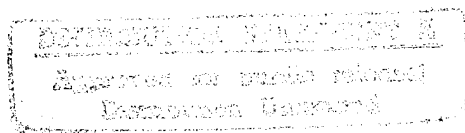


South Asia and the Indian Ocean: The Strategic Environment, 1995-2010

Paul H. Kreisberg, The Woodrow Wilson Center



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A handwritten signature in black ink, appearing to read "Jerome H. Kahan". The signature is fluid and cursive, with the first name "Jerome" written in a large, stylized script.

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The Research Memorandum represents the best opinion of CNA at the time of issue. It does not necessarily represent the opinion of the Department of the Navy.

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Summary

The Commander, U.S. Seventh Fleet, asked CNA to assess the security environment of the Asia-Pacific Region (APR) between now and 2010. This memorandum identifies the most probable evolutionary trends for the Indian Ocean Region, with particular emphasis on the largest factor, India. The project's final report, *The Dynamics of Security in the Asia-Pacific Region* (CRM 95-172, January 1996) discusses the implications of these and other probable trends in the region for U.S. forces, particularly the Navy.

Approach

Research team members conducted interviews with officials, officers, and scholars in Washington, New Delhi, and Islamabad, and in Hawaii with CINCPAC staff members, and East-West Center and other University of Hawaii scholars. The project team also drew heavily on expert opinion available in Washington, at the Departments of State and Defense, at the National Defense University (NDU), and from the intelligence and scholarly communities.

General considerations

In the South Asian region of the Indian Ocean chances are good for a peaceful, stable system of regional relations, for the absence of a dominant hostile power, and for peacefully managing conflicts over the next ten to 15 years. India is unlikely to be expansionist, and New Delhi will not have the national interest or resources to threaten other naval powers in the Indian Ocean. There is minimal security cooperation among regional states, and little chance of much more before 2010.

India regards China as its principal long-term rival. Although the Chinese watch India's nuclear development closely, they do not take

India seriously as a potential adversary. Another war between India and Pakistan is possible but less likely than in the past, and the prospects for nuclear war are low. Yet prospects for rolling back ongoing nuclear or missile programs in the region are slim, except in the context of new global arrangements involving firm and time-bound commitments by all the nuclear powers. Conflict on the subcontinent is more likely to be within individual states than between them. For India, internal strife is the biggest threat.

Economic growth

Indian economic power is likely to grow, although adequate growth is not a foregone conclusion. A failure to sustain growth at 6 to 8% a year could increase internal unrest, with similar patterns applying to other countries in the region. Economic growth within this region will arouse vast new expectations throughout its societies and stimulate new political forces, often populist and occasionally violent, which the United States will be unable to influence much. Traditional values of family respect and authority are already under great strain, corruption is spreading in politics, and there is expressed and growing concern about "alien" and occasionally "Western" values undermining social stability. Such attitudes could turn against the United States and other Western states, as they sometimes have in East and Southeast Asia.

Democratic institutions

Democratic governance exists throughout the region. Although there may be intermissions with military or other authoritarian leadership, a pattern of persistent returns to democratic norms seems the most likely trend over the next ten to 15 years. In most regional states there is growing respect for individualism and human rights, and strong grass-roots support for the norms of regular popular elections, an impartial judiciary, and an honest police force. The United States is a strong model for popular government in virtually all the states of the region and is likely to remain so, barring major domestic upheavals.

Relations with the United States

A persistent concern of India's neighbors is that India believes its security borders do not stop at its national borders but extend to the natural boundaries of the subcontinent. Although few of the regional concerns that bother India (Tibet, Kashmir, Chinese influence in Burma, militant Islam) are likely to involve the United States directly, these could become subjects of greater Indo/U.S. consultation as the decade advances. So might events in Southeast Asia, if India actually becomes an influence or factor in this region, toward the end of the period under discussion. Indian unwillingness to accept interference or intervention by outside powers on the subcontinent, and India's policies on non-proliferation and missile development issues, represent areas where Indian and U.S. interests may diverge. Nevertheless, security, economic, and technological cooperation with the United States should expand in the coming decade.

