its WTO accession commitments and membership requirements. For instance, it has not delivered on substantially reducing export subsidies, providing foreign banks with national treatment, opening the telecommunication market to foreign producers, significantly reducing intellectual property theft and violations, not requiring technology transfers as a condition of market access etc. Moreover, Chinese economic and trade policies undermine the basic principles upon which the WTO, and indeed, globalization is based notably national treatment, non-discrimination, transparency, and the primacy of rules-governed, market-based trade.

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### **Unpredictable US**

While an expansionist China could have been handled, albeit with considerable difficulty, with help from a wisely led USA the situation is exacerbated by its being led by as whimsical and unpredictable leader as Trump whose actions are dictated by perceived short term US interests rather than by a statesmanlike approach calculated to promote international peace and stability and address the challenges posed by China. In a reckless pursuit of his "America first" policy Trump, in disregard of WTO norms, has imposed huge duties on the import of steel and aluminium as well as several other products on friend and foe alike. All the countries

affected, ranging from China to those in the EU and from Canada to South Korea, are naturally incensed and many have or are in the process of imposing retaliatory tariffs on U.S. goods. The world is thus on the abyss of a trade war with unforeseeable prospects.

Trump's disregard of international norms and agreements is no flash in the pan. His moves to impose import duties, on all of sundry against allies and competitors alike, come in the wake of his unceremonious abandonment of the long pursued US efforts to concretise the Trans Pacific Partnership, his criticism of NAFTA, his walking away from the Paris Agreement, his unwarranted abandoning of the Iranian nuclear deal, which ensured that Iran would not go nuclear along with re-imposition of US sanctions on it and announcement that the U.S would withdraw from the Intermediate Range Nuclear Forces (INF) Treaty concluded with the Soviet Union in 1987. The moves against Iran will not only cause much collateral damage for those engaged in economic and commercial cooperation with it, including oil imports, but can end up in Iran going nuclear, which in turn could lead to further nuclear proliferation in West Asia. Abandoning the INF treaty is also a short sighted move which not only exacerbates ties with Russia but also ties Washington's hands in its endeavour to curb nuclear proliferation.

As against these disruptive US moves it could be argued that it has made some progress in dealing with North Korea and that Trump unlike his predecessors did not stand on ceremonies in meeting with Kim Jong-un at Singapore and Hanoi. Since, however, the agreement reached between them carries little detail and since similar pleasing noises have in the past emanated from North Korea with no follow through, there is a high probability that success on this issue will be illusory. This is borne out by the fact that the follow up Trump-Kim summit in February, 2019 ended in no agreement. The negative of the Trump-Kim dialogue from the point of view of those who attach a high value to their friendship with the US is the latter's putting off its joint military exercises with South Korea and indicators that it would like to withdraw its forces from that country. Indeed, this comes in the wake of statements by Trump several months ago that it is uncomfortable with having its forces in countries like South Korea and Japan and that they must invest more in their own security.

In the coming weeks and months Trump could have for us some more surprises: some welcome and some not so welcome. Amongst the welcome initiatives

could have been a US move for a rapprochement with Russia --though this appears unlikely at this point as new fronts for acrimony and arms competition are being opened up following US withdrawal from the INF Treaty. Such a development is highly desirable as it would decrease Russia's dependence on China and lead to the US abandoning its moves to impose sanctions on those engaged in defence and security related trade with Russia.

A most unwelcome surprise would be a Sino-US understanding on their forming a duumvirate to jointly manage major global and regional issues. Trump and Xi Jinping may well be attracted to such a move as a management strategy particularly for the short to medium term till such time as one or the other decides to walk out of it. Such a possibility cannot be ruled out, even though there are many indicators emanating from the US that it regards China along with Russia as a major security threat, since the US in the past has toyed with this idea. Trump, moreover, intervened personally at Xi Jinping's urging, to reverse a US Congressional ban on dealings with ZTE, China's leading telecommunications and systems company, which had violated US sanctions by its exports to Iran and North Korea. The ban had brought ZTE to its knees but Trump went on to reverse it.

