

L7-2013

Onkar Marwah

STRATEGIC PARITY FOR PEACE: ENGAGING CHINA IN THE 21ST CENTURY

K. SUBRAHMANYAM MEMORIAL LECTURE



NATIONAL INSTITUTE OF ADVANCED STUDIES

Bangalore, India

STRATEGIC PARITY FOR PEACE: ENGAGING CHINA IN THE 21ST CENTURY

Third K. Subrahmanyam Memorial Lecture
2013

Onkar Marwah



International Strategic and Security Studies Programme
NATIONAL INSTITUTE OF ADVANCED STUDIES
IISc Campus, Bangalore-560012

July 30, 2013

© National Institute of Advanced Studies 2013

Published by

National Institute of Advanced Studies
Indian Institute of Science Campus
Bangalore - 560 012
Tel: 2218 5000, Fax: 2218 5028
E-mail: admin@nias.iisc.ernet.in

L7-2013

Typeset & Printed by

Aditi Enterprises
Bangalore - 560 023
Ph.: 080-2310 7302
E-mail: aditiprints@gmail.com



Shri K. Subrahmanyam

19-1-1929 to 2-2-2011

Shri K. Subrahmanyam (1929- 2011), was the doyen of Indian strategic thinking and had a clear and farsighted vision on issues ranging from foreign policy to nuclear deterrence. An intellectual progenitor of the Indian nuclear weapons programme and the most influential strategic thinker of his own and the subsequent generation.

In a long and distinguished career that began with his entry into the Indian Administrative Service in 1951, Subrahmanyam straddled the fields of administration, defence policy, academic research and journalism with an unparalleled felicity. It was his early advocacy of India exercising the option to produce nuclear weapons that made governments and scholars around the world sit up and take notice of his views.

He was the Founder-Director of the Institute for Defence Studies and Analyses (IDSA), and served in that capacity from 1968 to 1975. He returned to IDSA in 1980 and nurtured it to become country's premier think tank with focused research on defence and foreign policy issues.

Subrahmanyam chaired several Government committees and commissions of enquiry, notable among them being the enquiry commission of the 1971 Indo-Pak war and the Kargil review committee in 1999. A major revamp of the Indian intelligence system took place based on the recommendations of the Kargil review committee.

STRATEGIC PARITY FOR PEACE: ENGAGING CHINA IN THE 21ST CENTURY

By Onkar Marwah¹

The Proposition

The India-China relationship is likely to be the most complex, perhaps the most competitive relationship between two of the world's megastates in the twenty-first century. Their cooperative interactions will be edgy and formal, often brittle - irrespective of public professions to the contrary. Presently, the military and economic might of China is substantially higher than India's, but this will be of less relative significance after the next 10-to-15 years – *provided that, in this intervening period, India's strategy is 'smart', selective, and consensually sustained by insulation from ad-hoc re-direction or neglect due to the periodic democratic changes of our political dispensations.* Beyond the 15-year period, and given the preceding, India can – despite its governance

¹ The maps used in this paper have been taken from the internet without verification of actual boundary lines. They might not conform to official Indian boundary lines. Any oversight in this matter is regretted and was the result of the fact that the author was unable to obtain official Indian maps for the purpose of this paper.

and implementation deficits – acquire relative-sufficiency in military, technical and economic wherewithal to be able to confront China along the full spectrum of strategic, political and economic challenges.

The Challenge for India

The task for India is to traverse from 2015 to 2030 without falling victim to, (1) domestically, our self-imposed shortfalls, (2) regionally, China's military and diplomatic programs and stratagems, and (3) globally, the consequences beyond our control of interplays in the International System. To achieve our strategic national objectives, the need is to implement interlinked policies simultaneously and parallel along all the three preceding separate vectors; be sensitive to their different step-level functions; and factor in their variation in time-scales for composite and maximal results by 2030. That is the least needed to measure up to the challenge posed by China's authoritarian, determined, top-down, well-planned and coordinated framework of national policies.

Preliminary Comment

We in India normally undertake 'Defense Analysis' not 'Strategic Analysis' when attempting a study of our security needs in relation to other countries. The emphasis in Defense Analysis is primarily on interactions in military terms. Strategic Analysis, on the other hand, encompasses: International Systems Theory, History, Geography, Sociology, Politics, Economics – and in this day and age, an understanding of Ecology and the Environment, Information Systems, even on occasions, an understanding of the Psychological and Anthropological premises of the subject in review.

The second issue of importance for us in India is to be able to base

our understanding on Indo-centric premises and not those derived from alien constructs of Indian conditions. India and China are original civilizations which grew and flourished independently of other regions. In the case of India, we have to divest ourselves of sweeping Western over-riding tags such as: caste-ridden, other-worldly, fatalistic, non-materialistic, etc. While the preceding forms are part of our social and religious patterns, they are not absolutes in themselves to the exclusion of other traits. Indians can be very humane, egalitarian, aspiring, this-worldly, rational and materialistic – as is only natural in relation to any complex society's behavioral reality. Over time, and overall, India has been a very high-achieving and tenacious culture and civilization. It is to its positive attributes that we must now draw attention, not merely search, trawl or breast-beat about its negatives – as most Western sociologists, religious scholars and philosophers have invariably done. We need an indigenous historiography and sociology of India instead of relying on others' yardsticks and theoretical constructs to understand ourselves. Unfortunately, so far this does not exist. One hopes that future generations of our scholars will take up these tasks.

I will, initially, take a detour through some of my own understanding of India's political and cultural history in analyzing our past interactions with the world – particularly Asia and China – *as would appear relevant and necessary to our present and future needs in fashioning our polity, our society, as well our evolving national strategy and security objectives.*

Introduction

India and China are the only two, and the longest *continuous*, civilization-states in recorded human history. They have also through

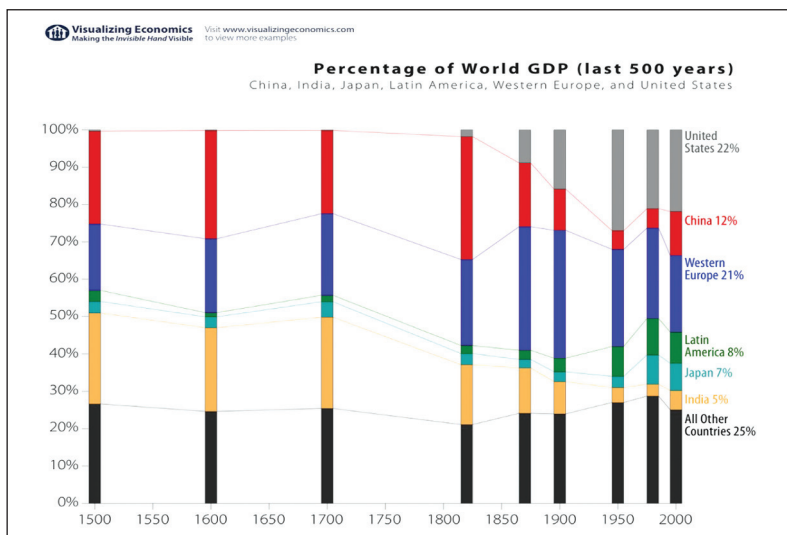
all the centuries been home to concentrations of large populations – and, therefrom, the most consistently productive agricultural and manufacturing self-sufficient societies for meeting the material needs of great numbers of settled peoples. It is only around the eighteenth century – with the onset of newer forms and techniques of production that their comparative positions in per capita and gross GDP declined (See chart below²)

The relative fall in India/China GDPs was precipitated by a variety of factors: a resurgent Europe and its colonial conquests and/or worldwide control and influence; internal wars and dissensions; innovations in warfare weapons and techniques; newer learning and knowledge-based applications to the management, organization, structure and function of human Society and the political State.

The New Modern World

Why the ‘modern’ world as we know it was born in a little island off the coast of northwest Europe - then spread to the rest of Europe and eventually around the world - is beyond the scope of this paper. Western historians, sociologists, geographers, even anthropologists and philosophers, have expounded a variety of theories: the ‘natural’ epochal rise and decline of societies; the uniqueness of the ‘Western’ experience deriving from Greek democratic inspiration and Roman law and administration; the smaller sizes of European states preventing massive centralized authoritarian control; racial superiority (white over the brown, yellow and black races); unregulated mercantile intra-trade among the European states, giving rise to a free-wheeling growth of business entrepreneurship; a spirit of bold adventurism and thirst for discovery of the unknown

² Source: Angus Maddison. University of Groningen. Reproduced from, Visualizing Economics.com



among the blonde and the blue-eyed; or, Western ferment for constant change and progress in contrast to the 'unchanging East' as Marx described Asia; and so on.

The preceding Western theory and praxis of world achievements ignores the fact that, for almost fifteen hundred years Europe was a non-achieving backwater in history. It is a justifiable claim that many of the forerunners of later European success were transmitted to them by the Arab/Islamic civilization – even those nurtured by the Greeks and Romans – while Europe itself lay in thrall to the dark grip of a harshly-conceived biblical/ecclesiastical diktat ('the earth is flat'; 'it was created in seven days by God'; 'the Sun travelled around the Earth'). Confession and repentance to heresy – or death by torture and burning at the stake - was the price to be paid for questioning such divinely-ordained 'facts'. In turn, it may seem appropriate for it to be acknowledged that many of the scientific

and technological feats attributed to the Arab/Islamic civilization were themselves transmitted to West Asia from India and China (e.g., ‘Arabic numerals/decimal system’ which the Arabs themselves colloquially term ‘the Hindu numerals’, or ‘Jabr-i-Hind’ for Algebra; ‘Damascus steel’ which originated as ‘Wootz steel’ from India; or gunpowder and paper-making from China). A fair assessment of how many scientific, technological and knowledge-based processes flowed from the East to the West over millennia – unheralded and unpaid for over the ages when there were no patent-regimes – still awaits systematic research by scholars, especially when emanating from India, since that has already been done for China³. It was frequently, though not only, from the latter civilization-states that a vast fund of original learning and techniques in all the arts and sciences as well the philosophies of man flowed for fifteen hundred years from East to West.

