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INDIAN STRATEGIC CONCERNS IN THE 1990s

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ACRONYMS

APEC	Asia-Pacific Economic Conference
ASEAN	Association of Southeast Nations
BJP	Bharatiya Janata Party
CCPA	Cabinet Committee on Political Affairs
CDE	Committee on Defence Expenditure
CPR	Center for Policy Research
DPS	Defence Planning Staff
IDSA	Institute for Defence and Security Analysis
IMF	International Monetary Fund
ISI	Inter Service Intelligence (Pakistan)
MTCP	Missile Technology Control Regime
MOD	Ministry of Defence
NPT	Non-Proliferation Treaty
NRI	Non-resident Indian
OBCS	Other Backward Classes
PNE	Peaceful Nuclear Explosion
SLORC	State Law and Order Restoration Council
USI	United Services Institution of India
VHP	Vishwa Hindu Parishad
VOA	Voice of America

INDIAN STRATEGIC CONCERNS IN THE 1990s

Many Indians consider 1991 a watershed year in the history of independent India. Two major events that year influenced Indian foreign and domestic policies: India's economic crisis in the spring and the sudden collapse of the Soviet Union in the late summer. Two other developments also had important implications for India, though their effects were neither as clear nor as immediate as the effects of the first two: the Persian Gulf crisis and war in 1990-91 and the continuing rapid growth of the economy and military power of China. While it is too soon to assess and understand the lasting effects of these developments, some short-term observations can be made on the strategic implications of these developments.[1]

Independence, internal security and territorial integrity have always been overriding priorities in Indian strategy. Therefore, we shall first look at the recent internal developments in India, particularly the fiscal and economic problems and their possible strategic implications.

Then we shall address the major foreign events and their influence on Indian strategy. Finally, we shall make some personal observations on the Indian reaction to these events.

DOMESTIC PROBLEMS

India's perennial problems of caste, ethnicity and religion worsened as the present decade began. In 1990, Prime Minister V.P. Singh resurrected the ten-year-old Mandal Commission Report, which had recommended reservations for the other backward classes (OBCs). This led to violence, including self- immolation, on the part of some upper class youth who despaired of their future.

At the same time, the Bharatiya Janata Party (BJP), often referred to as a "fundamentalist" Hindu party, raised the issue of the Babri Mosque, which had not been used for many years. The BJP claimed that nearly 500 years ago the Muslims had destroyed a Hindu temple at the site of Lord Rama' s birthplace and had erected the Babri Mosque in its place. L.K. Advani, president of the BJP, led a *yatra* (a march or procession) that traveled 10,000 miles around India urging each Hindu to bring a brick with which to rebuild the temple. Communal tensions turned to violence when BJP supporters destroyed the mosque in December 1992. The blame for allowing the mosque to be destroyed is still a matter of dispute.

Communal and caste problems surfaced again in early 1995, when activists of the banned Vishwa Hindu Pari shad (VHP) started .a campaign to "liberate" the Gyanvapi Mosque in Varanasi. Caste politics is also causing unrest in the Hindi belt of northern India and convenient political alliances are being forged. In 1989, militancy had begun again in Kashmir and is still going on, and ethnic violence continues in the part of the northeast.

[1] For my earlier work, see George K. Tanham, Indian Strategic Thought: An Interpretive Essay, Santa Monica, Calif: RAND, R-4207 - USDP, 1992.

Government weakness at the Centre, noticeable from time to time for some years, increased in 1989-91. During this brief period, India held two elections and had four governments, three of which were minority governments. While the transfer of power from one leader to another was peaceful and legal, the political fragility at the Center was apparent. The Congress Party, which had ruled India since Independence, was growing weaker. The assassination of Rajiv Gandhi, its young leader, in May 1991, created a deep sense of unease.

Rajiv Gandhi's assassination seemed to help the Congress in the elections, but not enough for it to gain a clear majority of seats in the Lok Sabha. P.V. Narasimha Rao was asked to form a minority government, which he has finally built into a majority. Although he has undertaken major economic reforms, many Indians feel that his leadership has lacked decisiveness in several other areas. Weakness at the Center continues to plague India, personal politics and pervasive corruption have seriously undermined the entire political structure and in 1995 the governance of India is seen by many to be in trouble.

The fiscal and economic crisis, which came to a head in the spring of 1991 demanded decisive government action. While the Indian economy seemed reasonably healthy in the 1980s and showed an increased growth rate, it did not come close to matching the economic vigor of some Southeast Asian nations and Indians noted with some chagrin that they were falling behind these smaller countries.

The partial success of the Indian economy hid serious inherent weaknesses and a fiscal problem that had reached crisis proportions. The highly regulated economy was not producing the exports to match India's imports and the unfavorable balance of trade was escalating. The government was also spending beyond its, means, partially to provide agriculture subsidies and partially to cover losses of public sector enterprises. Increased spending on defence, a commit feature of many countries in the 80's, also contributed to the deficit. The government was forced to seek short-term loans which, in turn, made its debt repayments even larger and more of a drain on the budget. Inflation rose tangentially. By the spring of 1991, India's foreign reserves had sunk to a critical low of about one billion dollars, or about three weeks' supply. This crisis demanded government action and major reforms in the Indian economy.

In this mixed but highly regulated and protected economy there were opportunities for small businesses and individually led enterprises to develop outside of or in spite of the government's economic system. The Indian entrepreneurial spirit (some have said inherent capitalist outlook) revealed itself, and the success of these small but growing endeavors helped to produce a young, dynamic, and growing middle class. Professionals, including doctors, lawyers, engineers, and other groups, added to the numbers of the aggressive and increasingly robust middle class. They were angry with and frustrated by the red tape and the obstructionist tactics against any reform in the economy. These middle-class entrepreneurs demanded changes and although the voice of the private sector had become more powerful by the 1970s, it could not overcome the pervasive political and bureaucratic hold over the economy or attract the attention and capital of the free world. By 1991, however, much of India was ready for liberalization and reform.

Some Indian leaders had seen the need for economic reforms for years. Rajagopalachari wrote persuasively on this, but did not get mass support. Prime Minister Indira Gandhi in the early 1 970s, made attempts in this direction by liberalising licencing procedures to some extent offering tax incentives to attract foreign capital and projecting India as a great market. However, the world saw India as too socialistic because of the sweeping nationalisations and restrictions on foreign equity and therefore a dubious place for foreign investments. The departure of Coca Cola from India reinforced this idea abroad.[2] Mrs. Gandhi's son, Rajiv Gandhi, in the mid- 1 980s, made a serious effort to modernize India. He tried to loosen the regulatory shackles on Indian industry, to reduce the inefficiencies in the closely controlled and vastly overstaffed economy and to encourage exports and trade with the rest of the world. But he could only make a beginning and his efforts were thwarted by the "power brokers", the bureaucracy, his newness to politics and by the lack of adequate outside support.[3]

The crisis in the spring of 1991 accelerated and India was faced with the choice of bankruptcy, an unacceptable option for new Delhi, or borrowing from the World Bank and the International Monetary Fund (IMF), both of which insisted on fiscal reform and economic restructuring. Despite what some saw as infringements on India's fiercely guarded independence, the government chose the lesser of the two evils and accepted the conditions for a loan.