Transnational issues

Priorities will vary throughout the region on transnational issues of concern to the United States. These include environmental pollution; narcotics; prevention of the spread of diseases; improved labor standards for all workers and particularly children; and the protection of women. Although these issues are all subjects of widespread official and popular attention in the region, compliance with emerging norms in these areas is likely to be spotty, because of greater interest in development in these societies. AIDS will continue to spread and will become a potentially dangerous threat to public health and even to economic growth in India and elsewhere in the region. Indeed, as many as 20,000 AIDS deaths a day in India are possible early in the 21st century. A catastrophic earthquake in the relatively near future is a distinct possibility; so are the periodic violent typhoons and floods.

The Indian Navy

In the next decade the Indian Navy will be smaller, leaner, and less capable than many in that navy had earlier hoped. Major power decisions not to carry weapons of mass destruction on surface ships will

help constrain any consideration of such developments in South Asia. India is likely to continue to try to develop nuclear-powered submarines and to consider developing submarine-launched missiles capable of carrying nuclear weapons, unless there are other international agreements barring them. Such programs are unlikely to succeed by 2010, however. There will be growing domestic pressure to deploy already developed ground- and air-launched ballistic missiles, and to fully develop an operational IRBM. The rhetoric related to such moves, and evidence of actual movement, even if only adduced, will disturb India's relations with Pakistan, China, and the United States.

U.S. differences with Pakistan on non-proliferation questions, narcotics, and human rights will be difficult to resolve. Also, instabilities in Pakistan's political and social environment are increasing. Relations with the smaller South Asian states have remained good but are relatively shallow in the absence of major security or economic interests, and seem likely to remain so.

The strategic concerns of the United States and India are not congruent, but should converge to some extent over the coming decade. Opportunities for military cooperation are likely to grow, although our continuing interest in good relations with Pakistan will limit what can be done. The May 19, 1994, Clinton/Rao Joint Statement *inter alia* called for cooperation in support of UN peacekeeping, a framework where some common effort already exists.

Facility access

The United States is unlikely to encounter obstacles to access and transit in the Indian Ocean area. Indian objections to the U.S. facilities on Diego Garcia have diminished. It may be possible to work out bilateral access arrangements through or in India and elsewhere within the region. India will probably become willing to provide repair facilities for U.S. warships in Indian dockyards, and to discuss permitting the deployment of vessels with unit equipment, consumable, or spares for use in some agreed UN mission at some Indian port. As bilateral military cooperation grows, and mutual confidence increases, India might also be willing to support U.S. use of

Trincomalee, provided that Sri Lanka agrees and that the Tamil troubles on that island have subsided.

Dockyard facilities could be available on a commercial basis (meaning without political preconditions) as the decade advances, once the security relationship with India is more soundly established, and assuming the first major repair contracts do not coincide with some Gulf crisis. If India has any hope of modernizing her fleet or replacing her carriers, shipyards must be maintained. At present these yards have no major orders and seem unlikely to have many until India can again afford a building program, probably at the beginning of the next century. It may therefore not be too early to examine what the United States would gain from having these yards available, in advance of raising this issue in detail with India. The AIDS epidemic's intensity, progress, and geographic pattern should be a consideration.

Prepositioning of equipment in India, overflight rights in time of war, or other cooperative acts during a Gulf crisis (even one in which the UN is a party and the United States is acting in concert with other UN members) will depend on India's relations with the Gulf states affected. This will be an increasingly important factor as India's industry grows, and with it her dependence on Gulf oil.

Characteristics of the region

Basic to an understanding of the future of the South Asian and Indian Ocean region is an appreciation of its key physical, societal, and political features and trends.