The Parallel Historical Experiences of India and China

One might ask: why is it necessary or indeed useful to take this detour through a political analysis of history, sociology, philosophy, or the so-called social sciences for understanding our world - particularly the world of India and China? The reason is that the angst, perhaps the pain, is deeper and more scarring in these two civilization-states than in other countries overwhelmed by the European colonial and civilizational onslaught – primarily because *self-belief in the superiority*

³ Joseph Needham, *Science and Civilization in China*, (1954) seven volumes published out of a 27-volume project - now under the aegis of the Needham Research Institute at Cambridge University. See also, Rajiv Malhotra, *The Infinity Foundation* (infinityfoundation.com). Malhotra is singlehandedly attempting to accomplish the same in a systematic way, now, for India’s past science and technology contributions – since the latter country has never been fortunate enough to have a dedicated scholar such as Joseph Needham, toiling away in university cloisters over twenty years, to chronicle its achievements.

of their own systems are so ingrained over millennia of unbroken success. While both India and China had suffered repeated earlier foreign invasions, all these previous invaders were essentially 'Nomadic Warriors' who had belabored the 'Settler Societies' of India and China. These nomadic armies had usually arisen in Central Asia and periodically moved to wage their campaigns in different directions against the riverine human settlements of India, China, and the Tigris-Euphrates settlements – as well into the Dnieper-Volga-Danube-Elbe river-regions of Europe.⁴ Nothing could stand against the nomads' mobile, horse-mounted warfare techniques followed by repeat victories everywhere. These Central Asian warriors were, nonetheless, viewed as uncivilized 'barbarian hordes', eventually to be absorbed into the local cultures and societies. The same, with similar absorption-results happened to them in Europe where Mongols, Huns, Visigoths, Tartars and Turks from Central Asia ravaged large swathes of territories. According to some historical accounts Mongol armies went up to the river Seine in present-day France. It is to these marauders that we owe the pejorative descriptions of Germans as 'Huns', of Russians as 'Asiatic hordes', or in references to the 'Terrible Turk' and 'Vandals' in European literature.

The Differing Historical Experiences of India and China

Returning to India and China, there is one marked difference in their Nomadic-Warrior-Invasion experiences – *and these have had a varying impact on their respective histories which is relevant till today.* Nomadic armies from Arabia, thereafter Central Asia – newly-converted to the strongly-inspired faith of Islam – began moving East and West around

⁴ Stuart Legge: *The Heartland*. New York, Farrar, Straus and Giroux, 1971.

the eighth century. Between the tenth and fifteenth centuries their assaults on and then partial control of India – *geographically nearer to West Asia* – had become steady and relentless. By the early sixteenth century newly-Islamic Mongols/Moghuls arrived to rule most of India till the early 18th century. Despite the preceding events, indigenous Indian resistance to the ‘foreigners’ was subdued but not exhausted or extinguished. Islam spread within the Indian population also, and all its adherents – foreign and local – became part of the warp-and-woof of Indian society. *No similar ingress and absorption of a crusading and composed medieval civilization’s forces took place in China’s case.*

The West comes East, 1750-1950

Beginning around the 1500s, Europeans had also appeared as traders and merchants in Asia – initially in India. For the succeeding two hundred and fifty years they functioned mainly as sea-faring merchants or freebooters, importing goods from India – and later from elsewhere in Asia – to Europe (while militarily protecting their trade from Saracens/Arabs, pirates and rapacious local potentates). It is only by the mid-eighteenth-century – *as India entered a period of country-wide ‘warlord’ turmoil following the weakening of the Mongol/Moghul Empire, that European traders saw opportunities for territorial aggrandizement.* Over a hundred-year period from the 1750s of slow, steady but artful political chicanery and superior warfare – first against European rivals, then against the fragmented rulers of India’s ‘ancient regime’ – the British eventually emerged victorious. By 1850 they had absorbed the last independent Indian kingdom of the Punjab into their Indian possessions. Soon thereafter, in 1857, the most serious and widespread nationwide revolt against a European power of the nineteenth century was mounted in India

against the British.⁵ After a welter of vengeful killings lasting over a year – a bloodier nineteenth century revolt against colonialism than anywhere else in the colonial wars of the nineteenth century - the British re-emerged in control to absorb all of India into their new ‘Empire’ as a ‘Crown Colony’.⁶ Precisely ninety years later, in 1947, the British exited from India after Mahatma Gandhi’s uniquely peaceful Independence movement. Unlike earlier invaders, *the British came to India as foreigners and – always few in numbers – also departed en masse as foreigners.*

China’s experience in this respect was entirely different. Its indigenous heartland had seen many invasions by Nomadic Warriors, *but was never invaded by a strongly-inspired civilization’s military forces.* It had constructed the famous Great Wall – *on the frontiers of what was considered China’s territory* - to stem invasions by northern, southern and western ‘Barbarians’. There were no eastern barbarians, as in that direction lay only the sea – except for the Japanese, referred in Chinese writings as the (savage) ‘dwarf warriors’. The Wall, however, was unable to hold back the Mongol/Manchu nomadic armies (See Map below).⁷

⁵ Amaresh Misra, *War of Civilizations: India AD 1857*. Delhi, Rupa. 2007. See, also, Edward Thomson, *The Other Side of The Medal*, New York: Harcourt, Brace & Co, 1926 – one of the few accounts by a British author drawing attention to the events and atrocities committed by his countrymen in 1857.

⁶ Ibid. Misra suggests that the number of Indian dead in the disorders of 1857 may have been as many as ten million. While the figures may be doubted as no count of the killed was kept by the defeated, it is difficult to challenge the immense scope and scale of retribution exacted by the British, as provided in Misra’s book.

⁷ See Map 1, ‘China Core and Periphery’, showing geographic-defensive alignment of the Great Wall.

Indeed, China suffered frequent bouts of pillage, plunder and ‘foreign rule’ at the latters’ hands. As in India’s case, the foreigners became ‘locals’ over time – except when the foreigners wanted to distinguish themselves from the local population, e.g., the Mongol/Manchu rulers, who imposed the hairstyle of the long ‘Q’ on the whole (Han) Chinese population as a sign of the latters’ servitude and second-class status (similar indignities were imposed by foreign rulers on India’s indigenous peoples).

China’s Mongol-Manchu-Qing Rulers and the West, 1850-1911

In the seventeenth and eighteenth centuries China’s Mongol/Manchu/Qing rulers conquered, in a series of genocidal military campaigns against mainly the Zunghars (another Central Asian nomadic empire and peoples), *almost two-thirds of what is now considered Chinese territory: Manchuria, (inner) Mongolia, Qinghai, Xinjiang, Tibet and Taiwan. Prior to these relatively recent ‘imperialist’ wars the aforementioned territories were never under long term or extended Chinese rule.*⁸

*When Western sea-farers appeared of Asian coasts China was - **crucially in marked contrast to India** - a functioning centrally-administered state controlled by the (foreign) Mongol/Manchu/Qing Emperors – who ruled from 1644 to 1911. In the early stages, the Chinese opened some of their ports for trading with the newly-arrived ‘long-nosed western barbarians’ – but later sought to close them as greater concessions verging on China’s territorial sovereignty were demanded. Even though weak against the modern arms-and-war-making techniques of the Westerners, the Chinese were – as a functioning state with*

⁸ See Map 1, *ibid.* Also, read, *China Marches West: The Qing Conquest of Central Eurasia*, by Peter C. Perdue (Harvard University Press, 2009); and, *Taiwan’s Imagined Geography: Chinese Colonial Travel Writing and Pictures 1683-1895*, (Harvard University Asia Center, 2004) by Emma Jinhua Teng.

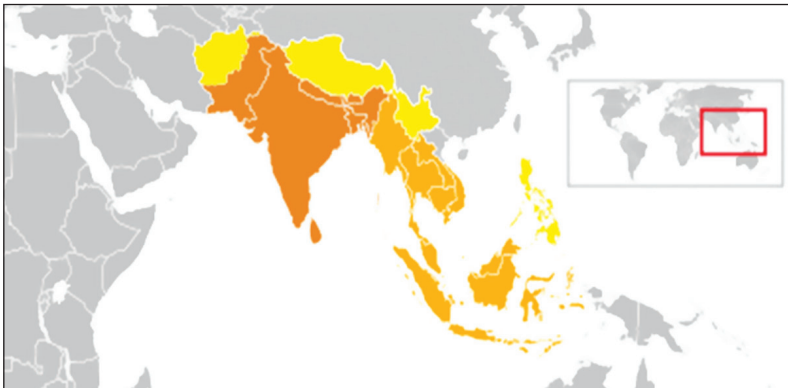
a centralized administration - *able to resist and avoid a nationally-injurious devolution of concessions or control to the former. It should also be noted that strong western pressures were mounted on China a century later than in India's case – by the 1850s rather than in the 1750s.* India had been disorganized with no real central authority between 1750 and 1850 - but China remained as a formally-centralized state right from 1644 to 1911 under the foreign but indigenized Manchus. As a consequence, China was able to preserve its 'independence' despite enforced trade-and-concession-related 'partitions' by the western powers (later including Japan). ***It, therefore, escaped coming under complete western imperial control as India had been rendered.*** That China was, nonetheless, no better placed post-1850 to resist Western modernized arms-and-warfare than India had been post-1750, is attested by the ease with which Chinese/Manchu armies were easily and speedily defeated by the Western interlopers in the few military engagements that took place between them. Indeed, compared to the new Europe, China was discovered to be as backward 1850s onwards as India had been in the 1750s.