Prime Minister Narasimha Rao and Finance Minister Manmohan Singh saw the urgency and quickly addressed the problem. They devalued the rupee by about 20 per cent, and a new budget in July revealed the major thrust of the reforms. They tried to establish fiscal responsibility by cutting government expenditures, subsidies, grants to the states, and capital expenditures, while at the same time seeking to increase revenues by tax reform and more efficient collection of taxes. Efforts were also made to reduce inflation. While there has been some progress in establishing fiscal stability by reducing the fiscal deficit, this has not gone as well as hoped for, despite the increased tax revenues. Inflation was rising as of early 1995. On the positive side, there has been a dramatic increase in India's foreign reserves from about one billion dollars in 1991 to nearly 20 billion in 1994. However, some of this is "hot" money, that is, investments in stock that could be withdrawn quickly with consequent loss of confidence in the government and possibly an economic crisis.

A major aspect of the reforms is the government's effort to encourage trade. India has reduced tariffs and encouraged exports. Imports grew about 23 per cent in 1994, while exports increased about 18 per cent. However, many of the imports were for capital goods and projects to enhance India's industrial base. While the Indian government is not particularly pleased with the trade imbalance, it believes that industrial production will continue to increase rapidly and that this increase will create jobs and increase exports, which in turn will improve the trade imbalance.

The government has also begun to decentralize, deregulate, and liberalize the economy. Restrictions on industries have been reduced, inducements have been

[2] See Surjit Mansingh, *India's Search for Power*, New Delhi Sage pp. 358- 360, for reasons for this view which she believes, however, was not justified.

[3] Rajiv Gandhi had a major influence on the Congress platform for the 1991 elections, which called for more modernization.

introduced to bring foreign capital into India and Non-Resident Indians (NRIs) are being encouraged to invest their funds in India. The policy thrust has shifted from self-sufficing and import substitution to the encouragement of exports and free trade and a mature form of self-reliance.

While the details of the reforms need not be covered here, their general thrust is important from the strategic point of view. Indians who support reform see that the outward-looking aspects of this economic policy will affect strategic and defence policies. India has long sought to be self-reliant in its military weapons and supplies.[4] India did not want to depend on any one source, but while it purchased weapons from the West, it in fact relied excessively on the former Soviet Union, which provided about 70% of its weapons and military equipment. Today, the government is openly seeking outside support from a wide variety of sources for some of its military projects such as the Light Combat Aircraft project. India hopes to become self-sufficient by increasing exports to pay for imported military equipment.

Foreign markets will become more important as India develops economically and they will significantly influence what India considers its primary strategic interests abroad. Freedom of the seas and choke points will become more important as trade increases and naval advocates assert that India needs a large navy to protect its interests abroad, particularly in the Indian Ocean. The opening up of India's economy not only leads it to look abroad, but also attracts the attention of many other important countries, which see India as a huge potential market and a great area for investment.

As the United States, several European nations, and probably Japan invest in India, India will become a much more important player in would affairs. A steadily growing economy will broaden India's strategic horizons and may help it to attain one of its most cherished strategic goals: to be, and to be seen to be a major participant in global affairs.

KEY NEW FOREIGN DEVELOPMENTS

The first external event to significantly affect India was the sudden collapse of the Soviet Union in the summer of 1991. The end of the Cold War had a much less visible impact on India than it did on Europe and America, as Indians had regarded the Cold war as an East-West confrontation taking place primarily in the upper northern hemisphere. Indians had been more than a little troubled, however, when the United State had leased the island of Diego Garcia as a naval base. The problem of having the U.S fleet in the Indian Ocean was exacerbated when the Soviet Union acquired the naval base at Camp Ranh Bay, Vietnam, and Soviet submarines also came into the Indian Ocean. India was concerned that the Cold War would turn into a hot one in the Indian Ocean. War did not break out, however, and in fact there were no publicly known confornatations at that time.

The Cold War came closer to India when the Soviets invaded Afghanistan in December 1979. It was not in India's interest to have the Soviets in Afghanistan.

[4] The policy of self-reliance requires a large research and development (R&D) effort, but the government snent only limited funds for defence R&D.

Although the Indian government may have opposed the Soviet invasion, India did not publicly condemn the Soviet Union. The invasion brought renewed U.S assistance to Pakistan, which again became an active U.S ally against the former Soviet Union, thereby upsetting the Indians.

The collapse of the Soviet Union was a traumatic shock for India. While India and most of the world had been aware of the Soviet Union's problems no one expected its sudden collapse. Its sudden disintegration was a severe blow to India's economy, especially at this particular time. The Soviet Union was India's largest mutually beneficial trading partner with India having the favorable balance of trade.[5] When Gorbachev visited India in 1988, he had talked about doubling trade with India; instead, in less than three years trade had become nonexistent. Some Indians consider the economic denouement the most important consequence of the Soviet collapse.

The Soviet Union also supplied India with most of its arms and military equipment at low cost, good credit terms, and often with licensing privileges. The demise of the Soviet Union has created severe problems for the Indian military. Spare parts for India's aging military equipment are difficult, if not impossible, to find. The Problem is now exacerbated by Russia's demand for payment in hard currency. India's defence community sees the loss of its source of arms, and particularly spares, as the most important consequence to India of the Soviet Union's collapse.

Form a strategic point of view, the collapse of the Soviet Union suddenly removed India's friend and her counter to an increasingly powerful China. With the United States as the sole superpower in the world, there appeared to be a strategic imbalance that was not in India's favour. Sensing this ahead of the fact, India had already, before the end of the Cold War, begun to improve relations with China, and Rajiv Gandhi worked hard to improve relations with both China and the United States. Prime Minister Rao's timely visits to China in 1993 and the United States in 1994 further contributed to better relations with both countries.

India has traditionally sought total independence and insisted to pursue non-alignment and many Indians believed that Mrs. Gandhi had been disturbed by Clause 9 of the Friendship Treaty of 1971, which called for consultation between India and the Soviet Union in case of attack or threat of attack on one of the parties. Mrs. Gandhi, it was said, thought this clause made India appear dependent on the Soviet Union, and that is why, as a sign of Indian independence, she had proceeded with the nuclear research program and approved the 1974 peaceful nuclear explosion (PNE). May others believed, however, that she pursued the nuclear options to divert attention from her domestic problems. It is difficult to fathom and pin point a single motivation in such cases.

