

CHAPTER II

THE PROGRESS AND DYNAMIC OF INDIA FOREIGN POLICY

This chapter will explain about India's character related to development of foreign policy after independence in 1947 until India's latest foreign policy changes in 2014. Additionally, this chapter will explain the dynamic of India foreign policy through three periods. They are the post-independence, during cold war era and the post-cold war era. From each era, it will be explained upon what foreign policy applied and development in some sectors.

A. Post-Independence Foreign Policy

The success of India in economy, military and politic cannot be separated from the struggle of dark historical background from The Great Britain colonization. Suffering from great poverty and agriculture catastrophe, the country could not feed its population. This motivated India to open for cooperation with international institution. Because of its policy, India could pass poverty and started to build infrastructure. Starting from Jawaharlal Nehru, Indian late Prime Minister after India's Independence that left deep impact on conducting foreign policy, India gained global recognition and was more than welcome to join mutual relation. India's foreign policy encountered major changes from Nehru's idealism to realism and pragmatism in ideological and political contexts.

India has been colonized by the British government for more than 200 years, this was the reason why India's relations and decision were controlled and conducted by the British secretary of states. After India was given political Independence from The British government, in September, India first Prime Minister

Jawaharlal Nehru declared that India should take full participation in international stage as a free nation with its own policy. This declaration showed that India had a serious attempt to make independent foreign policy without interference from any other state including the British Government. Nehru's optimism and idealism on articulating global order brought India to formulate a principle as the approach of world's peace (Das, 2013). To achieve India's goal after independence, India set a guiding principle of idealism as the approach in international relation. This principle was called Panchsheel. This has become the guide on how India participated in global stage.

Those five principles are:

- a. Mutual respect for each other's territorial integrity and sovereignty
- b. Mutual non-aggression against anyone
- c. Mutual non-interference in each other's internal affair
- d. Equality and mutual benefit
- e. Peaceful co-existence (Dasgupta, 2016)

These principles were believed as the most suitable way of thinking for a newly independent decolonized country which was more engaging and giving hostile image in international stage. This principle was originally agreed by China and India for the guide of cooperation and relation, but the principle was broken between both side as the effect of distrust. More specifically, it referred to as the principle of non-intervention and peaceful coexistence. This was realized when China tried to pursue its national interest by dominating the global stage and spreading influence

internationally. For India, the main component of after-independence foreign policy was co-existence with all countries.

The factors contributed to the development of India foreign policy at that time were ideology of national leaders, power politic of super powers, Cold War era and the history of colonization. The awareness of leader's thought could influence India Foreign Policy. In that time, scholar who contributed to influence India's leader was Mahatma Gandhi whose principles including peace, non-violence, and brotherhood became the basic of India's Foreign Policy named *Panchsheel* principle. Influenced by Mahatma Gandhi, India's prime minister adopted inward orientation which became the central component in economic planning and political strategy in the mid of 1950s (Basu, 2016). This inward policy showed that India was a self-defining state without influence of great power.

Having independence in the Cold War period forced India to define its stance in global stage. Cold War was a global supremacy competition between the United State capitalism against The Soviet Union communism, and both of the country struggled for power by influencing countries to adopt their ideologies. Using *Panchsheel* principle, India decided not to follow any ideologies from the United States nor the Soviet Union. Not only India which had this stance but also several countries that were decolonized and fought for independence, created a group which was called Non-Alignment Movement. This was a group of a newly independent states which refused to accept any order from superpower countries and decided to run the states

according to related state's willingness. Thus, *Panchsheel* was a very important principle to fulfill India's goal by limiting India's relation with other states.

To achieve national interest, India tried to promote international peace as a sovereign state by using non-state alignment and non-involvement principle. Nehru tried to keep India ideologies from Western Liberal Democratic and the Soviet Union. This led India to have a unique diplomatic position in the global stage. By not joining any organization or alliance block to show support for Western ideologies and Soviet ideologies, India has achieved its goal to promote independent foreign policy and maintained international peace according to idealism of Nehru's golden era. To foster cooperation, India organized a conference with Asia Relations whose delegates were 29 countries under colonial rule struggling for freedom and showing an attempt to express solidarity among Asian people through special conference held in Indonesia called 1955 Bandung Conference (Jaffrelot, 2003). This non-align movement played a vital position on maintaining global order in peace condition while establishing economic cooperation among countries.