India's Peaceful Spread in Asia

There is one other experience which is unique in the India-Asia-China context. *The peaceful spread of Buddhism from India to the whole of East and Southeast Asia over a thousand years – preceded earlier by unknown hundreds of years of the spread of Hinduism into Southeast Asia – must be seen as one of the more remarkable 'peaceful spread of influence' movements in human history* (See Maps below).⁹

⁹ Source for both maps: Wikipedia

STRATEGIC PARITY FOR PEACE: ENGAGING CHINA IN THE 21ST CENTURY



Dark orange: The Indian subcontinent. Light orange: Other countries culturally linked to India, notably Burma, Thailand, Cambodia, Laos, Champa(Southern Vietnam), Indonesia, Malaysia, Brunei and Singapore. Yellow: Regions with significant cultural Indian influence, notably Afghanistan, Tibet, China's Yunnan Province and the Philippines. (Also, not shown, Fiji.)

Source: Wikipedia.org



Map: Chola Empire and Voyages 1130CE (Source Wikipedia.org)¹⁰

¹⁰ The Chola Kings had the first blue-water and long-ranging commerce-related and naval expeditionary flotillas in the Indian Ocean region - including a marine corps, underwater sea-saboteurs, flame-thrower weapons, as well compasses and similar instruments for accurate navigation. They voyaged all along and through the South-and-East Asian waters by way of China, up to Korea, and beyond. They also traversed westwards to the Gulf region and the East African coast. Chola ships were large sea-vessels constructed in watertight sections to avoid sinking the entire ship in case a section was holed. The ships were constructed in shipyards spread along the present-day Tamilnadu state. (Kalinga – present-day state of Odisha; and later the Maharattas on the western seaboard of India, also deployed commercial and naval forces). The Chola expeditions and voyages took place in the 10th to 12th CE, i.e. about 400 years before the better-publicized voyages to the Indian Ocean region of Chinese Admiral Cheng He in the 15th century. It should be noted that Cheng He sailed hugging the coast all along during his voyages and did not venture into the open seas. It is a further fact worth recalling that Vasco D’Gama’s celebrated ‘discovery of the sea route to the East’ was also undertaken hugging the African coast all the way round to southeast Africa – from where, assisted by Indian pilots and escorted/protected by six Indian commercial vessels much larger than his, he ventured into the open sea and made landfall in Kochi/Kerala. See: *Nagapattinam to Suvarnadwipa. Reflections on the Chola Naval Expeditions to Southeast Asia*. Eds. Hermann Kulke, K. Kesavapany, Vijay Sakhuja. Institute of Southeast Asian Studies, Singapore. 2009. (abstract from the book): “The expansion of the Cholas from their base in the Kaveri Delta saw this growing power subdue the kingdoms of southern India,

The concomitant cultural, religious, social, linguistic, artistic, artisanal, thought-and-psychology processes, et al., accompanying their millennial-plus extension into such a vast area and to such large, vibrant populations, has been dubbed by one writer as ‘an imperialism without tears’.¹¹ China was itself a major recipient of this ‘peaceful imperialism’. The same writer speaks of ‘Sun cultures’ that radiate and Moon cultures that absorb - and that Asia has always had ‘two Suns in the Sky’.¹² An eminent Chinese historian has termed it the ‘Indianization of China’.¹³ Nothing of a like category or process has ever flowed to India from China. Further, it has been suggested that the ‘Soul’ of China is the Universal State while the ‘Soul’ of India is the Universal Society’.¹⁴

Despite the preceding cultural, religious, artistic and sociological

as well as occupy Sri Lanka and the Maldives, by the early eleventh century. It was also during this period that the Cholas initiated links with Song China. Concurrently, the Southeast Asian polity of Sriwijaya had, through its Sumatran and Malayan ports, come to occupy a key position in East-West maritime trade, requiring engagement with both Song China to the north and the Chola kingdom to its west. The apparently friendly relations pursued were, however, to be disrupted in 1025 by Chola naval expeditions against fourteen key port cities in Southeast Asia. This volume examines the background, course and effects of these expeditions, as well as the regional context of the events. It brings to light many aspects of this key period in Asian history. Unprecedented in the degree of detail assigned to the story of the Chola expeditions, this volume is also unique in that it includes translations of the contemporary Tamil and Sanskrit inscriptions relating to Southeast Asia and of the Song dynasty Chinese texts relating to the Chola Kingdom”.

¹¹ Francis Watson, “Two Suns in the Sky”, *Encounter*, December 1966, pp.40-48.

¹² *Ibid.*

¹³ Professor Hu Shih, *The Indianization of China*. Cambridge, Mass. Harvard University Press, 1937.

¹⁴ Amaury de Riencourt, *The Soul of China*. New York. Harper, 1958; and, *The Soul of India*. New York: Harper, 1960.

flows, geography, mountains, deserts and long distances had separated the deeply contrasting worlds of India and China - so obviating any occasion for political contact or territorial-military clash between the two. This changed only and abruptly in the mid-twentieth century when China – re-constituted, following a period of violent war-lord and civil-war turmoil between 1911 and 1949 - emerged as a strong, proud and belligerent Communist State which swiftly moved to take control of all its sovereign land – and to *reclaim all its (foreign imperial) Mongol/Manchu-conquered territories*. For the first time in their long histories, this brought the ‘universalist state’ of China to the traditional borders of a troubled, partitioned, but relatively peaceful new India - equally proud of itself and especially so in having achieved its independence by a uniquely pacific process unknown and untried at any stage in world history.

Since then, the Long Engagement between the two equally-proud civilization-states has entered a territorial and possibly an extended militarized phase – *accompanied by their profoundly-clashing belief and political systems*. Given their contrasting societal zeitgeists, there is little chance of either subsuming or overwhelming the others’ long-held self-images of uniqueness, longevity and ‘imperishability’. According to one philosopher, it would be easier to contemplate the earlier probability of the ‘Ruins of Washington’ than an India or China converted to one another’s world-view.¹⁵

The Strategic Proposition from History

The proposition from this short political analysis of Asian history is that India-China relations will be strongly if subliminally attentive

¹⁵ Austin Coates, *China, India and the Ruins of Washington*. New York. John Day, 1972.

to the respective self-images of the two countries and *all* their interactions in the twenty-first century, for the following reasons:

- The primal sensibilities of India and China remain unyielding to all and each other despite their turbulent vicissitudes or unbroken roll-calls in history. Both are imbued with ‘Middle Kingdom’ hubris – perhaps Indians subdue theirs, the Chinese do not.
- India influenced Chinese thought, art, religious behavior and civilization. Nothing of a like nature was transmitted from China to India. Indians pay no homage to the Confucian ethic – or China – as some East Asians do. In some sense, the Indian idea of centrality based on universal thought, learning and wisdom, being of the mind, is more imperishable than the Chinese one based on terrestrial supremacy.
- India transcended its negative European colonialist experience through invoking the superior morality of the Gandhian route to national freedom, 1947. China, only partially impacted by western imperialism, achieved liberation through the fire and carnage of a 30-year civil war.
- *In strategic-speak*: India’s freedom struggle had to be created in the context of a completely organized and militarized imperial control of *all* India’s territory. It was Gandhiji’s special genius in inventing the instruments of satyagraha and non-cooperation which openly in conditions of imperial control created millions of volunteer ‘guerrillas without arms’, eventually to immobilize and render impotent the military might of the foreign empire. In China’s case, perhaps the only choice possible amidst countrywide internal chaos

was for an armed guerrilla campaign conducted with military redoubts, long marches and violent struggles by Mao Tse-tung's vast peasant armies.

- The premises of the newborn *elan* and inspirations of the two countries were and are, therefore, radically different, devolving from the separate realities of their long past and their objective liberation experiences. India chose to predicate its new image with priority given to the negotiated and peaceful achievement of national and international objectives. China was ready to place a premium on the use of force wherever and whenever its negotiating terms met resistance.
- The two, being whole self-contained civilizations albeit in the form of states, have been prone to insularity along with conceptions of their 'self-sufficiency'. They have accepted change only when forced to do so, or when change became patently unavoidable. In consequence, the two states had very little normal political or social interaction historically in the past given their biases, distances and geography. The same mutual if simple ignorance is the reality today - leading to caricatures and, vicariously, as many negative as benign images of each other.

China's 'Reconquista' of Tibet, 1950

Like the rest of the world, including *all* the major powers, India had few options but to acquiesce rather than confront New China's re-annexation of the earlier Manchu-conquered Tibet. A face-off with Communist China's huge armies, built during and experienced over 30 years of civil war, was beyond the capabilities of newly-independent India's armed forces – largely demobilized after WW2

as well as split with Pakistan. Moreover, The Indian Army had few Indians trained to Staff levels – the British had studiously kept them below Colonel's rank, with only three or four having risen to the level of Brigadiers. Indeed, Brigadier K.M Cariappa (one of the few) had been hurriedly raised to General's rank after Independence to command the Indian Army.

While being fully aware of the negative impact on India's security by China's sudden military presence on our northern borders, the Indian Government's decision to seek a negotiated settlement with China was politically the rational course taken in India's constrained circumstances.¹⁶ The only other option would have been to seek 'alliance-protection' and uncertain active support from the Americans and the British – the latter two hostile to but themselves wary of entangling with the new China. Since then, many analysts in hindsight have surmised and debated what seeking military support from the Western powers would have entailed for India. At the very least it would have led to a weak and still-poor India's immediate and *subsidiary* enmeshment on the side and in the disputes of yesterday's 'imperialists' – soon after gaining Independence! The decade 1950 to 1960 also witnessed Western-supported military coups in many third world states, *including in neighboring Pakistan*. India had guarded itself against the possibility of a similar internal military takeover by being extra cautious in relations with the major Western states - and by the further strengthening of civilian control over its military. Separately, while Stalin's excesses were known and abhorred, there was no intrinsic ill-will against the Communist states. Indeed, the

¹⁶ Lorne. J. Kavic, *India's Quest for Security. Defence Policies, 1947-1965*. Berkeley, California. California University Press, 1967. This is one of the few studies assessing India's dilemmas objectively in relation to China and the world in the initial years of the country's independence.