India's relations with the Soviet Union in the 1980s had begun to show subtle changes. India had not approved of the Soviet Union's invasion of Afghanistan and was pleased when it withdrew in 1989.[6] India's faith in the Soviet Union's support declined when it saw its former ally working closely with the United States at the

[5] The rupee-rouble exchange rate was to cause problems later, however.

[6] However, many feel it might have been better if the Soviet Union had stayed on, as it would have backed a secular government. Now Islamic fundamentalists seem to be on the verge of taking over Afghanistan.

U.N. on the Persian Gulf crisis. Many, but not all, Indians argue that there never had been a Soviet nuclear umbrella, but that the Soviets had served to counteract China and the United States. Soviet help became less necessary, they said, as Delhi improved its relations with China and the United States in the 1980s. One gets the impression, at least in discussions in 1995, that the relationship between India and the Soviet Union was becoming less close, though still important, by the end of the Cold War.

Indians have pointed out that Indo-Soviet relations were primarily between governments and that it did not affect many Indians. Despite cultural exchanges, the Indians and the Russians seemed to remain far apart and the lack of a common language hindered the development of closer relations between the two peoples. Young Indians maintain that India has always looked to the West for higher education and professional contact and increasingly to America, and that even during the Cold War most preferred USA, U.K., Canada to the Soviet Union. Very few admitted to a strong desire to go to Russia.

Many Indians would, nevertheless, maintain good relations with Russia. High-level good will visits, cooperation on weapon repairs and new equipment, and reviving trade suggest that India and Russia will continue to have a mutually beneficial relationship.[7] Both governments are working together toward this goal. But contrary to the situation in the Cold War, this does not preclude India's having good relations with China and the United States.

The second event to significantly affect India was the Persian Gulf crisis in 1990 and war in 1991. India firmly rejected naked aggression and hence opposed Saddam Hussein's attack on and takeover of Kuwait in August 1990. Many Indians sympathized with Iraq, however, as India and Iraq had enjoyed good relations and Iraq was the only Arab state that had consistently supported India on the Kashmir issue. The fact that the Baathist regime in Iraq is essentially secular appealed to India, which is also a secular state.

Furthermore, India had many economic interests in Iraq. Thousands of Indian workers employed there and in the Gulf region sent home perhaps a billion dollars a year in remittances to their families. The crisis put these workers in jeopardy, and the Indian government, in a very efficient operation, evacuated about 200,000 in just a few weeks. In addition, India received much of its oil from Iraq and from the Soviet Union through Iraq. This source was completely cut off and at the same time the price of oil shot up in the world market because of the Gulf crisis. India and Iraq also had a profitable trade relationship, and Indian companies engaged in construction and other work in Iraq. At the U.N., India vacillated but finally supported the U.N. coalition. India allowed USAF aircraft to refuel on its territory, but for political reasons withdrew this permission just a few days before the end of the war. The period of the Gulf crisis and war was a difficult time for India.

The war highlighted, if not the emergence of a unipolar world, at least a world in which the United States was the sole remaining super power, one that had not been

[7] The first deputy defense minister of Russia visited Delhi for a few days in March 1995. He said that India is more important to Russian as a strategic partner than it was to the Soviet Union.

too friendly with India. It also revealed Arab disunity and the inability of the Organization of Islamic Conference to play a meaningful role. The Non-Aligned Movement was unable to take effective action, thus raising questions about its relevance in the post-Cold War world. India and a few other nations asserted that the United States had not explored all diplomatic opportunities, especially the French proposal that if Saddam Hussein evacuated Kuwait the coalition would withdraw its forces. India, in particular, felt that the United States overly dominated the U.N. and was using it as a cover for the U.S. agenda.

The war clearly demonstrated the power of modern military technology. The United States used all its most modern weapons and equipment to quickly defeat Iraq. The entire world saw the demonstration of its air power and high technology on television. The Iraqis' Soviet-made weapons and equipment did not compare well with those of the United States, though Iraqi training or the lack of it, and poor morale may have had something to do with Iraq's poor performance. The war seemed to highlight the importance of modern military technology and in an ironical sense, the importance of having nuclear weapons. In the view of many non-Americans, the United States probably would not have confronted Saddam in the way it did if Iraq had in fact had nuclear weapons. Finally, the war also revealed how expensive modern warfare can be, as even the United States had to ask for and received substantial contributions from many other countries.

The end of the Cold War, the collapse of the Soviet Union, and the Gulf war to a lesser extent have changed the world enormously. The super power confrontation made the major problems of the world relatively predictable, but the feared conflagration did not occur. Local and regional conflicts, and ethnic and communal violence had been more or less controlled by the super powers in their respective spheres of influence and to a lesser extent in the nonaligned world. As super power pressure disappeared, small, old conflicts emerged more clearly and new ones arose. The world did not become more peaceful; instead, it became more complex and contentious, and many feel, infinitely more dangerous.

With only one super power, many turned to the U.N. as the arbiter of world affairs and the primary organization to deal with the smaller, though intense, crises and conflicts. Many Indians resent what they see as U.S. domination of the U.N. and would prefer the U.N. be more independent of any one power and deal with the numerous world conflicts collectively.[8] India believes that an enlarged Security Council with more permanent members, including itself, would be a step in the right direction. As constituted now, the U.N. has tried, but with only modest success, to grapple with the world's problems. However, it is not properly organized to operate peacekeeping missions or command military forces, as has been demonstrated so clearly in Bosnia and elsewhere.

India, with its extensive experience in peacekeeping under U.N. auspicies, seeks to play a greater role in this field. Since its participation in the Congo in the 1960s, India has sent forces and observers to participate in U.N. peacekeeping missions around the

[8] India also sees other international agreements as discriminatory; it has strongly opposed the Nuclear Proliferation Treaty (NPT) and the Missile Technology Control Regime (MTCR).

world. Today it has military forces and civilian observers in Latin America, Africa, Asia, and Europe. It is justly proud of its record.

EVOLVING STRATEGIES

Perhaps India's major strategic change as a result of the end of the Cold War has been its decision to work more closely with the United States. In fact, Indo-American relations had already begun to improve even before the Cold War ended. The Reagan administration initially ignored India, but later adopted a policy of trying to wean India away from the Soviet Union. President Reagan's good relationship with Prime Minister Indira Gandhi and later with Rajiv Gandhi, when he became prime minister, contributed to the success of this policy. Discussions led to a Memorandum of Understanding on the transfer of technology to India, agreed upon in 1984. While not giving India all it wanted, the agreement provided considerable modern technology and seemed to be a positive step in the relationship. Although by 1988 relations between the two countries had improved considerably, substantive differences and mutual distrust and suspicion remained in the background: the relationship might not have become closer had it not been for the end of the Cold War.