The physical environment

In 1995 South Asia¹ had a combined population of nearly one and a quarter billion. This will almost certainly grow to nearly two billion in the next quarter century. India represents, and will continue to account for, nearly three-quarters of this population and is the predominant economic, military, and political power in the region. All of the states (except Bhutan) are democracies of varying quality, but all are poor. Except for Sri Lanka, which had a per capita income in 1991 of U.S. \$500, they lie well within the bottom third of the UN Development Program's Human Development Index.²

Geographically, the region has not been subject to serious external threat since the 19th century, except for a brief excursion by Japanese forces into Assam in World War II and the even briefer border conflict between India and China in 1962. The historical record suggests that the Soviet intervention in Afghanistan was not designed to threaten Pakistan but opinions may still differ on this. Conflict has, however,

1. Estimates as of the end of 1994 (projected from 1993 figures) in *U.S. and Asia Statistical Handbook 1994 Edition*, The Heritage Foundation): Afghanistan (18.3 million), India (921 million), Pakistan (129 million), Nepal (21 million), Bhutan (1.5 million), Bangladesh (125 million), Sri Lanka (17.75 million), the Maldives (250,000). Future projections are drawn from *South Asia and the United States After the Cold War: A Study Mission*, The Asia Society, 1994. Mauritius and the Seychelles are in the Indian Ocean but outside the framework of this paper. Burma, while physically part of the Bay of Bengal littoral, is usually considered part of Southeast Asia and is dealt with in that section of the study.

2. *Human Development Report* (New York: UNDP, 1993), 136-7.

been persistent among the states within the region since they became independent of British rule in 1947.

Japanese submarines did inflict serious damage on maritime traffic in the Indian Ocean for a period during World War II. Later, India saw the brief deployment of a U.S. aircraft carrier battle group into the margins of the Bay of Bengal as a political threat—which indeed President Richard Nixon and Secretary of State Henry Kissinger intended it to be. This increased India's perception of any great power naval activity in the Indian Ocean as implicitly threatening its interests. How to deal with this has been a major element in Indian strategic naval thinking. Nevertheless, since World War II there has not been a hostile encounter in the region (other than in the Persian Gulf and those between India and Pakistan in several wars) or any interference with freedom of the seas.

Major earthquakes are endemic in the Himalayas as the land mass of South Asia gradually continues its millennial geological tunneling northward under the Tibetan plateau. These cause significant damage—but they usually occur in sparsely populated areas, and deaths are more frequently in tens and hundreds than in thousands or more. A recent estimate by California seismologists, however, predicts one or more “catastrophic” earthquake in this region in the relatively near future. Such an earthquake could affect heavily populated areas or destroy major dam facilities in one of these countries, with such devastating consequences that immediate and extended international assistance would be required.

The long-term environmental threat from floods or drought is also increasing: Deforestation in the lower Himalayan hills along the entire northern tier is weakening the capacity of soil to hold the vast amounts of water dumped each year into the area by the summer monsoons. Changes in rain patterns threaten, which could seriously affect crop patterns and yields in northern areas of the subcontinent. Seventh Fleet participated in a major flood relief effort in Bangladesh in 1991, and that is unlikely to be the last time that a request for such help is made in this area.

Famine and pestilence were once major causes of disaster in the region. This has ended, and for the overwhelming majority of

Indians is unlikely to recur. Improvements in crop yields have generally more than balanced population growth throughout the region for the last few decades, and substantial food reserves have been accumulated. Nevertheless, increases in crop yields have slowed sharply in the last few years and the consistently good monsoons since 1988 will not continue indefinitely. Agriculture declined as a proportion of GDP—particularly in India, where it dropped from 52% to barely 30% between 1961 and 1995. Nevertheless, nearly two-thirds of the population continues to depend on the land for their livelihood, and the overwhelming majority of Indians under the poverty level continue to live in villages. The price and availability of food and the prices for commercial agricultural products will remain critical political issues affecting the direction of both local and national economic decisions over the next decade.

With the elimination of smallpox in the 1970s, malaria, intestinal diseases, and, potentially, AIDS are the most serious killers in the region. Some Indians argue that AIDS could cause as many as 10,000 deaths a day in India early in the 21st century; this number of cases would require more hospital beds than currently exist in the whole country.