Soviet Union was admired for its earlier swift industrialization, which had created the wherewithal for its major role in the defeat of Nazi Germany. There was also a sentiment in favor of China which – despite its adoption of communism – was adjudged as another Asian victim of western intrigue and imperialism. Fiercely nationalistic, Nehru spoke about ‘making the history of our choice’ after decades of foreign control.

India’s Strategic Interaction with China, 1950-1962

In the event, India’s basic strategy was to negotiate with China on the premises of the Tibet-border cartography inherited from the British. As the Himalayan shatter-belt region had, earlier, never been demarcated on the ground – neither by pre-British Indian rulers nor pre-Communist Chinese rulers – that seemed the only logical basis available. Nor was it misplaced: British Indian cartography was largely predicated on accepted principles of international jurisprudence or customary local practice. In the Eastern Sector (NEFA/Arunachal Pradesh) the so-called McMahon Line relied on the watershed principle. In the Western Sector (Ladakh) – where no natural watershed areas existed – the boundary, known as the Johnson line was drawn based on natural topographic realities and customary norms as obtained between Tibet and Ladakh/Aksai-Chin. *Crucially, the adjoining Xinjiang region conquered earlier by Manchu-ruled China had never included the areas bordering Ladakh/Aksai-Chin.*

It was easy for China to label these Indian border-lines as the result of imperial legerdemain. India could have no answer to that charge as, on the ground, they *had* been delineated by the British. The Chinese themselves had no superior or impartially-created claim line, or indeed any line – *but the charge of following colonial practice put India*

on the negotiating and diplomatic back-foot. The Chinese had now the flexibility to move between the political and the legal frameworks of negotiations – or to ignore either or both. Meanwhile, whether by accident or artifice they were suspected of implementing a process of creating ‘facts on the ground’. Chinese patrols had begun to be seen frequently in areas deemed by India as lying within its boundary line. While perplexing to India, the precedent was nothing new – Chinese literature often refers to the employment of such stratagems as a useful part of overall surreptitious moves against adversaries. India’s recourse to similar tactics could not be hidden from the public domain for long in an open political system. It came to be termed as the resort to a ‘Forward Policy’. For a while the ‘game of checkers’ was undertaken by both sides. This suited the Chinese as in the world’s media it could be depicted as ‘aggressive’ Indian actions based on earlier-imperial boundary delineations against a ‘reasonable’ China.¹⁷ Assessing choice-making as part of policy-formulation, and irrespective of ‘who started it first’, – and impossible to verify, -

¹⁷ It stands to reason: if the borders were undefined for us, they were also undefined for the Chinese. They had unilaterally built their Tibet invasion route through the undefined Aksai Chin area - without our knowledge or negligence, it does not matter. They had no better idea – and more so, no superior right – to assume that the undefined area(s) intruded into by them – in Aksai Chin or anywhere along the whole Indo-Tibetan border from west to east – belonged to Tibet. At the earlier Simla Conference in 1912-14, the Chinese representative had initialed, then refused to sign, the border document between Tibet and British India as he would not accept the McMahon line demarcation – but that did not mean he had or had presented a superior historical counter-claim-line to show on the ground, than the one proffered by the British-Indian representatives. No one – certainly not the Manchus - had ever drawn boundary lines in these areas. The Chinese representative probably did not sign because, at the time, he would not sign – yet another - ‘unequal’ treaty’ irrespective of its contents, with a western imperial power. One wag has suggested that it was the guile of the member of China’s ancient ‘I.A.S’, i.e, the 1600-year old Chinese Mandarinate who, at Simla, used the old bureaucratic trick of first initialing then later repudiating-by-not-signing the border-agreement document!

neither side could be expected to supinely accept the 'forward' actions of the other beyond a certain limit. The Chinese had deceptively prevaricated on presenting their boundary demarcations – *then as now*. Eventually, they put forward a political proposal: India to give up claim to Aksai Chin (through which the Chinese had built an invasion route to Tibet) in barter for China giving up claim to the NEFA/Arunachal Pradesh area. Coming on top of their perceived 'creeping annexation' policy, China's 'barter' proposal was seen in India as adding insult to injury: being asked to surrender one part of its land for retaining the other.¹⁸

With limited options, the Indian leadership, in consultation with its few diplomatic and intelligence advisors, took a gamble: a last throw of the dice as it were, with the rejection of the 'barter' proposal premised in the hope of the two sides' penny-packet 'forward' military pickets factually stabilizing the border on the ground – *on the assumption that the Chinese would not raise the stakes to the next level*.¹⁹

¹⁸ No more cleverly tendentious a work has done as much vicarious and ultimately 'permanent' harm to the public perception of India's legitimate case concerning its northern borders, than Neville Maxwell's, *India's China War* (Pantheon Books, 1970). (His latest is a repeat statement of Indian 'aggressiveness' having initiated the current DBO fracas, in the *Economic and Political Weekly*, May 11, 2013). In essence and in a quietly disingenuous way, the book pitches the open 1962 India-China war's self-flagellating Indian discourse and selectively-chosen (and, with spurious rigor, well foot-noted) documents of the Indian side, against the bland public and self-exculpatory statements of 'innocent aggravation' being thrust upon the Chinese government. All Indian professions and protests are doubted, discounted and dismissed; all Chinese official statements are taken as gospel truth. Maxwell's whole enterprise is undergirded by the reality of a varying and peripatetic British-Indian cartography – which itself, by definition, can only be suspect of imperial design and deceit in a post-imperial world.

¹⁹ The phrase 'India's Forward Policy' and Prime Minister Nehru's oft-quoted, but inadvertent and hurried remark, '... I have asked the Army to throw the Chinese out...' (while emplaning for a tour) have become, over the years, iconic synonyms for a barrage of criticism on India's 'fool-hardiness' and 'arrogance' in contrast to the 'reasonable' Chinese. It is forgotten – not least by Indian critics and analysts

In the event, the Chinese *did* raise the stakes, leading to and resulting in the military debacle of 1962. After the action, China withdrew its forces from the aggressed areas – but has maintained and increased its claim on the territories in dispute.²⁰

The Strategic and Policymaking Lessons from the Events of 1962

Newly-independent India had chosen uncharted waters in preferring autonomy in its foreign relations after decades of colonial servitude – *but that was entirely in consonance with its civilizational self-image (and remains so today)*. Its complete preference for democracy over dictatorship – and against suspected western machinations to install ‘men on horseback’ as leaders in third world countries – was inscribed by locking its armed forces under strong civilian authority. Given great-power hegemonic demands and siren calls; India’s own Partition and attendant massacres; internal dissensions; religious divides; and the massive but relatively-smooth integration into the

– that the Chinese had also resorted to the same ‘creeping annexations’ on our northern borders soon after their invasion and occupation of Tibet in 1949. As to who started it first is not only moot but impossible to verify – nor does it matter. It was a ‘game’ that both sides resorted to playing. India’s signal failing was in: being initially alarmed, then rising in tardy and confused offense, thereafter in undertaking a bravado-attempt at ‘freezing’ China’s steady ‘creep’ into historically-undefined mountain areas, but without equivalent military capability, strategy, deployment or organization. There is much to criticize in India’s responses at the time – but not for the reasons adduced by Neville Maxwell.

²⁰ Henry Kissinger’s, *On China* (Penguin: 2011) reveals more frankly and drily – perhaps admiringly – how and why in realpolitik terms Chairman Mao and his cabal assessed and executed the 1962 war. (Read, for a short understanding, Ajit Mohan’s and Gordon Chang’s reviews of Kissinger’s book, respectively: ‘Kissinger’s China, India’s Neighbor’, *Wall Street Journal*, Blogs, 23/09/2011; and, ‘Compromised: Henry Kissinger’s China syndrome’, *World Affairs Journal*, July-August 2011). It was, in essence, a ‘Middle Kingdom’ approach that inspired them, not the minutiae of border adjustments. That, it would seem, is – when powerful – China’s enduring approach to all states – and would appear to continue today.

Union of 650 semi-independent princely states (one-third of India) – while simultaneously impressing democratic control on a proud military which had often served as a semi-independent expeditionary force of the British Empire – must be judged as an unparalleled achievement.

*What India failed to do was to steadily upgrade its Army's capabilities in line with the type and nature of the increasing military threat on its northern borders, i.e., from the early 1950s onwards. After the Korean War in 1953, the synchronized format of China's military tactics, supportive propaganda and 'peoples' war-making strategies were known to all. No lessons on these counts appear to have been imbibed by India. In the aftermath of the 1962 events, India had sought purchase of weapons from the US and Britain – which the latter offered tied to a Kashmir settlement favoring Pakistan. In any case, the weapons sought or offered – high-performance aircraft and the like – may have seemed attractive, but aerial power employed against any renewal of the border conflict with China could only presage a further Indian escalation of the level and dimension of conflict. China could also respond with air-power – on Indian cities from Tibetan bases – against which India could not retaliate by attacks on far-distant Chinese urban centers. China had used local terrain knowledge, human intelligence, portable mobile artillery and mass-assault techniques to out-maneuver and overwhelm the ill-equipped, static and untrained-in-mountain-warfare Indian forces. It is *capability* commensurate with the preceding *form* of conflict that India needed in the aftermath of 1962 - and not shiny aircraft and the like.*

India had a 12-year alert from 1950 to 1962 for undertaking precautionary measures against a possible threat from China following the latter's re-

occupation and manifestly harsh policies in Tibet. There were enough indicators of China's hardline approach in relations with all and sundry. It had intervened with more than a million 'Chinese Peoples Volunteers' against UN forces and fought them to a standstill in Korea; scorned Indian leaders as 'lackeys of imperialism'; resorted to an incessant coastal bombardment on Taiwan/Republic of China; and derided the US as a 'paper tiger', even dared to face the latter's threatened use of nuclear weapons against it. During the same period China engaged in ideological disputes with the Soviet Union, biting the hand that then fed it. To have ignored all these signals of Chinese resolve on assumptions that their leaders would pay deference to fellow-Asian India armed only with friendly gestures, was not misplaced as sentiment – it was simply wrong against a powerful adversary suddenly squatting at the door.