### **Other Regional and International Factors**

The uncertainties which characterise the world today are further compounded by an effete and floundering EU, a Russia desperate to find its place in the sun, a Japan mesmerised by the emergence of a hegemonic China and by apprehensions about the reliability of its US ally, and a West Asia in turmoil with raging conflicts in Syria and Yemen, a fierce Shia-Sunni divide, vicious differences within the Sunnis as evidenced by the Saudi led effort to bring Qatar to its knees to the detriment of GCC unity, enhanced tensions between Israel and the Palestinians, and the emergence of "strong", ambitious, and hot headed leaders like Prince Salman of Saudi Arabia. Amongst the latter must be included Erdogan of Turkey who has returned to power with vastly enhanced authority and inspired by a volatile amalgam of nationalism, Islamism, and dreams of reviving a forgotten empire.

The aforesaid daunting international scene becomes grimmer if one factors in the continued threat of international terrorism in the absence of a concerted international effort to stamp it out, the greatly enhanced possibility of nuclear proliferation arising from the US rejection of the 2015 the Joint Comprehensive Plan of Action (JCPOA) on Iran, the ravages that will be wrought by climate change, which

is unavoidable with the unravelling of the Paris Agreement, together with the reluctance of the developed world to provide the required resources for mitigation along with technology transfer, the spectre of water wars arising with the steadily increasing water scarcity the world over, increasing environmental degradation, the looming menace of pandemics which heightened mobility have enhanced, and the exponential growth of cybercrime and cyber-attacks.

### **India's Policies**

Under the impact of an aggressive China many countries like India had gone the extra mile in cultivating close ties with the USA in the hope that it would prove to be a sober and reliable partner focussed on evolving an environment designed to curb China's expansionism. However, Trump's unilateralism and disregard of the collateral damage caused by it even to friends has resulted in many countries resetting their ties with China. Thus ironically while the US regards China as an adversary its unwise and short sighted policies have resulted in many countries which were drifting towards it to now change tack and seek a modus vivendi with the latter. It is not India alone which has had its Wuhan moment so have countries like Japan and Vietnam.

All countries will inevitably be challenged to varying degrees in the age of uncertainty, which can also be termed as the age of anarchy, as the established international order is in a state of near collapse.

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The challenge to India will be particularly severe as it is on a collision course with two of its neighbours--notably China and Pakistan. The former because it cannot accept multi-polarity in Asia and the latter because of its anti-Indian

DNA. The lack of sufficient military and economic heft to frontally address a Sino-Pakistani collusive threat, absence of assured diplomatic support from the big players on issues of critical import, and over dependence on imports for military supplies, energy, and several important items for its economy, makes India vulnerable to all manner of pulls and pressures which can adversely affect its strategic autonomy. Many of India's problems would have been eased had the USA been a more dependable partner as the convergence of values and interests between the two provided the ideal foundations of a mutually beneficial relationship. As of now, not only are the prospects of a durable partnership with Trump's USA shaky but frictions with it appear likely with its imposition of duties on Indian exports, restrictions on

grant of visas to Indian nationals, and the prospects of sanctions on India for its import of Russian military equipment and commercial dealings with Iran.

In order to cope with the challenges confronting it in this age of uncertainty, India needs to speedily enhance its comprehensive national power, involving not only military and economic capabilities but also those in areas like health, education, and science and technology. Additionally, it will have to use deft diplomacy and soft power to build up its support and standing internationally and in the neighbourhood. The enhancement of military capabilities requires not merely a sharp increase in defence expenditure, which presently as a percentage of GDP is at an all-time low, but also its more effective utilisation, far greater indigenisation of defence production, more harmonious civil-military relations, and greater joint-ness within the Armed Forces.