Alarmist though this estimate may be, there is broad agreement in India that attention at grass-roots levels throughout the country to public health remains insufficient. Infant mortality has dropped sharply throughout the region in the last 30 years, largely due to vaccination programs, which have contributed to the sharp declines in death rates. Health, education, clean water, and sanitation need major improvement throughout the region, except in Sri Lanka.³ In September 1994, there was an outbreak of what may have been pneumonic plague in a small area of western India. Such deadly disease viruses lurking in the filth and poor sewage are only one problem produced by rapid urbanization on the subcontinent⁴—but one that

3. For example, 3% of rural Nepalis, 4% of rural Indians and Bengalis, 8% of rural Pakistanis, and 45% of rural Sri Lankans have access to adequate sanitary facilities. UNDP *Human Development Report*, 1993, 155.

4. Between 1960 and 1991, the urban population of India increased from 18% of the total population to 27%, of Pakistan from 22% to 32%, of Nepal from 3% to 10%, of Bangladesh from 5 to 16%, and of Sri Lanka from 18 to 21%. The population is expected to grow from 15 to 20% in every country in the region by 2000. *Ibid.*, 179.

could affect prospects for economic growth and threaten other areas of the world.

Social trends and historical influences

All the countries of South Asia are racially and linguistically closely linked and share many cultural patterns, although there are numerous groups from Sino-Tibetan and other ethnic tribal elements scattered throughout the region.⁵ But this has not contributed to regional cooperation or to political peace and calm within or between individual states.

Deep suspicion and wariness of neighbors mark relations throughout the subcontinent. Except for land-locked Nepal and Bhutan, which are totally dependent on trade and communications through India, none is the primary trading or economic partner of another. Domestic political disorder in each has often been blamed, at least in part, on neighbors. Security cooperation among the states of the region is minimal. There is little reason to anticipate that this will change in the coming decade or that effective regional institutional structures for dealing both with outside powers and with dispute settlement within the region will evolve soon.

The South Asian Association for Regional Cooperation (SAARC) was established in 1985 to encourage greater regional cooperation on the model of the Association of Southeast Asian Nations (ASEAN). Indians are reluctant to discuss outstanding bilateral political, economic, or security issues in a multilateral framework, concerned that neighboring states would arise to confront India. This has been a major

5. Portions of Nepal and Bhutan as well as much of northeastern India have ethnic and linguistic populations closely linked to Tibet or Burma. Most Indians living in the southern areas of the Deccan Plateau speak Dravidian languages, although many of these have been heavily influenced by Sanskrit over the centuries. Sri Lankans speak either Sinhala, a Sanskrit-based language or Tamil, a Dravidian language. Most Afghans speak languages closely linked to the Indo-Aryan, Persianized linguistic influences, which predominate in Pakistan and many parts of northern India, and with fewer Persian elements, extend throughout Bangladesh.

obstacle to SAARC development and while there may be marginal expansion of SAARC cooperative endeavors, these are unlikely to go far without a fundamental change in subcontinental political relationships.

In 1994, SAARC states did agree to reduce tariffs gradually within the region. This may increase trade and economic interaction among the states of the region, particularly if bilateral Indo-Pakistan trade can be expanded beyond the current \$400–500 million (probably at least twice this amount is already exchanged through smuggling or through indirect trade via Persian Gulf entrepôts). Business interests in both countries have begun to argue for this but are unlikely to overcome political resistance in the face of outstanding political tensions, particularly over Jammu and Kashmir.

Much of the suspicion and turbulence in the region is deeply rooted in its social and religious history. For most of its 3,000-year history, South Asia was no more a unified political entity than was Europe. Much of the region shared broad cultural and religious traditions, but pervasive localism—tribal, religious, caste, and linguistic—has remained the dominant influence on domestic politics throughout the region as well as relations between states. “History” itself is a source of intense dispute, between states and within individual provinces of each state. Historical texts differ, depending on which religious, caste, or political community controls decisions on writing them—what language they use, and whom they define as heroes and whom as villains. This issue continues to be one of intense political importance throughout the region.⁶

Each nation has its own cherished version of the course of events which led to national independence. As it is in many other areas of Asia the link between current and past events is more direct and immediate for policy-makers and legislators in South Asia, than in the United States. This has constantly complicated efforts to bring about

6. See *India Today*, December 20, 1994, for a review of the assessments by a national historiographic commission of the sharp differences in historical treatment of different issues by different states in India.

regional cooperation and is likely to continue to do so over the next decade.