To be fair, India did wake up and re-cast its defense policies in the aftermath of the 1962 war – *without compromising its national civilizational-based autonomy.* When western arms were denied without concessions over Kashmir, India had turned to the Soviet Union for the purchase of weapons-systems, including the local production of MIG-21s - as well civilian heavy-industrial plant and machinery which also had been withheld by western suppliers. *This new relationship forged with the Soviet Union was the one great strategic success for India.* It paid dividends in stalemating Pakistan in the 1965 war, in defeating it in 1971, and in simultaneously laying the first foundations for heavy industrialization of the country.

The lesson from the preceding is that one smart strategic move even in adversity can open the avenue for multidimensional success. Forging a relationship with the Soviet Union despite the loaves,

fishes – and knives – on self-serving conditional offers from the western countries was one such beneficial national policy-choice by India. Internally, close relations with the Soviet Union disarmed and neutralized India's then militant left-wing groups, leading over time to their conversion to routine participation in the country's electoral processes. Externally, it alerted the western powers that India would not be coerced easily or subverted into playing a subsidiary role in worldly designs or quarrels created by them. It also allowed for the first modern heavy industrial plants to be constructed in the country.

Fortunately for India, China itself was embroiled in varied forms of internal turmoil throughout the sixties, seventies and eighties: the break with the Soviet Union; the Cultural Revolution; the Great Leap Forward, followed by a terrible famine which – we now learn - led to 30 million dead; the mysterious death of veteran Marshall Lin-Biao in a plane crash, and the imprisonment of Liu Shaoqi; the Red Guard Movement along with the forced dispersal of millions of educated youth to work in the countryside; the death of Chairman Mao, leading later to the imprisonment, trial and deaths of the 'Gang of Four'; and much more. In consequence, while increasing its grip on Tibet, China turned inward – and so did India. There was little interaction of any consequence between the two states in the interregnum.

India's Thirty Lean Years, 1960-1990

While many things happened, nothing much happened during this period apart from two wars with Pakistan, the second of these leading to the dismemberment of the latter – with a fundamental strategic change in India's favor. Economically, India's autarkic self-sufficiency model along with State control of the 'commanding heights' of the national economy, had imposed a regime of slow

growth bordering on economic stasis on the country. It also created the so-called 'license-permit raj'; a vast inefficient Public Sector; and a stunted Private Sector forced to seeking gains by working the system through deals with government functionaries. Apart from Minister C. Subramaniam – assisted by able scientists such as Shri M.S. Swaminathan – ushering in a 'green revolution' and making the country self-sufficient in food-grains, the country lived and survived, with the energies, innate entrepreneurial spirit, productivity and creativity of its people in albeit democratic shackles.

Despite its shortcomings, the choice for autarky and a leading role for the State in allocating national resources and revival need to be seen as natural corollaries of India's continuing and permanent search for National Strategic Autonomy. Close relations with the Soviet Union did not lead to the 'sovietization' of India. Distended relations with the western powers did not lead to permanent ruptures, and support such as the latter were willing to offer, continued to be accepted. A start was made with the indigenous production of a limited number of major weapons-systems. The autarkic model of development did, nevertheless, deliver striking advances in areas related to science, technology – and indirectly to preparing the ground for acquiring unconventional defense capability. Among the largest pools of scientists and technologists in the world was created in India. Their talent and acumen became available to the nation across all fields of modern scientific endeavor - including and especially, *in defense-related work in the areas of atomic/nuclear, space, electronic and precision-instrumentation applications.*

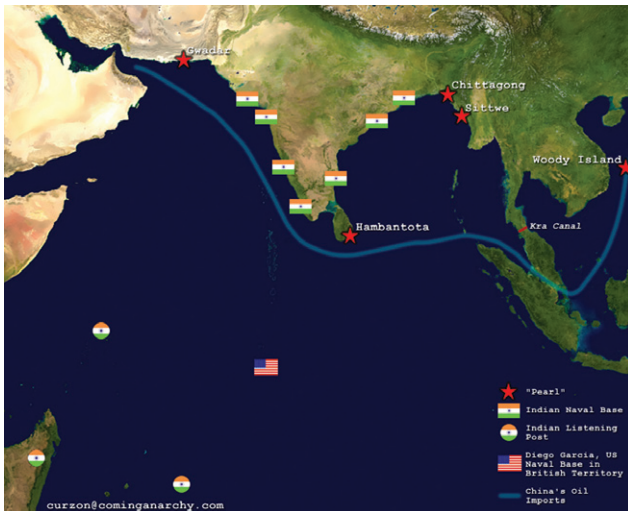
Externally, there were two significant strategy-plays by international actors or states negatively impacting India's national security which the country was powerless to prevent – or towards which it chose

not to undertake any measure of countervailing action. One was the clandestine smuggling of nuclear reprocessing technologies and plant to Pakistan via the A.Q. Khan network. The other was the sustained and surreptitious transfer of nuclear-weapons design – some reports also include the facility of secret warhead-testing at Lop Nor – along with sophisticated missile-systems by China to our neighbor. These transfers were known to the intelligence agencies of major states – which monitor all such lethally-sensitive and internationally-proscribed ‘trade’. Both categories of preceding activities ultimately centered on and led to the denouement and strengthening of the China-Pakistan axis.

At the time, and in realpolitik terms, there *were* counter-security options available to India. One could have been the pre-emptive destruction of Pakistan’s under-construction plutonium reprocessing facilities – apparently such recourse was suggested by some foreign states, along with aid to mount the air sorties. The other was, in riposte, to extend robust arms and secret nuclear-related support to a country such as Vietnam – which, in 1979, had suffered a Chinese invasion similar to India’s in 1962. Neither of these options was exercised by a pacifist or perhaps a passive India still hoping for a negotiated peaceful settlement of the lingering border dispute with China. Assessing such inaction in a positive manner, India may have chosen wisely to limit the scale of Pakistani hate and the level of Chinese ire in the long term. A further possibility is that India chose, or received the accidental benefit of its size, resources and economic growth to out-distance Pakistan in multiple other ways - while also assuming the burden of measuring up asymmetrically, quietly and slowly to China’s increasing ‘comprehensive national strength’ which included nuclear weapons.

Whatever the interpretation attending India's strategic choice-making in the preceding instances, the factual outcome is that the country now has to deal with two nuclear-armed adversarial and potentially collusive neighbors on its northern and western borders – and, as we have discovered since, along its southwestern and southeastern Ocean approaches. Geographically and geopolitically, therefore, India is beset with multi-directional and multiple threat environments requiring step-level and all-Forces integrated defense planning (See Maps below).²¹

The GOI has created an Integrated Defense Planning Staff, and it is to be hoped that the three Services are engaged in preparing *joint* operational plans along the varied-in-time-and-operation threat-vectors rather than, as previously, working within their separate functional silos.



China's String of Pearls

²¹ China's String of Pearls available at www.cominganarchy.com and The New Big Game available at www.femi.repubblica.it

STRATEGIC PARITY FOR PEACE: ENGAGING CHINA IN THE 21ST CENTURY



Source: www.femi.repubblica.it



Source: www.femi.repubblica.it

India's Fragile Twenty 'Prosperous' Years, 1990 -2010

Most economists were aware by the end of the 1990s that India's autarkic model had become severely dysfunctional. It was unsuited to delivering growth and prosperity at a rate required to meet the needs of a burgeoning population. The crisis came in the shape of India - left with barely three-weeks' of foreign exchange for imports end-1990 – having, under duress, to pledge then airlift its dwindling gold reserves to a London depository for receiving an IMF loan covering further external purchases. Under an astute but still under-rated Prime Minister Narasimha Rao's political hand, his Finance Minister Manmohan Singh began the process of dismantling the dirigisme national economic controls system. Soon, with just a limited pull-back of the governmental regulatory processes, entrepreneurial activity began to deliver increasingly better economic growth. The results are there for all to see. Further opening up of the economy is currently stalled for political reasons – but the route map, as earlier, is known to all analysts. We have to hope for and await the next stages of the reform-and-economic-liberalization process to resume.

In strategic terms, Prime Minister Narasimha Rao also – quietly but definitively – changed the contours of India's interaction with geographically-near neighbors to our east and west. A 'Look East' policy presaged a positive economic - and the initiation of a strategically-formulated - interaction with the ASEAN states. To the West, hitherto low-keyed and hidden interactions with Israel were raised to open-recognition levels – without deterioration in the traditionally stable relations with other West Asian states. Both moves have provided India with greater strategic flexibility: potential new nascent allies to the East and West; and in Israel's instance, the availability of specialized weapon-systems denied to us in the past. Additionally, India's 'new economy' has given us

internally the resources and funds and externally the heft – and all major states the allure – to forge policies on a new plane. India has acquired the wherewithal internally so that it is no longer externally the impotent recipient of others' choices, designs or diktat. It is in a position to bargain with all on a more equal footing. We owe much to the unheralded Narasimha Rao for our present economic status and strategic flexibilities.

The International Economy 2.0: Understanding the Role of the US Dollar Post-2010 and its Impact on India's Strategic Autonomy.