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Speedy economic development is also the need of the hour as a nation's economic clout is a critical element in its comprehensive national power. Such economic clout is derived by the size of the economy as evident from its GDP and from the economic well-being of its people of which per capita GDP is an indicator. While India's GDP of about US \$2.8 trillion makes it the sixth largest economy in the world its per capita GDP of about US\$2135 places it amongst the poorest countries in the world at the 142nd rank. This accounts in some measure for India's abysmal Human Development Indices which detract from its comprehensive national power, including soft power, and is reflective of the decades-long neglect of critical sectors like health, education, sanitation. India must, therefore, immediately pull out all the stops to ensure the economic well-being of its peoples.

All hindrances to economic progress must be curbed and all steps which facilitate it should be encouraged. Indeed, the touchstone of any move must be its impact on growth and development. Accordingly, meaningless acts such as ban on cow slaughter or liquor, religious discord, and caste based politics which are detrimental to growth should be eschewed and policies conducive to growth should be adopted like privatisation of non-strategic and loss-making public sector enterprises, bold labour reforms that inter alia give greater flexibility to employers to

hire and fire workers, lower tax rates particularly for the corporate sector, strong incentive for R&D, promotion of the ease of doing business and indigenisation.

While India is set to be a US\$5 trillion economy by 2025, an effective response to the uncertainties which now face it, including the Chinese threat, would be to aim to become a US\$10 trillion economy by that date. This is entirely feasible given the will and adoption of the approach cited above. This would be further facilitated if the targeted growth of a few selected sectors like agriculture, infrastructure, housing, health, education, defence production and tourism is taken up in mission mode.

India's current over \$ 60 billion trade deficit with China is unacceptable. It is the result to a large extent of Chinese dumping and its restrictive approach to imports from India.. Economic engagement with China is not only destroying segments of India's industry but also creating an unhealthy dependence in critical areas like active pharmaceutical ingredients and electronics. As in defence so too in other sectors of our economy India needs to lay greater stress on indigenisation and ensure that "Make in India" becomes a reality. This is all the more important in the context of the trade wars which are threatening to engulf the world. While India may welcome Chinese investment in non-sensitive areas and where they will help increase indigenous manufactures, Chinese exports which are destroying production capabilities -- in areas ranging from toys to electrical items and from fireworks to

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tyres, where India has the required capacities-- must be given restricted entry. Whatever can be made in India should be made in India and it should not feel shy of protecting its industries from having to face competition from a China which by resort to unfair tactics is able to flood the Indian market with cheap goods. In critical

areas where India does not have capabilities they should be built to avoid dependence. At the same time, India needs to ensure exports to China of Indian value added products such as pharmaceuticals and software. The export to China of raw materials needed for the industry may be discouraged as the effort should be to encourage value addition in India.

Nimble footed diplomacy is called for in order to keep China engaged and to prevent the relationship from spiralling out of control as well as to develop closer linkages with the USA, Japan, Vietnam, and Indonesia as part of a strategy to balance

China. While the USA under Trump will obviously not be as reliable a partner as one would have hoped, nevertheless given the common threat posed to it and to India by China and given the enormous convergences between the two countries on a variety of issues it is imperative to cultivate close ties with it to the extent feasible. In the management of relations with China and USA there will inevitably be issues on which there would be differences. It is essential for India to have clarity on which of these issues it would not allow itself to be pushed. For instance, while vis-a-vis China it should continue its opposition to OBOR and PoK related projects, vis a vis USA it must not allow any sanctions imposed by it to limit vital dealings with Russia and/or Iran.

A major flaw in India's diplomatic endeavours has been that in the last decade and a half the upswing in India-US ties has been mirrored by a cooling off in India-Russia ties. Despite apparent divergence with Moscow on its support for the Taliban and aspects of its Pakistan policy, New Delhi's approach needs to be readjusted. Russia has for decades been a reliable partner which has not hesitated to exercise the veto when needed on India's behalf, that it is the source of much of India's defence supplies, and that it has the potential of regaining its status as a super power. A reinvigoration of India's relationship with Russia would help to some extent in insulating it from the vagaries which it will have to face in this age of uncertainty. The fact that the Government did not cave into the threat of US sanctions and was able to reach an understanding with Washington on the import of the S-400 anti-missile defence system from Russia should go a long way in shoring up ties with it.