The political process leading to the South Asian states' independence from British colonialism began in the late 19th century and ultimately produced an irreconcilable breach between two preeminent political forces (although there were numerous sub-groups on each side). One argued for a unified, secular India, the other for a separate state for Indian Muslims. The leap to actual freedom in 1947 was extremely rapid and was implemented by all sides with careless territorial and political arrangements, which sowed the seeds of conflict for the rest of the century and beyond.

Almost immediately after independence, war erupted between India and Pakistan over conflicting claims to the state of Jammu and Kashmir. This dispute produced two more wars in 1965 and 1971; the primary cause of the 1971 conflict, however, was political strains within Pakistan, which resulted in the splitting of the state and the creation of the new state of Bangladesh. Since the mid-1980s, there has been a high level of bilateral tension short of war: Indians accused Pakistan of clandestinely supporting dissidents first in the north Indian state of Punjab and then in Jammu and Kashmir, and the two countries have militarily confronted each other over territorial claims in the high Himalayan glacial areas of Kashmir.⁷

Democracy and internal security

Democratic institutions appear externally healthy in most parts of the region. Elections occur on a regular basis; parliaments debate and

7. Documentation on Indo-Pakistan tensions over Kashmir is virtually endless. Five recent studies of relevance are: A.G. Noorani, *Easing the Indo-Pakistani Dialogue on Kashmir*, and Michael Krepon and Mishi Faruquee, *Conflict Prevention and Confidence-Building Measures in South Asia: the 1990 Crisis* (Occasional Papers 16 and 17, April 1994, The Henry L. Stimson Center, Washington, DC); "Exporting Terror," *India Today*, 45-83; Alistair Lamb, *Kashmir: A Disputed Legacy, 1946-1990* (Oxford: Oxford University Press, 1991); and Sumit Ganguly, *The Origins of War in South Asia* (Boulder: Westview Press, 1994).

pass laws; the press functions and criticizes government policies with varying degrees of freedom; the judiciary is reasonably independent; and human rights, if not always impeccably preserved (particularly for the poor, those in isolated areas, and women), are subject to increasingly vigilant oversight by numerous non-governmental groups and even by official human rights groups.

Nevertheless, while support for democracy remains strong, the region's people have steadily grown more disillusioned with its functioning, with elected politicians, with bureaucracies, and even with the judiciary system. Since the 1950s, two prime ministers of India have been assassinated; two presidents and a presidential candidate of Sri Lanka, a president of Bangladesh, a prime minister, and a president of Pakistan have been assassinated or have died in mysterious circumstances; and a former prime minister of Pakistan has been hanged. Institutions of the state are seen throughout the region as favoring the powerful and the rich; government jobs and state contracts at every level are for sale; and the term "honest politician" is seen as a virtual oxymoron. Emergency legislation throughout the region permits drastic curtailment or outright denial of many rights in the interest of national security. Not only assassinations, but also kidnapping, mob action, emotional appeals to religion and caste, and political corruption, have in the last two decades eroded the public's perception of fairness and responsiveness on the part of political processes throughout the region.

Despite this, the reputation of the military for probity and fairness, particularly in India and Pakistan, thus far remains good. But military officers in India are increasingly concerned that as the army is called on to take part in civil law and order problems, as in Jammu and Kashmir, this may be eroded, as it was in Bangladesh and Sri Lanka. In Pakistan, although the military has administered the state for more than half its existence, the army has become increasingly reluctant to be forced into doing this again.

Despite speculation in the West that democracies do not go to war, democracy in South Asia has played little part in moderating tensions in the region. Nor do South Asian countries have much admiration for one another. Far more Indians believe their two largest neighbors,

Pakistan and Bangladesh, are "bad" than "good," and those who are largely indifferent to neighboring countries (i.e., who answer either "neither bad nor good" or "don't know") exceed those with a positive or negative opinion.⁸

Personalities, not issues, drive politics throughout South Asia. Political campaigns revolve around caste, communal, and populist issues (like cheaper rice, lower bus fares, or reserved jobs and college admission) rather than longer-term goals or even the conduct of Government (although corruption has in recent years become an increasingly important issue).