The military in both countries quickly saw the opening provided by the Cold War's demise and began to develop closer relations in 1992, when General Kicklighter, the U.S. Army component commander in the Pacific, brought to India a list of specific proposals for closer relations. This has led to visits of high- level officers of each country, greater attendance at each other's schools, and a strong "getting-to-know-you" effort. In January 1995, Secretary of Defence Perry's visit to India gave the stamp of approval to these military-to-military relations and provided for closer civilian relationships on defence policies and technology. He also advocated closer cooperation on peacekeeping efforts. However, India wants greater progress in technology talks, but sees the U.S. as dragging its feet. This is partially true as the U.S. is concerned about verification measures, as India has not signed the MTCR, which includes verifications measures. India has also made clear that there will be no transparency in strategic issues. It seems that progress on the technology front is necessary before closer relationships can be developed.

The economic relationship, however, is the driving force in improving Indo-American relations. India's decision to reform and liberalize its economy, to encourage foreign investments, and to open the potentially huge Indian market has attracted the attention of the U.S. business community. The Clinton administration has gone further than most American governments in helping American industry abroad.

The Indo-American relationship obviously is not entirely without problems. The Indians are highly emotional about the Clinton administration's attempt to renew the NPT, as they believe it discriminates unfairly against non-nuclear powers and is racist. Moreover, Paragraph 301 of the U.S. Omnibus Trade Competitiveness Act (ACTA) of 1988 hangs ominously over the relationship, as does the intellectual property rights issue. India complains that the United States is trying to keep her weak, that it still does not recognize India's rightful place in the world, and that it equates Pakistan and India, while favouring Pakistan. One hears criticism in India of the U.S. stands on human rights and environmental issues. In 1995, the suspicions and

distrust still exist on both sides. However, there is also a desire on both sides to broaden and improve the relationship.

India has also made a strategic move to recognize Israel, even at the risk of some Arab displeasure. The United States supports this action. Israel, which has access to U.S. high technology, could become an important source of this for India. Israel was a primary bidder in the competition to upgrade the MIG-21- bis and is anxious to do both military and civilian business with India. Furthermore, Israel shares India's deep concern about Islamic fundamentalism. Relations seem to be progressing well and to the benefit of both countries.

MUCH REMAINS THE SAME

In many ways, Indian strategic problems remain unchanged, though they have been modified by world developments. New Delhi continues to see as its top strategic priority the unity and territorial integrity of India itself. The end of the Cold War had not changed this view, and increased internal stresses, some aided and abetted from outside, have only strengthened this focus. Various internal problems—religion, caste and ethnicity—continue to plague India, but the government has not yet developed an overall strategy to deal with them. The current economic reforms could add a new dimension to these divisive factors, as some states are moving ahead rapidly in their economic development while others are falling further behind. The gap between the rich and the poor is also widening. This situation could raise widespread social problems and unrest if not properly addressed. Internal security remains a top priority for India.

Pakistan's involvement in the low-level conflicts in India only makes them more costly and more complicated to deal with. While India does not appear to have developed an overall strategy for internal security, it has developed counterinsurgency tactics. The continued use of the army because of the inadequacy of the police and paramilitary forces, however, distract it from its primary mission of defending the nation from outside attack.

India has noted that as time has elapsed, its close neighbours, Bhutan and Nepal, have been working hard on developing their separate identities and are anxious to act more independently, particularly with control over their own foreign policies. The new communist government in Nepal has made clear that it wants to review and renegotiate its 1950 treaty with India, especially its security provisions. Nepal and Bhutan are special cases, as India still feels that their northern borders are also its border, and it will continue to try to keep them within its security orbit. India realizes, however, that changes are taking place, and it has shown a willingness to discuss differences with its neighbours.

Bangladesh and Sri Lanka, though never tied to India by treaty, still have often had to take India's wishes into account in their foreign policies. Sri Lanka has allowed the Voice of America (VOA) to establish a station there, a move that India had consistently opposed. While India does not intend to make a public issue over Colombo's action, partially because of improved Indo American relations, it is not happy with Sri Lanka's decision. Colombo's Foreign Minister, Lakshman Kadirgamar, publicly stated in early February 1995 that he hoped that India would not

"impede" Colombo's negotations with the Liberation Tamil Tigers of Eelam (LTIE), an indication that there is still anxiety there about possible Indian interference. On the other hand, Sri Lanka's president, Mrs. Chandrika Bandaranaike Kumaratunga, visited India in April 1995 and made clear her desire for closer and more friendly relations between the two nations, a view Prime Minister Rao shared with her. Bangladesh is not entirely happy with India, as it feels that it has not received a fair deal over water allocations, and it wants to review its agreement with India on this issue. Refugee problems also continue to irritate the relationship. The increasing independence of its neighbours and India's own internal problems seem likely to modify its view of the subcontinent as its own strategic area.

Two other close neighbours, Afghanistan and Myanmar, always an important part of India's strategic interests, are also of increasing concern to New Delhi. Until about 18 month ago, India opposed the State Law and Order Restoration Council (SLORC), the undemocratic military government of Myanmar, and had beamed radio programs in support of Aung San Suu Kyi and the democratic elements in the country. But the reported extensive activities of the Chinese have caused apprehension in the Indian government, which has decided to work with the SLORC to counter the increasingly strong Chinese influence in Myanmar. Northern Myanmar has close economic ties with China. The Chinese appear to be building and improving Myanmar's roads and harbours; these are dual purpose projects, as they help the economy, but can also be use by military forces. The roads could give China access to the Indian Ocean.[9] Reports of a listening station on Cocos Island are more disturbing, as such a post could track and observe Indian missiles launched from Orissa. That China has reportedly supplied Myanmar with over a billion dollars' worth of military equipment adds to India's concern.

Myanmar has borders with India which insurgents and dissidents can easily traverse, as border surveillance in both countries is poor. Given India's unrest in the Northeast, this border problem is a potentially serious one and one that India would like to tackle cooperatively with Myanmar. Border control, the right of hot pursuit, and the return of "wanted" insurgents are all issues that India needs to discuss and work out with the SLORC. For these reasons, Myanmar under Chinese influence and perhaps unfriendly to India, would certainly not be in India's interests. New Delhi will continue and probably increase its efforts to court Myanmar.

Afghanistan's instability is also causing concern in New Delhi. India has traditionally tried to stay on friendly terms with Afghanistan so as to prevent undue Pakistani influence there and to act as a restraint on Pakistan from its rear. The Soviet withdrawal has not brought peace to Afghanistan as rival forces continue to fight each other and the government in Kabul is weak. Recently, the possibility that a new and powerful militant Islamic group, the Talibans, allegedly recruited and trained by the Pakistan Inter Service Intelligence (ISI), might take over Afghanistan is even more disturbing. An unstable Afghanistan could cause serious problems in the region as Pakistan and Iran, compete for influence. At the moment, there is little Delhi can do to influence the situation, though it is trying to develop better relations with Iran.