The 'American-European Financial and Economic Crisis', beginning 2008 and impacting the rest of the world by 2010, has exposed the postwar-created *underlying* structural imbalances and inequities of the international economy. India has been a major victim of the fallout, *with significant negative impact on its pursuit of national strategic autonomy.*

The postwar Bretton Woods agreements installed the American Dollar as the world's prime reserve currency, *giving the US unbridled recourse to the creation of fiat paper-money* – which it has utilized to the hilt. Economists such as John Maynard Keynes and Robert Triffin (the latter, incidentally, my Academic Tutorial Advisor at Yale University in 1966) had favored an internationally-denoted-and-impartially-controlled reserve currency ('Bancor') under the aegis of the newly-established International Monetary Fund and the World Bank. They had opposed the arrogation of unilateral 'reserve-currency' power by one country. The US, however, had prevailed. *Since then the whole world has and is continuing to pay the price of acquiescence to such financial power in the hands of one country.* It has allowed the US and allied and collaborating junior-partner Europe unrestrained access

to creating (since 1974) un-backed-by-gold, paper money, thereby an at-will credit economy domestically; as well the consequent paper-power to buy up anything from anywhere in the rest of the world. This immense heft still exists, and remains at the root of the West's continuing fierce reluctance to implement a neutrally-conceived international reserve-currency system. *We have to understand the strategic impact now of such a world-financial unequal state of affairs – negatively on us and, simultaneously and accidentally, to the great benefit of China after Deng Tsiao-Ping changed the economic fortunes of his country by redirection to 'Market-Socialism' in 1979.*

China in its new economic avatar only repeated the export-oriented development-format of postwar Japan, South Korea, Taiwan and Singapore – indeed, Deng Tsiao-Ping had consulted with and been advised frequently to that end by Singapore's Minister-Mentor Lee Kwan Yew. There was one difference: *China was a 1000-pound gorilla compared to the earlier East Asian exporter-states, enabling it to implement the new 'Socialism with Chinese Characteristics' policies with the natural advantages of its size, potential and authoritarian structure.* China invited the world to invest in large, carved out and so-designated 'special economic zones' along its seaboard on easy unrestricted terms. For both political and economic reasons, the US responded *first* to the 'opening up' of China with alacrity; then the Europeans followed, somewhat slower and more warily. *All* expected to reap cost-of-production benefits, and thereby the expanded sale of their manufactures within China and in the world via employment of China's potentially vast pool of inexpensive labor – and over the years they did so on an equally vast scale.

China already had an earlier national policy of prototype copying and duplicating weapons and other machinery supplied by the Soviet Union

during the Maoist era, e.g., the immense NORINCO defense-and-prototype production facility established in 1980 near Beijing. This policy has been carried forward and continues to be followed with rigor since the Deng- era reforms. As a general rule, most imported manufactured items, big or small, are reproduced, resulting in ‘indigenizing’ of pretty much everything, lethal or nonlethal. Thus, along with the immense marketability of its now-competitively-priced products, the unit-scale-and-cost of production under one roof could also be greatly increased, leading to still-higher price-competitiveness against rivals. Through a policy of inviting foreigners to produce, then copying and indigenizing for export, China set up a virtuous-cycle for itself to become the ‘factory of the world’. Framing the whole was a policy, possibly intentional, of predatory international ‘mercantilism’ – buy less from and sell more abroad. In the event, millions of China’s rural population migrated to the economic zones and improved their livelihoods. Factory employment gave them higher incomes than before as peasants - even if their salaries remained low in comparison to western wage structures. Cumulatively and steadily over the period, huge international currency reserves in the trillions were accumulated, re-invested mainly in US-dollar-denominated Treasury Notes, then used as backing for the monetary supply and expansion of the Yuan at home. The ‘strong’ Yuan could now be manipulated either to subsidize or provide easy credit, as required, to its export-driven national manufacturing engine.²²

Neither the Americans nor the Europeans were unhappy with China’s national and international financial and manufacturing coordination

²² China, along with Hong Kong held approximately US\$4 trillion as foreign-exchange reserves. Along with the Euro and other ‘hard’ currencies, its total disposable hard foreign-currency reserves could be as high as \$7 trillion. See: continuing updating on Fair Currency Coalition Fact Sheets at faircurrency.org. India foreign-exchange reserves amount to about US\$300 billion.

(Japan had done something similar in its postwar miracle-revival phase and also maintains large dollar reserves). It provided the West an extended bonanza of cheap consumption goods; while China's depositing external earnings with the US/Europe provided a base for the latter to increase their own fiat-dollar/euro 'international' money-supply - as well embark on a credit-generated speculative and spending spree. Such a ghostly 'world money structure' based on the whim and exclusive financial fancy of one state is, in essence, no more than a giant Ponzi scheme, and only needed one major defaulter to collapse the whole. That came in the shape of Wall Street's 'masters of the universe' Lehmann Brothers bankruptcy in 2008. Since then, the rest of the world has been victim to the fall-out, and must watch powerlessly and helplessly as the US/Europe and new interloper China - scorpions in a bottle, as described by some analysts - circle each other uncertainly, unable to embrace politically or divorce economically.

The economic hence the strategic impact on India, having played within the Western 'fixed' rules, is incalculable. In one measure, it is our fault that the attempt at establishing economic zones for large-scale thus low-priced manufactures in India degenerated into land-bank scams - and except in a few cases, has been abandoned. By another measure, a manufacturing base *could* have been planned and implemented around the same time and of the same class and size as China's to provide for local supply of goods *and* earnings in foreign exchange on a stable basis - *within our means and policy constraints*. Instead, we relapsed into complacency and remained satisfied with the early returns from foreign sales of our limited foreign-exchange earners, such as from the accidental growth in the workforce of computer-programmers, or our generic drug-makers - in both

whose competence government policies had little part to play. The third major leg of our fortuitous access to foreign earnings has been provided by way of remittances from our poor working abroad. We beguiled ourselves into a 'Services-Sector' model of economic growth, ignoring the inevitable commensurate need to provide the major portion of manufactures *internally* for our large population. Separately and additionally, China's relentless growth in high-scale production of cheap-goods-exports gutted and rendered stillborn any potential Indian entry in the same area of activity – for internal purchase or external sale.

As a result, our current foreign exchange earnings – or stock of US\$300 billion in foreign-exchange reserves - remains extremely modest relative to need. It keeps us teetering perennially on the edge to pay the increasing sums demanded for just two of our major import items: Oil and Gold (the third being, ironically, electronic goods mainly from China). The situation is tantamount to being clothed in an economic and hence a virtual strategic straightjacket. Foreign exchange shortfall on just these two accounts at any time and for any reason would assuredly, and respectively, lead to: chaos in the whole national economy; a return to bullion smuggling and increased criminality; or cutbacks in other essential-import products. Borrowing for such needs is possible, but can only be a temporary and an inflationary measure. Meanwhile, India's current foreign debt has ballooned to US\$400 billion, i.e., US\$100 billion more than our foreign exchange holdings. According to me, we are in an economic situation similar to 1991.

While the Western 'fixed' international economy rules persist, *only a much higher and steady means of earning substantial foreign exchange can*

provide us with the means to maintain strategic autonomy, enlarge our strategic space and allow creation of strategic parity with our adversarial northern neighbor. China has achieved its strategic autonomy by the ability to buy anything from anywhere by the means and methods described; by indigenizing both its civil and military manufacturing base; and creating thereby its strategic space in the global commons even as its per capita income-levels remain modest by western standards. Meanwhile, with its substantial reserves of the West's 'ghost money' China has ensured forced entry into the tent of the 'fixers' as a co-collaborator in maintaining the 'value' and international economic role of the US Dollar.

It should be noted that China is attempting to create an 'international reserve currency' role for the Yuan. For all the preceding reasons, India should neither support nor participate in using the Yuan for international payments. Better the known vagaries of the US Dollar than entrapment in the risks associated with the *financial opacity of the 'paper junior dollar' of an adversarial authoritarian regime.*

Restructuring India's Political Economy, 2015 - 2030

The same bedrock of economic strength as China's is still achievable by India within its available means, its special constraints, and the functional environment of its democratic framework – *provided certain choices are prioritized and implemented despite the vagaries of an open political system. To realize the preceding goal the master framework must envisage success within the time-frame of a fifteen-year period following our General Elections, 2014. Otherwise, India will grow secularly, of course, but continue to be the victim of the 'fixed' international economic and financial system as earlier described. Floundering in slow and uncertain growth, its options will remain confined to patch-work and ad-hoc responses in meeting recurring crises – inadequate foreign funds, speculation on the value of the rupee, and internal price inflations. China, meanwhile, will continue*

to outdistance us economically while immanently and unpredictably threatening our territorial integrity at will.

In a presentation such as mine, only the broad policy lines can be enunciated. The latter's underpinnings are premised on existing realities and not on ideal norms. I list them below in brief under the acronym '**AIME**', i.e. **A**griculture, **I**nfrastructure, **M**anufacturing, **E**ducation (inclusive of Health). *Primary policy focus on the preceding four areas will automatically lead to a spread-multiplier impact on the whole national economy.* Econometric analyses can show the high unfolding spread-effect on the whole economy by concentrating effort and clearing the obstacles in these four areas of investment. *It would be India's version of an interlocking virtuous-cycle of national development despite the 'fixed' international financial system.* Let me also immediately state that the selected thrust-areas of activity are not an original statement. Many planners and economists wiser and superior hold similar views. I only reiterate them in support of my main thesis – *creating the foundations of comprehensive national economic strength within fifteen years, so to maintain our strategic autonomy, enlarge our strategic space and create strategic parity with China:*

- India possesses an **Agricultural** cropping area larger than China but produces only half-as-much per acre of food-grains on average. With an equally long history in the management of land and water, our ancient systems – crop rotation, lie-of-the-land check dams, seasonal-water-collection tanks, step-wells, village canals, etc. – should and can be reestablished countrywide to supplement modern irrigation systems. It is estimated that harnessing a conservative 15% by these means of India's annual rainfall volume of 4000 cubic kms., among the largest for a country in the world, would be enough to meet

this area, as in Manufacture (below), we require the expertise, scale of construction and foreign funds for *speed in building*. As with **Manufactures**, all should be welcomed – *except China, unless it openly, simultaneously and without regulatory, invisible or tariff barriers, reciprocally admits Indian investment in like areas. The siren-call of China's state-subsidized low-cost project-offers should be rejected as a matter of policy – however attractive at first glance.*