One consequence has been an increase in political volatility as voters in both state and national elections over the last 15 years have voted out whichever party gained power in the previous election. This has, however, rarely resulted in significant changes in *policy* as opposed to personalities.

A second consequence has been an increase in caste and communal (religious) tensions. This was visible in India in 1993 in the widespread urban violence over the destruction of an ancient mosque built over the purported birthplace of the Hindu Lord Rama in northern India. It is also seen in pressures to reserve jobs and college entrance slots for so-called "backward" castes, which have traditionally lagged in gaining access to such benefits, and in the increased

8. *USIA Opinion Research Memorandum*, June 17, 1994. The poll included 1,500 persons (half college graduates, half not) from the four major urban centers in India—Bombay, Madras, Calcutta, and Delhi. College graduates are somewhat more favorably inclined to all India's neighbors than those who have less education. The positive ratings for China contrast sharply with those in 1989 and earlier years and reflect high-level exchanges of visits in recent years and positive statements about Sino-Indian relations by Indian politicians. This assessment differs sharply from that voiced in private conversations and in articles by Indian strategic writers and military officers. Similarly, very negative ratings for Nepal turned around in 1990 after a year-long Indo-Nepal dispute over trade issues and Nepalese relations with China were resolved. There are no parallel polls on attitudes toward India in these other South Asian countries.

influence of the Bharatiya Janata Party (BJP), with its nationalistic appeals to Hindus. In Pakistan, the effect has been seen in rising violence and tensions between Muslims and non-Muslims, between different Muslim sects, and between Pakistanis of different regional origin in the Sind. In Sri Lanka, tensions have increased over the last decade between Sri Lankans of Sinhala origin and those of Tamil background.

Disaffected groups increasingly turn to violence to achieve their objectives, when they are frustrated with "the system" or simply to punish particular individuals or groups. Foreign governments or groups in neighboring countries are often blamed—sometimes with justice—for such developments. For instance:

- India has held Pakistan particularly liable for training, funding, and providing arms to militant dissidents in the Punjab and Kashmir.
- China blamed India in the 1960s for training and encouraging Tibetan resistance, and India held China responsible for arming tribal insurgents in northeastern India.
- Pakistan believes India has helped finance and arm political dissidents in the Sind and Karachi.
- Sri Lanka believes South Indian nationalists have assisted or turned a blind eye to training and arms transfers for Tamil militants in the mid-1980s.
- India believes Bangladesh has conspired to encourage illegal migration into India's northeastern states and West Bengal.
- Nepal believes India has followed the same policy with regard to Indians occupying land in southern Nepal.

On the positive side, these issues, while remaining irritants, have generally been managed by the states involved before reaching a crisis through negotiation. But they are likely to continue to recur, and a persistent concern of India's neighbors is that India does not believe that its *security* borders stop at its *national* borders but rather that they extend to the natural boundaries of the subcontinent.

Many members of the BJP, now India's second largest political party, believe that, culturally and historically, the entire region is *Bharat*, the traditional region from the Himalayas on the north to the Indian Ocean on the South, and between the Indus and Brahmaputra rivers on the west and east; this was the stage of the Hindu epics of the legendary past. The implications of this are a stronger Indian hegemonic assertion of authority and demand for control throughout the subcontinent. This is *not* the view of the Government of India, and may not form the policy of a BJP government should it come to power. But it underlies strong popular political support for any Indian actions taken to support Indian security interests anywhere in the region and is the source of widespread suspicion of Indian policy objectives in virtually all neighboring states.

As a consequence of the domestic instabilities suggested earlier, all the states in the region have steadily increased their expenditures for domestic security over the last decade. In India, as only the most vivid example, police expenditures have more than doubled since 1987-88, and the ratio between police and defense expenditures has grown during this period from less than 30% to over 40%.⁹ This trend is likely to continue.