[9] Observers do not agree on the extent or nature of Chinese activities in Myanmar.

Prime Minister Rao's new Look-East Policy is driven primarily by the desire to reach out to the fast-growing economies of East and Southeast Asia and to develop closer trade and investment relations with them. In addition to improved economic relations with Southeast Asia, it seems likely that security matters will become increasingly important, as the small nations there are concerned about the growing giant that is China. Peaceful though China's intentions may be today, they could quickly change. In recent history, China has taught both India and Vietnam "lessons" that neither country has forgotten. India shares these concerns about China, and this could be a basis for forging closer security relationships.

Despite geographic difficulties, India is interested in developing economic opportunities and cultivating the new republics of Central Asia. Prime Minister Rao visited Uzbekistan and Kazakhstan on May 23-26, 1993, and felt that he laid the basis for good relations with them. However, the Himalayan Mountains between them and India are a serious barrier, as are the geographic positions of Afghanistan and Pakistan. The Indian government is considering working with Iran on the development of direct links between Central Asia, Iran, and the Indian Ocean-links that India could use. This would be a long-term venture, as all roads from Central Asia now lead to Moscow, and constructing new routes into Iran and the Indian Ocean would take time and money. However, it may be worth while in the long term, as these countries possess huge supplies of oil and minerals that would be of value to India.

SOME THREATS AND ASPIRATIONS REMAIN

Of all its external threats, India still sees China and Pakistan, as the most critical. China's strategic position seems to be improving since the end of the Cold War and the demise of its old threat, the Soviet Union.[10] The United States is slowly withdrawing from East Asia and thus does not constitute a military challenge. China has no active border tensions with India, having come to an agreement in 1994 to reduce tensions along their common. border. China still has unresolved border disputes with Russia, but these are dormant at the moment. China's long-standing relationship with Pakistan in the west and an increasingly close relationship with Myanmar in the east could be seen as a strategic flanking of India.

Sino-Indian rivalries in many areas are likely to continue, with some periods of good relations and some of tension. In early 1995, relations seem to be reasonably good. Whether this continues depends to some extent on post-Deng Chinese leaders and whether they want peace and cooperation or whether they choose expansion and aggression. India's present China strategy seems to be to maintain its military forces, but to discuss their border problem and reduce tensions. Progress has been made agreeing to contact points on the border and establishing communication between the forces on both sides. India's overall policy is to try to improve relations with China and to work out differences peacefully.

In addition to its unsettled borders with some of its neighbours, China has an ongoing controversy with five ASEAN nations over the Spratley Islands and the South China

[10] Some Indians argue that China may feel surrounded by unfriendly or potentially unfriendly countries.

Sea. China claims sovereignty over this entire area and has stated categorically that it will defend it by force if necessary. It does not, however, view its position as expansionist, but rather as the reaffirmation of its historic claim to the entire South China Sea. Informal talks with the five other nations involved have not made great progress. China has offered to participate in various joint economic ventures with these smaller nations, but has remained adamant on its claim of sovereignty over the entire region. China would, it is generally believed, prefer peace in the foreseeable future so as to continue its economic liberalization and the modernization of its military forces. Its long-term intentions however, are difficult to fathom, and experts disagree on them.

China has embarked on an extensive modernization of its military forces. Some observers believe that is more than just modernization: that is an upgrading of its forces to project power in East Asia and eventually in the world. Long-range aircraft and air-refueling capability, a submarine launched ballistic missile (SLBM) capability, and at least talk of a carrier would suggest that the Chinese want to have this power projection capability.[11]

Because of the complexity of the actual spending in various government agencies and a lack of transparency in China's defence budget accounting, it is impossible to estimate exactly how much China is spending on its armed force. Some observers have put the figures as high as 20-35 billion dollars.

A large portion of China's defence budget is allocated to research and development as it seeks to improve its technological base and capability to produce the most modern weapons. It continues to test nuclear weapons despite the de facto agreement among the nuclear powers not to do so. It is reportedly also developing a neutron bomb and laser weapons. Considerable attention has been paid to the navy and the air force, and the army is being converted from a huge, largely guerrilla force into a modern conventional force with young leadership. The growing Chinese economy is able to sustain a high level of military spending which in the not-too-distant future will make China a world superpower and give it the option of continuing to coexist peacefully or taking a much tougher position. Intentions can change quickly, but it takes years to acquire modern military forces, as Nehru learned in 1962.

In addition to building up its own military forces, China is helping many of India's neighbours militarily as well as economically. The long-existing Chinese-Pakistan relationships likely to continue into the future. The two countries are cooperating on developing and producing such weapons as the K-8 aircraft, and China has contributed to Pakistan's technological modernization. Many reports have suggested that China has supplied the M- 11 missile to Pakistan and helped with its nuclear program. China has also reportedly supplied weapons to Bangladesh and Myanmar, two more of India's important neighbours. India is concerned that it is being surrounded by nations that are helped by its rival, China.

Pakistan, though not a threat to India's territorial integrity or sovereignty, is seen as a continuing and high-profile adversary. Kashmir has been festering, on and off, for

[11] The spring of 1995 confrontation between China and the Philippines over disputed Island claims show how volatile the situation can be. However ASEAN support for the Philippines and China's moderation has temporarily, at least reduced tension in the area.

nearly 48 years, and no solution seems to be in sight. The Indians claim that the Pakistanis are providing arms and training for the insurgency in Kashmir. However, the real issues between India and Pakistan are, first, Pakistan's need for the rivalry in order to keep it united and also to prevent it from being swallowed up economically and culturally by India; the conflict in a sense helps Pakistan's search for identity. The second issue arises from India's desire to be the paramount power in the subcontinent and the Indian Ocean, and Pakistan's efforts to impede, if not stop, India from achieving this position.

Indians believe that Pakistan may have decided that neither conventional war nor nuclear war would benefit it, and that a more effective strategy is to encourage and aid the various divisive elements in India. India believes that Pakistan (ISI) is assisting the rebels in both Kashmir and the Northeast. Pakistan reportedly has inserted members of the Afghan Mujahedeen into Kashmir; these groups have been helping the insurgents, but also contributing to the level of violence by feuding among themselves. This Pakistani strategy is a relatively cheap one; it can be denied and it is a continuing financial drain on India and a distracting problem on an already heavily burdened Delhi government. Pakistan appears to believe that its nuclear capability allows it to safely pursue its strategy of low-level conflict.