Not only in political sector India decided to become independent without major power influence, but also this applied in economic sector. In economic sector, India chose the principle of independent economic. India was afraid that if the country invited any foreign country, it would lead to the new imperialism through domination of trade and investment. To run the economy activity, India adapted the socialism from the Soviet Union through five-years plans. Because of this adaptation,

India believed that the market could not be trusted to produce social result for every person in India. Thus, the government must determine which country's resources should be produced, what location was used to distribute and by whom the process was done. In other words, the people could not decide what they wanted to produce and consume.

Implementing this policy, nothing could be manufactured by civil society because they needed a license form the government to produce goods. Unfortunately, the process of getting license was hard and expensive. If someone tried to improve the manufacture or tried to conduct any import activity, they will be prisoned. Based on India's government sacred plan of economic path, the country's share in global trade always declined from 2.2 percent to 0.45 percent within ten years. This statistic showed the success of India government to limit production and distribution for the people. Also, India's population faced poverty where the economy rate was just 3.55 percent GDP growth. As the population growth has been doubled since the independence, the number of poverty in the country automatically doubled (Aiyar, 2016).

B. Cold War Era

After being given an independence from British Government, India was a sovereign state that believed peace and co-existence were the key to international system. India was trying to maintain good relation with her gain neighborhood country in Asia, China. Both of the country rejected the idea of colonization and imperialism. In 1946, India Prime Minister Jawaharlal Nehru stated that "China that mighty country with a

mighty past, our neighbor, has been our friend through the ages and that friendship will endure and given.” For many years, India and China has built friendship with the five principles of coexistence or *panchsheel* as the basis of the relationship.

However, India did not expect China to launch an attack in 1962 related to border dispute. Originally, the attack was because of accumulation years of dispute between India and China. Nevertheless, experts believed that Tibet region was the main dispute issue between two countries (Luthfi, 2017). The war continued for a month, 80.000 Chinese troops attacked 10.000 Indian troops, the result was Chinese won over India. Because of the war, India was defeated by China which then gave big impact to Jawaharlal Nehru. Then, India realized that they could not adopt idealism in India foreign policy. The war ought significant understanding for India to rise its military base, so Nehru started to move toward developing of military power. In the early 1970s, the defense spending rising to 40percent (Garver, 2001).

A few episodic events of 1962 Indo-Sino border war and the Kashmir Dispute, have given big impact to India’s security and political action. The fall of Soviet Union also force India to change in drastic level of domestic politics and foreign policy significantly to balance global political system. In another event, India faced fiscal crisis caused by the Gulf War in 1991 (Mohan, 2002). Because of these events, India changed her commitment and principles in domestic policy by joining agreement to import-substituting industrialization, easing set of regulations, license, permitting quotas which lead to smoother economic

growth (Bhagwati & Srinivasan, 1993). Not only did domestic policy change India but also political arena. It was said that India's principle in International stage was non-alignment and non-involvement, However, in the post-Nehru era, this started to disappear. This time, India started to change its country direction into less idealistic nation i.e. maintaining peace by non-involvement principle to take part in international relation.

Politically, India had several relations with Southeast Asian countries such as Myanmar and Indonesia in cold war era. This was because they had organized a conference held in Bandung in discussing neutrality between the United States and Soviet Union. Yet, in 1960s, the relationship between India and Southeast Asia countries tensed as Prime Minister Nehru decided to build a relationship with Soviet Union. From this moment, many Non-Alignment countries questioned India's commitment and norm. After Nehru died in 1964, Indira Gandhi, the new Prime Minister signed an Indo-Soviet Treaty of Friendship whose main focus was giving support from Delhi to Moscow in 1971 (Ganguly & Pardesi, 2009). Then, the relationship gap between India and ASEAN countries became wider but it started to become closer when Delhi supported Vietnam that invaded Cambodia in 1978 (Jha, 2011).

Getting geographic advantage, India dominated the South Asia continent. The country shared land border with Nepal, Bhutan, Bangladesh, Pakistan, Sri Lanka, Maldives and Afghanistan. Surrounded by insecurities and conflict, India was afraid of major power countries which influenced the neighborhood countries. Under cold war circumstance, India tried to avoid bipolar states.