### **Neighbourhood Policy**

The successful handling of the threat posed by China also demands that India establish friendly and mutually beneficial ties with its immediate neighbours, to the extent possible, so that they are less prone to be used as proxies against it. Given China's considerably greater economic clout and its propinquity to cultivate India's neighbours, its increasing influence in South Asia is an inevitability in the short to medium term and India will have to learn to live with it. India does not, however, need to panic as it enjoys two major advantages over China in South Asia, notably unique people to people links and kinship and the pull of its soft power which it can productively exploit.

While India's close bonds with its neighbours in terms of the many shared commonalities of history, language, mores, culture, literature, food, music, and dance

are only too self-evident, its soft power needs a little explanation. India's soft power essentially draws sustenance from its being a non-hegemonic power, a secular, democratic, and pluralistic society with an active parliament, independent judiciary and lively media, which is also one of the fastest growing economies with notable technological accomplishments in many spheres such as medicine, space and atomic energy. In sum, the amalgam that is India has considerable gravitational pull or attraction which China lacks. To the extent that India can capitalise and build on these attributes its soft power would be enhanced. Hence the need to ensure that India's democratic institutions retain their vibrancy and efficiency.

Over time India's traditional links with its neighbours along with its soft power can prove to be decisive in enhancing its influence amongst them particularly when juxtaposed with Chinese arrogance and over reach, which has already had negative fall outs in Myanmar and in Sri Lanka. In its dealings with neighbours, India should strive to demonstrate that unlike China it has no axe to grind and has no intention of dictating terms and is merely interested in doing what it can within the limits of its constraints and means to promote mutual well-being. In short, India's policy should be one of benign involvement with no trace of political interference or grasping commercial interest, much as it has been in Afghanistan. The government's moves in its dealings with Seychelles are thus to be commended where it has signed on to cooperation programmes with it even though the latter had second thoughts on providing the Assumption island basing facilities to India. The template for India's relationship with each of its neighbours needs to be mutually beneficial and keep in mind the sensitivities and interests of both sides.

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To be sure India should not hesitate in making it plain that while it is interested in promoting development in the neighbourhood such a policy would not extend to promoting selfish Chinese goals and India cannot, therefore, be expected for instance to guarantee electricity off take from hydro power plants built by them in Nepal. Indeed, New Delhi should have clear cut red lines and neighbours should be made aware that if these are crossed their moves would inevitably have consequences.

Naturally India's benign neighbourhood policy should not extend to Pakistan given its blatantly anti-Indian DNA. Placatory steps vis a vis Pakistan are uncalled for and would be counterproductive as they will be seen as signs of weakness. India, instead, needs to pursue hard headed and sustained policies aimed at undermining it, as Pakistan is congenitally configured to act in an adversarial mode.

The Modi government is currently on the right track by pursuing firmer policies vis-a-vis Pakistan than those attempted in the past. The free hand given to the Army to respond to cross border infiltration, the surgical strikes on Balakot, the non-resumption of the composite dialogue process, the highlighting of human rights violations committed by Pakistan in Baluchistan and elsewhere as well as in PoK, the sustained and vigorous projection of Pakistan as a terrorist state, and the endeavours to move towards the full utilisation of the Indus Waters in accordance with India's Treaty rights are steps in the right direction. Many additional measures could also be considered such as exploiting its fault lines, resorting to covert actions to take out terrorist elements and their supporters in Pakistan, passing an Act of Parliament declaring Pakistan a terrorist state, opposing economic assistance to Pakistan and even walking out of the Indus Water Treaty.