- We have no option but to freely invite all and sundry – from abroad and at home – to invest in **Manufacturing** in any non-sensitive field on our soil in an unrestricted manner, and within an enabling environment of minimum regulatory hurdles at the Central or the States levels. Rising wages are making Chinese exports expensive. We should take advantage, so to say, of our lower standard of living. It appears that our 'Industrial Corridors' along rail-routes will provide an Indian version of China's special economic zones, without encountering land-acquisition problems and other hurdles peculiar to India. Space in them should be made available to all, from wherever, and not just the favored few at the Centre or the States – *except China unless similar opportunities are extended pari passu to our entrepreneurs in that country.*

Falling within Manufacture is *defense-related production*. A policy of indigenization was proclaimed soon after Independence. Today, we import over 80% of our major weapons-systems and carry the dubious distinction of being the world's largest arms-importing nation. Weapons are very quickly expended during war. Even if we assume that present-day wars will be short, sharp and limited, it would make strategic sense to produce most of our equipment

within the country. The government's exclusive monopoly in this respect has retarded our capabilities. China produces most of its defense equipment within the country. So should we. For speed, variety, continuous up-gradation and access to fast-moving worldwide technological changes, the Private Sector – formally permitted now but still effectively excluded – should be allowed normal entry into defense production. This may lead to the growth of Indian 'arms lobbies' – *but better internal arms lobbies than foreign-import lobbies.*

- **Education (and Health)** is the sine qua non for a skilled workforce. No one has analyzed the need for higher investment in this (these) area(s) more persuasively than Nobel Laureate, Professor Amartya Sen. I desist from trying to improve or add to his erudite advocacy in this area of social investment – except to highlight that, according to medical accounts almost 70% of public-health problems in India originate in contaminated drinking water. Merely ensuring relief in this respect would, at modest cost, provide a substantial jump in the health standards of our population. *My only demurral with Professor Amartya Sen is that the tasks in this area of endeavor be pursued by way of empowerment and not entitlement.*
- Finally, India's trade with China needs to be re-cast in a different mold. Currently, we bear the iniquitous transfer of a net \$US40 billion to China's already bulging foreign-exchange holdings – or almost half-a-trillion dollars over a ten-year period. Despite periodic requests to buy more from us, the Chinese – perhaps honestly – state that India has little exportable they need except iron ore and sand. In fact, the augury is that our trade imbalance with China is likely to increase. In normal trade relations that should not matter as intervening imbalances are usually sorted

out by the expectation of values-in-trade equalizing over time. That would remain a chimera given India's structural manufacturing deficiencies coupled with China's generally predatory mercantilist regime. Some have suggested increased Chinese investment in India as a means to 'balance' the outflow of funds from India to China, ignoring the fact that once the investments are made there would arise a greater level of transfer-values back to China. The argument that increased trade despite continuing imbalances would still occasion better political relations by enmeshing the two economies does not follow in the present phase of India-China interactions. Indian exports are a blip in the more-than-a-trillion-dollar annual world trade figures of China. They could be easily replaced by supplies from other countries where China has leased mines and natural-resource deposits worldwide.

- In the US and Europe, where whole segments of manufacturing capacities have been hollowed out by less-expensive Chinese imports, innovative means are being implemented to stem inflows from China. Within the trade regime of the WTO, the EU has introduced the concept of 'trade justice' to raise tariffs or otherwise limit the volume of Chinese imports. The Americans have always had a plethora of rules and indirect means to restrict entry of goods into the US whenever they so choose. India should be similarly creative in imposing restrictions to suit its ground reality – especially if international trade competitiveness has been rendered structurally unfair to us, financially and economically.
- *In the absence of some such combination of policies as envisaged in AIME, I hazard the perception that India will unceasingly teeter at the edge of an insolvency precipice similar to that confronted in*

1991; and, thereby, a continuous strategic and military trap similar to the one faced in 1962 at the hands of China.

One can be prescriptive, but not predictive. *A coordinated focus on implementing AIME (and rearranging our Trade Regime) is well within our means, constraints, abilities and fractious politics, as well within a time-frame of fifteen years.* It would presume some minimal consensus on national goals among our major contending political parties at the Center and in the States. If that appears impossible in our national Tower of Babel contentions, then powerful but visionary individual leaders of whichever political persuasion – could be approached at the State level and enjoined to implement **AIME** policies within their States. Our federal structure provides a fair measure of constitutional power to the States of the Union and that power has increased in practice in recent years. Many of our State leaders are now willing and able to persuade – or defy and bend - the Centre to their ways in matters of selecting policies suited to their State's preferences. Uniformly-conceived but voluntary State implementation of **AIME** policies – even if dis-aggregated to begin with - could by successful example encourage the initially uninterested states to adopt the same policies.

Summation

The burden of my narrative so far has been to assess India's historical past for understanding the antecedents of our present behavioral inspirations. Thereafter, the similarities and differences between India and China are analyzed as influencing their present behavior towards each other and the world. An intervening discourse then attempts to suggest the economic and political premises by which the two countries' interacted with the given postwar international system – particularly economically since the Bretton Woods Agreement, 1944. While both underwent differing political and economic vicissitudes

– and have achieved great all-round success for a billion people each despite hurdles – India faltered in ‘working’ the international economic system commensurate to China in benefit. That misstep has led to the present situation where India’s economy is plateaued internally and externally. The secular and ‘natural’ process of growth will not stop given the existing structure, size and policies attending India’s current two-trillion-dollar real national economy, but at around 5-6% per annum their cumulative impact will be insufficient to raise the country to the next level, except very slowly, haphazardly – and inadequately in comparison to China. Mundane though it seems, re-energizing with **AIME**-like policies is an imperative necessity for acquiring: national strength to maintain our democracy, provide a higher rate of development and employment, and create a defense capability on a dynamically-evolving if asymmetric par with China. The pre-conditions for ‘smart’ achieving of all our goals between 2015 and 2030 are *focus* and *speed*.

Creating Strategic Parity: India in the Interregnum, 2015-2030

Chairman Mao is reported to have expressed his idea of the geographic role of Tibet as constituting China’s palm whose five fingers - Ladakh, Nepal, Sikkim, Bhutan and NEFA/Arunachal Pradesh - awaited liberation by his country. Another of his pronouncements was that it was not for China to be passive but to make the enemy passive. While India and China have moved on since then and the world has also changed, Indian planners would be well-advised to remember the import of the two quotes: as part of the larger picture governing the whole of our northern borders; and as part of the psychological aspects of overall strategy that may be applied by an adversary.

The following three assumptions appear reasonable in the larger India-China strategic context:

- Two or three nuclear-weapon-and-delivery-system-capable states are unlikely to enter into *long* wars as any one of them may resort to WMD-use earlier than estimated. The preceding unpredictability would be exacerbated if the three nuclear-armed states exist in uneasy intra-relationships.
- Short, sharp and quickly-terminated *fait accompli* wars employing overwhelming force for limited gains along border areas *are* possible. The goal would be to establish facts on the ground prior to any type of international intervention.
- Major and minor states would stay out of the conflict whatever the form or level of their relationships with any one or all of the two or three embroiled states. All states could be expected to intervene only if their core national interests are directly threatened.

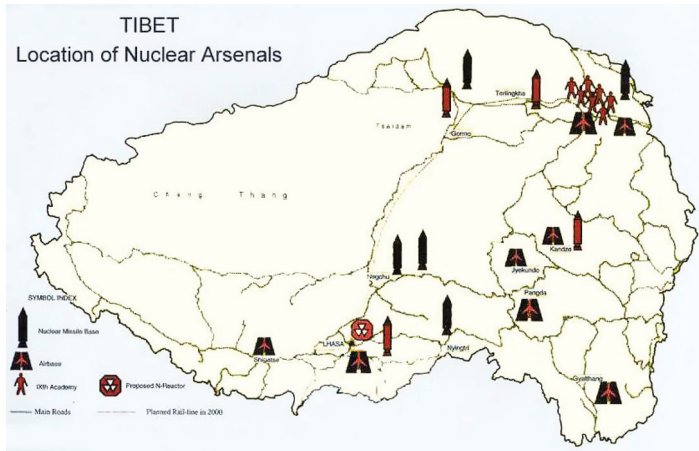
Much has been written – and advised in the print media to our policymakers – on the circumstances surrounding the recent Chinese ingress April 15 – May 5, 2013 in the DOB sector of Ladakh (and again recently). I have gone through numerous articles on the subject, many by our leading analysts and defense experts – as well think-tanks like the Vivekananda International Foundation, Takshashila Institute, Observer Research Foundation, Centre for Policy Research, South Asian Idea, Institute for Defence Studies and Analyses, et. al., and journals such as the Indian Defence Review, Bharat Rakshak, etc.; as well the general news and print media. Collectively, these are informative and explanatory of our major problem with China, and along India's northern borders – tactically, strategically, politically and diplomatically. I summarize their views as follows:

- An extended major war between India and China is unlikely

but until the borders are demarcated on the ground, incidents like the recent one will recur.

- While we adopt a defensive stance, the initiative for activation of border-level crises will remain with the Chinese.
- The Chinese have developed the whole Tibet Autonomous Region (TAR) area into an integrated military base comprising excellent road, rail and air communications along with in-place strategic nuclear and conventional mobile forces including 3-500,000 troops rapidly deployable at any and many points along the border as and when required. The forces can also be swiftly augmented by emergency air-mobile divisions. The accompanying (incomplete but publicly-available) map, published by the Central Tibetan Administration in Dharamsala, gives an idea of the in-situ situation (See Map below).²⁴
- Apparently, the Chinese have also developed a village-size scale model of the Ladakh-Aksai Chin area for training their combat personnel. It stands to reason that they must have done so also for the Arunachal Pradesh approaches from their TAR side.