Therefore, when Bangladeshi Prime Minister initiated the South Asia Regional Cooperation in 1980, India rejected that idea. India was afraid that non-traditional issues within South Asian countries affected India's position, especially Pakistan issue in which India had problem with. However, India joined South Asia Regional Organization along with Pakistan. This organization was based on soft multilateralism founded on norms and consensus that excluded the issues on security in the forum. The South Asia Arrangement Regional Cooperation (SAARC) was signed in 1985 by Bangladesh Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. Nevertheless, Afghanistan joined the cooperation in 2007 (Delinic, 2011). Overall, this India believed that this regional organization only suggested economic cooperation without having significant changes for India.

C. Post-Cold War

In 1980s, under the leadership of Indira Gandhi followed by Rajiv Gandhi, India had poor macroeconomic policies leading to unsustainable fiscal and external imbalance such as low foreign exchange reserves and foreign policy crisis. In Western perspective, India was a poor country. More than half of poor people in the world live in India. Predominantly they live in northern part of India. For example, Calcutta, had more than 100 million people earned less than \$1 a day and 300 million people lived under India's poverty line. At the end of cold war in 1990s, India faced significant changes in international relation and India was forced to solve domestic issues as well as international issue that became more complex. This was mostly because of the emergence globalization affecting all

country, which triggered many states united together to hand in hand respond the emerging challenge. Dealing with these issues, India was forced to adapt its foreign policy in order to maintain power in international stage.

A new period of India appeared in 1990s. That time happened when a new Prime Minister of India was elected. The new prime minister provided development in foreign policy and economic reform. After the Soviet Union fell, India believed that she needed to change her foreign policy not to rely on Soviet Union anymore. Importantly, the collapse of the Soviet Union showed that socialism could not be the solution of India's poverty. India believed that she needed to renew foreign policy with Southeast Asian countries as the region became very important for India.

After the renewal of India's foreign policy was conducted, the new policy was launched. The policy was commonly referred to as "Look East" policy. It was launched by Prime Minister Narasimha Rao in 1991. This policy was said to be the ambitious design of realistic foreign policy that India has never done in last era. It focused on economic and foreign policy reform. A year later, the prime minister announced India's foreign policy during a visit in Singapore. In the same year, India gained status as ASEAN Sectoral partner which then became ASEAN full dialogue partner in 1996. Then India's path was smooth when India was granted as ASEAN Regional Forum (ARF) in 1996. It was then followed by India's agreement to the Treaty of Amity and Cooperation (TAC) in 2003 as long as India took part in the East Asia Summit (EAS) (Ramadhani, 2015). Seeing those opportunities as Indi's rising, the country's

presence in Southeast Asia showed ambition in practicing its foreign policy.

The Newly Elected Prime Minister Narasimha Rao tried to liberalize India's economy through the International Monetary Fund (IMF). Even if the economic reform gained rejection from the opposition party, but when the economic growth showed the result, the rejection started to end. India's economic reform was much deeper and led India's economic of centralized planning (Wadhva, 1994). The trade liberalization included industry deregulation, privatization of state monopolies, and foreign investment facilities. The main goal of India's export was computer software, business services, pharmaceuticals and automobiles. When the reform started, it took two years to stabilize but achieved growth up to 7.5 percent in three years (Ninan, 2015). The economic advancement of this country in international level was the main goal, but non-economic issue also included in foreign policy agenda.

India's economic reform was part of India's new foreign policy in post-cold war era. As the fall of Soviet Union and the world was led by the United States, India provided an immediate action to play her role in global stage. The birth of "Look East" Foreign policy in 1990s became the pillar of Indian Foreign Policy. This aimed at building a closer relation with Asian countries. As a developing country, India was going through economic liberalization to improve efficiency of the economy in global market by launching a market-oriented economic reform to integrate its national economy with global economy. With the new intention to capitalize Southeast Asia economy, India's national interest aimed to political

and military relation with the region and also India was trying to free herself from narrowing South Asia relation. Then, India tried to engage with the region so it was not dominated by single China power (Ganguly & Pardesi, 2009). As the data displayed above, it could be clearly seen that India's engagement with Southeast Asia countries projected within "Look East" Foreign policy in 1991. Initially, for strengthening economic cooperation, India tried to play bigger role in political field.