Pakistan has continued its nuclear development, and some of its top officials claim that it has the bomb: U.S. Secretary of Defence, Perry, in January 1995 concurred. Pakistan believes that because it is so much smaller than India, it must have the bomb. It sees the bomb, in a sense, as an equalizer. In what circumstances Pakistan would use it, no one outside of Pakistan knows. The United States has tried to persuade these two potential nuclear powers to cap their nuclear development, but neither has complied nor signed the NPT.

While the United States and a few other powers worry about instability and possible nuclear war in South Asia, many Indians and Pakistanis believe that there is already a situation of nuclear deterrence in the area. One American scholar, George Perkovich, has called it "non-weaponized deterrence; Indians refer to it as "recessed deterrence." Nuclear weapons seem to cause more concern outside Pakistan and India than within either country. But although Pakistan's nuclear developments attract more attention, the known capability of China is seen by India as the real threat.

Indians have been dismayed by the U.S. involvement in aggravating regional nuclear issues. In the late 1970s, Pakistan embarked upon a determined clandestine nuclear weapons program that became the Pakistani factor in India's nuclear calculations. This was referred to for the first time in Parliament by Foreign Minister Atal Behari Vajpayee in April 1979. The Soviet invasion of Afghanistan in 1979 led to sizeable U.S. aid to Pakistan which was seen as a "front-line" state. Many Indians believe that Islamabad used this opportunity to mislead the United States about its nuclear intentions, and it soon attained a capability that was to add to the complexity of the nuclear proliferation issue. Indians have criticized the U.S. administration's ambivalence in dealing with Pakistan's nuclear effort, including Washington's various attempts to bypass the Pressler Amendment, passed by the U.S. Congress in 1988. The nonproliferation law requires the cutoff of U.S. military and economic support

when an undeclared or aspiring nuclear weapons state carries its nuclear programme beyond a given point. The pressler Amendment refers specifically to Pakistan.[12]

Many Indians, especially those in sympathy with the views of Hindu nationalist parties, see Islam as a third threat. Having been invaded by different Muslim peoples for several centuries, then ruled by the Moghuls for about 200 years, Indians are understandably sensitive to perceived pan Islamic threats. Today they are surrounded on their land borders by seven Muslim countries. Pakistan's destabilizing efforts in India, supported by some Muslim nations, is the clearest and nearest and most important threat. The recent formation of five independent republics in Central Asia, all with large Muslim populations, adds to the fear of the spread of fundamentalism. Iran is a nearby Muslim state seemingly with nuclear ambitions, but with which India has good relations.

Indians talk about this strategic Islamic threat, but when pressed, they concede that it is most unlikely that those countries could or would unite against India. However, the fact that other Muslim countries, such as Iran, Turkey, and Saudi Arabia, are vying for influence and economic opportunity in Central Asia only increases India's concern about a possible Islamic block. The fact that the United States, other Western nations, and China have also shown serious interest in the economic possibilities of this region and are concerned about Islamic fundamentalism, has not fully allayed its concerns.

The aspect of Islam, and probably the one that is taken most seriously, is the growth of militant or fundamentalist groups. Small groups of Muslims are active both inside and outside the Muslim world, and India sees their activities as the nexus between Islamic countries and a possible source of unrest in India. Indians believe that Islamic fundamentalists were responsible for the blasts in Bombay in January 1991.[13]

India has approximately 120 million Muslims, making it the nation with the second greatest Muslim population after Indonesia. Indians note the challenge of the fundamentalists to the governments of Egypt and especially Algeria. They can read about Muslim terrorists who operate in much of the world, and who only a couple of years ago bombed the World Trade Center in New York City. More important is their concern about the fundamentalists in Afghanistan and evidence that they are involved in Kashmir. Ideas know no political boundaries, a fact Indians are acutely aware of, and hence they fear the intrusion of militant ideas into India from any neighbouring country. If Islamic militance were to spread to India, many Indians fear that it would trigger a Hindu fundamentalist backlash that would raise communal tensions and possible result in the outbreak of all round violence.

The United States shares India's concerns about militant Islam. Washington seems to be developing a new policy of support for moderate Islamic governments, a policy with which some Indians sympathize. However, the two countries seem to disagree on which countries are moderate. For example, the United States is backing Pakistan,

[12] The U.S. administration has refused to allow Pakistan to take possession of 28 F-l6s that it bought and paid over $1 billion for, five years ago, because Islamabad pushed its nuclear programme past the point where President Bush could certify that Pakistan did not have a nuclear capability, and the Pressler Amendment went into effect in 1990.

[13] Some contend they cam from political gangs fighting.

which it views as a moderate Islamic power; the Indians, needless to say, do not regard Pakistan in the same light.

Some Indians continue to see the Indian Ocean as an avenue of approach for unifriendly nations and thus a source of vulnerability; other see it as an area of increasingly important Indian interests; still others see it as both. Those who see it as a threat recognize that the Europeans came by sea, but armies, not navies conquer nations. During the 1971 war, the United States sent the carrier enterprise into the Bay of Bengal. Indians considered this an unfriendly act and still remember it with some bitterness, especially as it occurred when India was savoring its great military victory over Pakistan.

India has long opposed the presence of any foreign navies in the Indian Ocean, including those of the United States and the Soviet Union. Today it is mildly concerned about the presence of the French flotilla off the East African coast. The United States continues to maintain units of its 7th Fleet around the Persian Gulf, and to use its much expanded base at Diego Garcia. Improving Indo-U.S. relations have made these deployments a little more acceptable to the Indians, and the end of the Cold War has erased the threat of superpower confrontation and a hot war in this ocean.

Those who see the Indian Ocean as an area of Indian interests emphasize the mid-ocean resources, some of which India has claimed, India's presence in Antarctica and its concern in having the Indian Ocean and the Persian Gulf free and open for trade. The need for an Indian navy is generally acknowledged. Those who see the ocean as a threat and a challenge argue for a big navy. Those who are just interested in protecting India's interests there would perhaps settle for less.

It is difficult in 1995 to visualize a serious and immediate threat to India coming from the sea, though India worries about the Pakistan navy, which might be able to interfere with India's access to Persian Gulf oil. In the longer term, and this is very important as navies cannot be built in a day, Indians can visualize a threat from the Chinese navy which has already ventured into the Indian Ocean. To pose a threat to India, the Chinese navy would need a base in the Indian Ocean, and this may be in their minds as they build up Myanmar's road and port facilities. The Japanese already have large military forces, though defensively oriented, and could fairly rapidly develop power projection forces to protect Japan's lifelines to the Middle East and to Australia and Indonesia should the need arise. Indian naval planners are concerned that people do not appreciate how much time and effort is needed to develop the navy that they believe India will need in the 21st century.