²⁴ Source: Central Tibetan Administration, Dharamsala (from: indiandefencereview.com). This is a map of the year 2005. Much has been added to Chinese offensive capabilities in-place in Tibet since then. For a current written update, see: Major General Afsar Karim, in: indiandefencereview.com, 25 February, 2013. I have not been able to locate from open sources a current map of China's military deployments in Tibet. Read also: General V.P. Malik, *India China War 1962 Lessons and Way Forward*, spsmai.com



- GOI has plans for a steady up-gradation of infrastructure on our side of the contentious boundary line and has already undertaken steps to activate a number of border airfields with front-line long-range fighter aircraft (Sukhoi 30s), Brahmos missile batteries, accelerated border-roads development, the creation of a Mountain Strike Corps (recently approved), and the eventual availability of approximately 220,000 troops for our border defenses. Our military chiefs have also warned of the need to prepare for the contingent possibility of a collusive two-front war involving Pakistan and China.
- Despite plans and projects our northern and northeastern defenses currently remain inadequate to the potential military challenge already posed by Chinese capabilities in the TAR area. Our effort remains tardy and beset with continued delays and inefficiency in implementation, e.g. the proposal for creating a Mountain Strike Corp took ten years to be approved, - and will be assembled over seven years.

Expert opinion also suggests that the following responses be undertaken:

1. Seek an early delineation of the border by both sides.
2. Shore up our defenses and infrastructure with greater speed and efficiency inclusive of better weapons, cyber-based intelligence, reconnaissance drones, real-time space-based surveillance, and a strategy of creating a dissuasive balance with China in the TAR region through a smart asymmetric equivalence of counterforce-application capability. This should include the ability for our forces to ingress into the TAR region at a point or points advantageous as riposte to any major Chinese incursion into Indian terrain.
3. Our overall strategy should be extended to include the Indo-Pacific Ocean regions, along with open or clandestine robust relations with the US and Japan – and others such as Vietnam, the Philippines, Indonesia – all increasingly perturbed at China's aggressive assertions in the South China Sea and adjoining areas.

It is for our political and operational planners to assess, select and implement from among the preceding diplomatic and military options – *urgently through focused and speedy implementation within the years 2015-2030*. The *combined political-strategic-military-economic planning* would obviously synchronize the short, medium and long term in creating the basis for a dynamically-evolving strategic parity with our northern neighbor *within* the fifteen-year period.

Despite our increased current capabilities, *tactically* we are in no better a position on our northern borders than in 1962. China's permanent 'forward' and re-enforceable deployments in Tibet are

aimed solely at India. China and others would be alerted to our activities when – and *if* – we begin the strengthening of our northern border defenses along the lines chosen. They may, thereupon, seek a peaceful or a less-than-peaceful response to our actions – to force the issue to their benefit before it becomes more problematic. India should be prepared and able, therefore, to engage in either of the two preceding reactions *earlier*, perhaps in the *initial* years of the fifteen-year period 2015-2030. That would require an *immediately-implemented tactical plan within* the fifteen-year plan. The same is also possible within our present means.

The geographical topography of the northern border regions suits major troop and material movements on the Tibetan side. Chinese military formations have to climb less from a naturally-higher undulating plateau – and they have easier terrain to construct better roads. Our deployments have to traverse up from the plains across a series of ascending mountain ranges via tortuously-constructed roads maintained against frequent landslides and the like – and easy interdiction by mountain artillery batteries to isolate forward positions and forces. That was our experience in 1962, and the mountains have not changed since then. One also presumes that – as in 1962 – the use of aerial combat or long-range artillery bombardment will be deferred, at least in the initial stages, to limit escalation of hostilities to a higher level. If that be so, then we have to find a superior tactical means as an alternative to China's nature-provided advantages on the Tibetan side of the border.

There is enough open literature which indicates that future conventional wars may increasingly involve the extensive battlefield-use of precision-guided munitions (PGMs) in defensive and offensive environments. We have already co-developed and deployed some

batteries of the supersonic Brahmos cruise missile with an operational range of 300 kms (and perhaps others are in development). These are reportedly already emplaced in the Arunachal Pradesh defenses. China has also developed and deployed a variety of cruise-missile types. The most notable is the DF-21AD, range of 1700-2000 kms, modified from one of their intermediate-range missiles, and meant to contest US aircraft-carrier fleets in the eastern seas from Chinese coast-based defense-batteries. They also possess a wide array of other missile systems of different ranges.



If not already planned, India should undertake *the immediate mobile or hardened deployment of large numbers of Brahmos missile batteries at recessed distances along all sensitive and vulnerable segments of the nation's northern borders*. To deter possible collusive action against India involving Pakistan, similar west-facing emplacements could be undertaken, especially in the Ladakh-Gilgit-Siachen-Wakhan Sector. Further, analysts often refer to the Indian Peninsula as the

permanent equivalent of many aircraft-carrier groups jutting into and dominating large swathes of the Indian Ocean Region. *We should factor that geographical advantage into our strategic plans to east and west by shore-based mobile and/or hardened emplacements of numerous sea-hugging short-and-long-range cruise missiles developed for such specific purpose.* Our intermediate-range missiles are sophisticated enough. They should be modified into cruise-missile configurations and pointed towards the Indian Ocean stretches in all-sea-surface-azimuth directions. *In both the northern land and southern sea borders PGMs would strongly, swiftly and at relative low opportunity cost supplement the countries existing offensive/defensive conventional capacities.* Their cumulative reach could, especially, dominate vast stretches of the Indian Ocean Region from impregnable land stations or mobile launchers.

See map of the Indian Ocean Region below to visually appreciate our natural locational advantage.²⁵

In the north, PGMs would signal resolve, intent and capability for speedy retaliation but confined only to the areas in dispute - if shown to be of limited range. An additional safety measure and signal would entail publicly professing that combat aircraft would not be employed in the early stage of hostilities - unless the other side escalated first. The larger beneficial impact would be to confine and stabilize unexpected flare-ups to the border region and place the onus of potential escalation on the adversary. Retaliatory counter-force Chinese/Pakistani missile emplacements would only indicate mutual resolve and create a stand-still equivalence. Neither side would have any incentive *ab initio* to adventurism without provocation. All sides would, nevertheless, have the demonstrated capacity to inflict

²⁵ Source: Geographicguide.net

immediate pain in case of an attempted 'creeping annexation' by any state. Incursions into disputed areas such as those of April 15 – May 5 and again on June 17, 2013 (and yet more recently) may not be entirely obviated – but it would be known to the transgressor that the other side does possess immediate and punishing retaliatory capacity against ingress at a level or for a period deemed unacceptable.

There are two additional policy-issues which lie beyond the scope of this presentation, but which I raise as germane to our strategy-parity task - and which await future research and delineation. The first is the form, nature and scope of upgrading India's strategy-premised interactions with major states as 'partners'. The second is to seek a means to stabilize fluctuations in the external/internal value of the rupee within a reasonable band during the interregnum 2015-2030 as the Indian economy inevitably grows at higher rates through implementing **AIME**-like measures. In the first instance, special effort should re-invigorate higher strategic relations with Russia, and establish them seriously with Japan. Both Russia and Japan lie north/northeast of China. Similarly, deeper strategic ties need to be forged with Vietnam – and, if possible with Indonesia, both of which lie to the south of China. It is my assumption that all the aforementioned states are more than likely to be wary of China's increasing power-plays in their surrounding regions – whatever their current levels of intra-action. In the second case, a framework of artful perhaps below-the-radar strategic relations with the US would need to factor in bargained parallel support for stabilizing the international value of the rupee during the years 2015-2030.

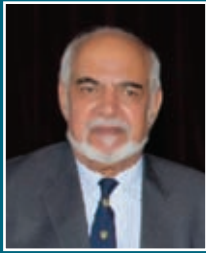
Conclusion

To achieve sustained success, a special cell within the National Security Council Secretariat, comprising deep-skilled expertise for

coordinating policies in all the required fields in a time-bound manner will need to be assembled. It will be tasked –once overall national policy parameters and their objectives have been selected under political direction –to undertake priority-implementation. The various and concerned ministries of the Central *and* the State Governments of all political hues will need to be brought in and involved on a continuous basis: for consensual agreement, for coordination and implementation of policies in the national interest, and for over-riding internal political-party differences in our fractious democracy. Ideally, a National Political Bargain should be demanded of our major Political Parties wherein they maintain their democratic right to disagree in the internal political space – but consent to extended agreement on consensually-arrived at ‘In-The-National-Interest’ objectives.

Let me state immediately that, presently, I remain doubtful about the possibility of such a National Political Bargain. One could describe the present state of political contentiousness in India as akin to a constitutionally-supervised ‘civil war’. It is my duty, nevertheless to place it on record if India is to be prepared for comprehensively meeting the challenge of China. In the absence of some such internal political concordat – and the continuance of existing uncoordinated policymaking and compartmentalized ministerial activity – we should be prepared for the gap in capabilities with China to persist or widen. We should also expect to be steadily out-maneuvered by the real or virtual creep of Chinese hegemony in our surrounding region and across Asia.

India has a great story to tell: *the peaceful resurgence of 1.2 billion people by democratic means* – and soon a population exceeding China’s. Let us not fail to protect ourselves fully while writing that exciting and human story unparalleled in world history.



Dr. Onkar Marwah, currently a Distinguished Fellow in the Institute of Peace and Conflict Studies, New Delhi; former member of the Indian Administrative Service (1959 batch); studied at the University of Calcutta, the London School of Economics, Yale University, University of California, Berkeley; held research faculty appointments at Cornell and Harvard Universities, and thereafter was Deputy Director of the Programme for Peace and International Security Studies at the Graduate Institute of International Studies, University of Geneva. He has been a Visiting Professor at various universities in the USA, Europe, Africa and West Asia, as also at Jawaharlal University, New Delhi. Dr. Marwah has authored/edited four books and over fifty published articles/monographs on nuclear, defence and security affairs, and is currently working on a study of India's strategy and defence for the 21st century.

This book is based on the K Subrahmanyam Memorial Lecture given by Dr. Onkar Marwah in July 2013.