There are three main goals of India's "Look east" policy i.e. to institutionalize linkages with ASEAN and its affiliates; to strengthen the bilateral relationship with member states; and to carve a suitable place for India so that Southeast Asia will not fall within the influence of any major power, especially China (Naidu, 2004). Through these three major goals, India gained recognition in international stage, more importantly the relation with Southeast Asian countries especially after India's structural reform, deregulation and economic liberalization. Since the reform, India has worked on improving its economic relation with other countries. In line with the reform, India raised its bilateral and regional trading agreement by raising investment network in Asia to strengthen its market-based economic integration.

To practice India's economic reforms, New Delhi needed Southeast Asian partners that joined the Association of South East Asia Nation (ASEAN). Those countries, sometimes encountered domestic political chaos. This action was primarily aimed at showing India's focus on Southeast Asian countries that increased India's growth rates in the 20th century (Pandya & Malone, 2010). Some big cities in India such as

Hyderabad, Chennai and Bangalore become the world class high technology center, attracting foreign investor from Japan, America and South East Asia companies. In 1998s, India gained the 11th largest gross national product and achieved the 5th purchasing power country behind United States, China, Japan and Germany (Cohen, 2000). Being more open in the economic sector, India became a hub for computer software development. For instance, top international companies such as Microsoft, Oracle, and IBM chose India as a base and IBM employees in India were higher than the United States. According to The Guardian analysis, India is an emerging geek power that many Indian engineers and scientist that working abroad return to India (Saini, 2011)

After India obtained full dialogue partner with ASEAN in 1995, the country became more involved in terms of investment with her member countries. Generally, foreign investment came from Singapore, Thailand, Malaysia, Indonesia and Philippines. That year was also the period when India companies invested in ASEAN countries such as Thailand, Vietnam, and Indonesia. In early 2000, the computer software and technology sector investment flew from India to Singapore. The total Foreign Direct Investment of aforementioned ASEAN countries was higher than Japan and South Korea. The largest investor in India from Asia was Singapore whose position was above Japan and China. India and ASEAN rode its investment from US\$2.9 billion to US\$19.1 billion in 2009 with import rising from US\$4.1 billion to US\$426.2 billion (Baru, 2006).

Concerning the rising trade and investment between India and Southeast Asia Countries, a meeting was held by economic ministers in Brunei in September 2002. The meeting was intended to notice India's deeper regional economic and formal Regional Trade and Investment Agreement on a Free Trade Agreement (FTA) (Gopal & Gullapalli, 2007). The following years, India and Thailand signed a bilateral agreement to improve cooperation in agriculture, tourism, and science in 2003. Next these two countries signed a Comprehensive Economic Cooperation Agreement in 2005.

India created deep ties not only with ASEAN but also with Japan. Between 1990s and 2000, India's total trade with Japan increased from US\$3.5 billion to US\$3.8 billion. However, the trade decreased with the rest of the world because of inflation adjustment. Japanese investment in India also faced some problems including high tariffs and labor problems. However, the trade investment increased in the next accounting years, for US\$10.9 billion in 2008 to 2009 (India, 2010). More importantly, the economic relation between both countries has started since the Official Development Assistance (ODA) from Japan government to India. Since 2003, India has been Japanese ODA recipient in the form of loans. The loans focused on infrastructure development such as power and transportation. The loans encouraged private sector in India. The recent project was Delhi-Mumbai Industrial Corridor that focused on transportation link (Japan, 2009).

In addition, to have cooperation with ASEAN, India has also established another cooperation with to

rise South Korea. South Korea economic relation with India in 1991 was low, but continued rising Indian imports especially machinery, highway construction company, power plant, chemical, and rail projects. In 2009, India and South Korea signed a Comprehensive Economic Partnership Agreement (CEPA) which increased Korean Foreign Direct Investment inflow into Indian manufacture sectors and inflows of experts from India to Korea (Sahoo, 2009). Even if South Korea had fewer contribution to India economic reform, potential would opportunity exist to increase opportunity between both countries.

To the far extent Pacific Island countries such as Australia and New Zealand, it showed an exponential growth in export activity and trading from US\$1.5billion in 2000 to US\$12.5billion in 2009. India was Australia's fourth biggest trading export market (Government of India , 2010). Meanwhile in New Zealand, the economic relationship with India has been stable. Both of the countries have initiated discussion for Free Trade Area to increase investment and trade services. However, as India, Australia and New Zealand were once colonized by the British Government. They shared understanding and ties from London voluntarily or otherwise. These relations have beneficial for them to ease economic relation to continue to grow.