India has strategic aspirations that also play a role in its strategic considerations. First, it would like to be recognized as the preeminent power in the Indian Ocean. American approval of the Indian operations in the Maldives and in Sri Lanka suggest that the United States already views India as the regional power, a welcome development for New Delhi. Second, India wants to be recognized as a world power. Nehru wrote movingly of India's desire and, in his mind, its destiny to play a major role in world affairs. He hoped it would not be a military role, but one based on sound moral values. India still strives toward this goal, though some feel that only through its military strength can such a status be achieved. In today's world, however, economic

strength may be the preferred route to world status. Prime Minister Rao's reform movement will likely contribute greatly to attaining this global status in a peaceful manner.

SOME OBSERVATIONS AND CONCLUSIONS

One lesson to be drawn from the events of recent years is this: to effect major changes in its policies and government apparatus, India seems to require a great internal shock or a crisis or powerful pressure from outside. Rapid changes may not be the Indian style and India will likely follow its own more gradual approach to change. As it interacts with the global economy and with the world in other ways, however, it may have to adjust its pace if it is to succeed.

India's reaction to its severe economic and fiscal crisis in the spring of 1991 illustrates this point. India was compelled to seek immediate aid from the International Monetary Fund (IMF) and the world Bank, both of which required greater fiscal responsibility and economic structural reform as a condition for India's obtaining the much needed loans. India's subsequent budgets and economic reforms have reflected the influence of these internationally imposed conditions. In contrast, no such shock has occurred in the political arena, and political deterioration has progressively undermined the system. Political infighting, personal ambition and greed, widespread corruption at the levels, and a largely bloated, conservative, self-seeking bureaucracy raise serious questions about the governance of India. Problems are widely discussed, but one sees little action for reforms.

The present state of Indian politics, which focuses almost exclusively on domestic issues, personal interests, and re-election, diverts politicians from considering security affairs. Traditionally, politicians have shown little interest in foreign and security affairs. After independence, Pandit Nehru correctly focused domestic attention on building heavy industry, pursuing a policy of self-reliance and autarchy in economic affairs, and taking other actions, such as participating in the Nonaligned Movement, to make India truly independent. Indian Prime Ministers aided by a small group of confidants, tended to keep foreign and security policies in their own hands. The broad national consensus on tourism policies during the cold war made this possible, but it was not conducive to the development of government institutions intended to address these matters in a more critical organized and coordinated manner.

Many Indians, mostly outside the government, have seen the need for government institutions or procedures for formulating and articulating a national strategy and implementing defence policies. The Cabinet Committee on Political Affairs (CCPA) deals with particular items, and in any case, it would require a supporting staff if it were to assume its rightful and much needed role of formulating national goals and strategy. Today's politicians show little inclination to assume this responsibility, a reluctance that amounts almost to a dereliction of duty on their part. It cannot be expected that the ministries of External Affairs, Defence, Home Affairs, and other agencies can develop the correct coordinated policies and actions if this guidance is not provided.

Foreign and security matters have not been ignored, however. In fact, a constant flow of prime ministers and other high level official visitors to Delhi from the United

States, Europe and other parts of Asia suggests a greater worldwide interest in India, a trend that has pleased India greatly. The Indian Prime Minister has visited Moscow, Washington, and Beijing, as well as two Central Asian republics Uzbekistan and Kazakhistan, several ASEAN states, and Vietnam. There is already an increasing exchange of visits and interaction in spite of Delhi's concentration on the domestic front, economic reforms, internal security and politics, especially the 1996 elections.

During the past five years, a large number of important international security developments and events have shown the need for a national strategy. Even a selective list suggests their importance to India. Some Pakistani officials claim that Pakistan has the nuclear bomb, and Islamabad seems to have adopted a low-intensity conflict strategy against India. The Chinese are modernizing their armed forces and developing power projection capabilities. They continue to help Pakistan and are supplying weapons to India's neighbours. The situation in Afghanistan has deteriorated since the Soviet withdrawal, and civil war and inter-tribal struggles have dominated the country. This volatile situation could destabilize the entire region; it is already exacerbating the unrest in Kashmir dampening all hopes of a peaceful resolution in the immediate future.

In 1991 the Soviet Union, India's friend and ally, collapsed and the Cold War ended. The Gulf War highlighted the unipolar nature of the world, but even more the power of modern technology in warfare. Islamic fundamentalism seems to have spread to a large portion of Western Asia and North Africa. The United States, which to some extent has been the stabilizing factor in Asia, has pulled back, notably from the Philippines, although it says it intends to stay in Asia. As China's strength grows and Japan and India become more important players, the situation has the potential to become even more complex.

India is increasingly involved in a dynamic and changing world. Economic problems, internal and external security, and a host of new issues, including the environment, human rights, population control, and peacekeeping demand practical, thoughtful, and coordinated policies.[14]

There seems to have been some interest in having the government address national security areas in the 1989-91 period. In 1990, the V.P. Singh government proposed the establishment of a National Security Council, but no such entity materialized. Also in 1990, the Ministry of Defence appointed a high-level Committee on Defence Expenditure (CDE), composed of civilian and military personnel and chaired by Mr. Arun Singh, a former minister of state for defence. It prepared a far-ranging report with specific recommendations, but this report has never been released to the public. The government has, according to knowledgeable observers, acted on some of the report's recommendations but not all of the important ones.[15] During the last few years several informal exercises are said to have been made regarding organisational

[14] See V.R. Raghavan *India's Security in the Emerging World Order*, Delhi Policy Group, 1995, pp. 32-36, for a good discussion of current government inadequancies in this area. The author is a recently retired army general who should know the facts.

[15] Shekhar Gupta has written, however, that the bureaucracy has blocked all efforts to implement the CDE's recommendations. See Shekhar Gupta, *India Redefines its Role, Paper 293*, London : 1995, IISS, p. 47

arrangements for national security management, but no decision seems to have been taken so far.

The following sketchy outline of an informal strategy formulation effort has been pieced together as a result of conversations with various Indians who differ on parts of the account. The army apparently developed a national strategy paper that was coordinated with the other services and endorsed by the Ministry of Defence (MOD), which sent it to the Ministry of External Affairs and other government agencies for comment. After considering all the comments, probably the Army prepared a final version, described as a "national strategy paper." This writer does not know what happened to the "national strategy paper," or whether the process has ever been repeated.

A few have claimed that this ad hoc process has been somewhat formalized and that there now exists a means for developing, and modifying as necessary, both a national strategy and a defence policy. The exercise if executed as claimed, demonstrates the desire and need of both the military and the ministries for a national strategy. While they essentially developed their own strategy, it is difficult to see how it can be considered an official national strategy unless the CCPA reviewed and endorsed it.