On the other hand, in the early 1990s, India gained regional economic integration. Thus, it improved India's active role in other Asia organizations. Joining ARF marked India's position from non-involvement with superpower countries to supporter of superpower countries involving multilateral framework from trade to

politics (Kalita, 2012). Formally, India was engaged in 1994 ASEAN Regional Forum (ARF) leading to combination with ASEAN Summits and several major countries in international stage including the United States, China, Japan, and Russia. Through ARF which put India in line with other superpower countries. It showed India's growing presence in the region. In addition to having cooperation with the current superpower countries, India's bilateral relation with Indonesia, Singapore, Malaysia and Thailand was also important During Manila ASEAN Summit in 1998. However, India created a controversy regarding Pokhran II nuclear test. Japan, Australia, Canada, Philippines, Thailand and New Zealand wanted to force sanction toward India. Nevertheless, Singapore, Indonesia, Vietnam and Malaysia wanted to advocate India's motivation to take that action. Soon, India relation with ASEAN upgraded into Summit level relation in 2002. After India's nuclear test, the diplomatic relation with Japan was unstable. The development assistance was suspended and financial support was opposed. After that, Tokyo declared that the normalization of relation could not occur unless India signed a Comprehensive Test Ban Treaty. India and Japan relation continued as Japan Prime Minister visited India and some agreements were made to raise the investment and cooperation in science and technology (Seth, 2007). The tension did not only occur in Japan but also in South-Pacific. This could be seen from Australia's drastic decision. Australia's drastic decision including the official visit to India and criticized India action in International Forum that was directly responded by India government through disallowing Australian naval ship to visit territorial waters. Another action was cancelling all Australian military aircraft. Not

long after that, normalization happened as Australian Prime Minister John Howard visited India in 2000 (Yatanoor, 2007).

Overall, India has been engaging regionally and bilaterally with Southeast Asian countries because India wanted to take part in security issues such as Terrorism threat. The countries have become terrorist victim by several militant group such as Al Qaeda, Abu Sayyaf Group, Moro Islamic Liberation Front, Laskar Jihad, the Free Aceh Movement and also Jamaah Islamiyah which are the largest terrorist organization. India took part regionally through ASEAN Regional Forum in which India has engaged the whole time. Bilaterally, India conducted joint training with Singapore, Malaysia, Indonesia, and Vietnam, Thailand and Philippines by signing a defense cooperation and security partnership. Singapore has vital position for India because the country has top quality Indian scholars and commentator such as C. Raja Mohan, Sanjaya Baru and S.D Muni (Schaffer, 2009).

In security arena, India actively took part several agreements with Southeast Asia countries such as Indonesia, Malaysia, Cambodia, Thailand, Philippines, Singapore and Vietnam. India also initiated the Indian Ocean Naval Symposium in 2008. This symposium showed that India was willing to handle multilateral action related to Southeast Asian littoral states with India, Malaysia and Singapore. This activity reflected India's intention to widen its relation with ASEAN in security field (Anthony, 2013). Not only with ASEAN did India raise her concern upon security, but also with Japan. This was shown by annual summit and ministerial level

meetings that were held by both countries, Through a Strategic Global Partnership in 2007, both India and Japan underwent joint exercises that lead to a Joint Statement on the Advancement of the Strategic Global Partnership in 2008 (Ministry of Foreign Affairs of Japan, 2008).

With the stable growth in the last decade, India has emerged as one of the largest economies in Asia. With the rising of middle class, India has large potential and opportunities in the region and global stage. Speaking from the perspective of geopolitics strategy, India saw the opportunities from ASEAN's strategic location leading to its crucial stability for India's economic security. By so doing, India developed its influence in the region by shaping vital relations with ASEAN. Nonetheless, India was not the only country having intention to try its power in the Asia. China's presence became a big concern for India. China provided military support to all India's neighbors, especially the provision of military assistance to Pakistan in nuclear program. The threatening presence of China was not only in Pakistan, but also to countries having close borders with India. Meanwhile, China tried to increase bilateral trade in Asia. Thus, it is considered to be essential for India to secure its position by rebuilding relationship with Asia countries.