However, unofficial documents such as this, since they are sometimes the only ones available, tend to become de facto national strategy. In any case, the exercise, if it took place, seems to show that strategies can be developed even if no central coordinating agency exists. In fact, this procedure seems to reflect an Indian way of developing policies and procedures whereby a small group may meet informally to discuss strategy and defence policy. The existence of such a procedure would indicate that India does have at least some strategic direction.

A few years ago, the Lok Sabha created the Standing Committee on Defence, which has taken a more active interest in security matters. While it is new and still feeling its way, it has begun to question the government on defence matters. It recently recommended that the government make the CDE report available to the public, but this has not yet been done. The Nineteenth Report of the Estimate Committee (1992-93), also a creation of the Parliament, made public much information on defence policies and associated matters. The committee concluded that there was no defence policy. It recommended that the government would be well advised to "articulate a clear and comprehensive defence policy. This can only be based on a viable national security doctrine.[16]

The Defence Planning Staff (DPS) was created in the Ministry of Defence (MOD) in the mid-1980s to provide an integrated defence budget to the MOD. It also, according to observers, does some strategic planning. However, as of 1994, the DPS and other efforts do not seem to have provided for coordinated military planning. According to one leading defence expert, the services still plan separately and there is no national strategy to serve as an integrated defence policy. He urges India to "examine her policy formulation mechanisms and bring them abreast of the times."[17]

[16] L. Gen. K.K. Hazari, PVSM, AVSM, (Retd.) and Brig. Vijai Nair, VSM, Ph.D., "Higher defence planning : the need for debate and reform," Indian Defence Review, 1993, Vol. 8 (2), p.34

[17] L. Gen. K.K. Hazari, PVSM, AVSM, (Retd.) "National Interests: Formulation of National Policy and Strategic Concepts," Indian Defence Review April 1994, Vol 9 (2), pp 15-16

In 1995 it appears, at least to an outsider, that the public and the media are showing more interest in security matters than the government.[18]

At least three English daily newspapers carry a full page weekly coverage of defence issues. At least two new defence journals, *Defence Today* and *Agni* has been established. In addition to the Centre for Policy Research (CPR), the Institute for Defence and Security Analysis (IDSA), and the United Services Institution of India (USI), the latter two of which publish journals, several new research centers have recently been set up. The Forum for Strategic and Security Studies is just beginning and has started a new journal the Agni (April '95); the Delhi Policy Group, composed of retired generals and foreign service officers, is also under way. The United Service Institute is establishing a new research cell in a new large building to house all its activities. Public interest in these issues is increasing and this may have some future impact on the government.

On the whole, India has adjusted its strategies and policies well despite some shortcomings in the strategy-making process. It has taken advantage of the end of the Cold War to develop better relations with the United States while concurrently maintaining a good rapport with Russia. India is moving toward closer relations with Iran, partially as a check on Pakistan, but also as a gateway to Central Asia. The Look-East Policy is developing slowly. Singapore and India have made the most progress so far, and India hopes that Singapore will promote closer relations with ASEAN and assist it in entering APEC. India would like to join the ASEAN Security Forum created in Bangkok in June 1994, and it is also reaching out to Australia. It is also participating in early talks about possible Indian Ocean Rim cooperation.

On the negative side, India has not developed a coherent strategy for domestic law and order, though it is coping with most of its separatist and insurgency problems. It has not developed an effective counter to Pakistan's policy of assisting these and other movements causing unrest in India, and no settlement is in sight in Kashmir.

A new tone is noticeable, particularly among the younger Indians when they talk about their country today. Many say that India is now a "hard, tough, pragmatic" nation that will stand up for its rights and positions and make its own decision based on harsh realities and not on some vague ideology.[19] Something of this attitude has already been shown in India's policy switch on Myanmar from supporting the ideal of democracy to one of dealing with the very real problems India has with Myanmar. In April 1995, India's very warm welcome for Iran's President Rafsanjani and the signing of six agreements, one on arms, was a show of India's independence and a sharp rebuke to the United States for attempting to tell India what to do. India's toughening attitude also appears in Delhi's differences with the United States on the

[18] However, in May, 1995 Prime Minister Rao said the NSC had not worked. Most observers thought it never came into existence. Rao said he was forming seperate groups to study certain aspects of strategy and a group would over see and coordinate these efforts. He was not very specific about their developments, but they do suggest progress and that India may develop strategy in its own fashion.

[19] See Shekhar Gupta op. cit. p. 56, for a brief discussion of this new spirit. However, Nehru's eloquent idealism masked a very pragmatic approach to India's problems, an approach India has continued to follow, though perhaps it has not been as vocal about what it is doing as are today's youth.

deployment of Prithvi and the renewal of the NPT. Many of the young show increasing pride in their country and what it can do.

The budget problems continue to put all the military services on hold. They receive just enough funds to maintain themselves, and very little is allocated for new weapons and equipment though they received very modest increase in the 1995-96 budget, the first in several years. The situation will improve as the economic reforms succeed, but the services cannot expect much relief in the near future.[20] Military planners must take into account the somewhat reduced capabilities of the military. This situation, however also provides an opportunity to develop realistic future requirements and plan for an enhanced military capacity. Modern technology would be an important consideration. Perhaps the politicians will see the need and the opportunity to develop a well-thought-out national strategy.

The greatest and longest term strategic challenge to India, however, is China. A huge China with a dynamically developing economy and a greatly improving military capability could early in the 21st century become the world's superpower.[21] China is already asserting its claims to the South China Sea region, and .may well do so in other areas that it believes have been taken away from it in the past.[22] However, this giant, even without doing anything, casts a pall over East and South Asia because of its intensive dominance and sheer size. Whether China will be peaceful or assertive is much debated. However, such discussion matters little, as China could change its policy or intentions at any time. Its enormous economic and military capabilities will remain.

Few wish to face up to the problem, of what could be done if China should begin to aggressively assert itself in the region. The U.S. forces would not be able to play a stabilizing role once China reached its full power. Japan could play an important role, but alone it would be no match for China. Some in Southeast Asia see India as a possible counter to China, and this could promote a closer security relationship between India and ASEAN, but any balancing lies in the future. China, because of its size and its increasing economic and military power, will pose a major problem for Indian and ASEAN strategists. These strategists might well try to device means and policies to ensure that China remains a peaceful and constructive member of the region. At the same time, plans should also be made for dealing with a more belligerent China.

India faces many strategic challenges in a world that is in a state of flux. How it handles them will help to determine its future.

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[20] See George K. Tanham & Marcy Agmon, *The Indian Air Force Trends and Prospects*, Santa Monica, Calif. RAND, MR-424-AF, 1995

[21] It might split up after Deng's death in which case there would no longer be one China, but this does not seem likely.

[22] The dispute between China and the Philippines in the spring of 1995 over some of the Spratley Islands is not a good omen. ASEAN sees the problem and is backing Manila. China may also be trying to ascertain the U.S. reaction.