One reason for the increasing strain on internal security forces was the diversion from Pakistan and Afghanistan of small arms, explosives, and light combat equipment originally meant by the United

9. These expenditures (in millions of Rs) are as follows:

	Police expenditures	Defense expenditures	Police/defense
1987-88	35,350	119,670	.29
1988-89	40,860	133,410	.30
1989-90	48,330	144,160	.34
1990-91	56,570	154,270	.36
1991-92	65,630	163,470	.40
1992-93	76,150	175,000	.43
1993-94	80,300	191,800	.42

Source: Government of India, *Economic Survey 1993-94*, Table 2.2, Budgetary Transactions, p. S41.

States, China, and Saudi Arabia for Afghan Mujaheddin in the 1980s to individuals and groups in both Pakistan and India. This contributed to violence in Pakistan, as well as to terrorism and insurgency in northwestern India. Traffic in heroin from Afghanistan through Pakistan increased rapidly after the Russians left in 1989. It contributed its usual corrupting effect on the conduct of politics and governance throughout Pakistan, including, according to some reports, the army.

Ultimately, the greatest threat to stability and security in the entire region over the next ten to 15 years is likely to continue to be from internal unrest. Internal security forces throughout the region are, as one writer described for India, "politicized and enfeebled." In mid-1993, the late Indian Chief of Army Staff, B.C. Joshi admitted that 50% of army infantry forces were engaged in internal security duty of one sort or another, and that this was adversely affecting India's preparedness and Indian army morale.¹⁰ The same phenomenon applies throughout the region. At the same time, the military in India, as well as elsewhere, is having more difficulty in recruiting new officers. Young potential candidates find increasingly attractive opportunities in the private sector, and the average age of officers and non-commissioned officers is increasing.¹¹ The risk of a military coup remains low in India but cannot be excluded in any of the other South Asian states. Such a coup is unlikely to increase the likelihood of war, but will constrain U.S. military cooperation with such a government, increase political and economic strains in the Indo-U.S. relationship, and be unlikely to resolve the most pressing economic, social, and political stresses in any state following this course.

10. RAdm. (Rtd.) Satyendar Singh, "Indian Police Forces: Politicized and Enfeebled," *Indian Defense Review (IDR)* (October 1993): 72-76.

11. Brig. A. Thyagarajan, "Manpower Problems in the Indian Army Officer Corps," *ibid*: 105.

Political-military dynamics

After describing the security dynamics between India and Pakistan, this section discusses how China influences strategic planning in New Delhi and Islamabad.

The Indo-Pak military relationship

This environment of suspicion and hostility over nearly half a century has led both of the major South Asian states to build major armed forces against the other and, until the end of the Cold War, to seek direct or implicit security support from one or another of the major world powers (Pakistan from the West and China, and India from the USSR). Each has frequently followed a "zero sum" strategy in which weakening of the other country's internal fabric and resilience, and diminishing its international prestige have been seen as principal objectives of foreign and national security policy.

In the 1990s, a few serious military and civilian officials on both sides have begun to suggest that this strategic framework must ultimately change. Some even think change could occur in the next decade. This argument is based on the rational assessment that the long-term strategic interests of both countries demand reduced defense expenditures and greater security cooperation and that nuclear war is simply unthinkable in the region. There is little evidence as yet, however, that the public in either country is ripe for a serious effort to improve relations even though there is no absence of proposals on ways to reduce tensions, and thereby advance the economic interests of both states. Pakistan would like to see outside mediation or participation in some mediation process; India has been and remains adamantly opposed to any external involvement in subcontinental geopolitical relationships.

Indo-Pakistan relations represent the only serious short-term threat in the region other than internal ones. The possibility of another

regional conflict cannot be excluded, particularly if domestic tensions spill across borders or if the direction of national policy in either country weakens to the point where central control over defense forces cannot be assured.

Both India and Pakistan envisage gradually reducing the size of their armed services over the next decade—India by 20 to 25% in terms of both equipment and manpower, in order to field smaller but technologically more modern and capable forces.¹² Conceivably, India may at some point rationalize the combat deployment of SRBM missiles as part of such forces. Pakistan has not set clear targets for any reductions, since its policy has consistently been to define its security requirements by Indian policies.¹³ Although both countries may want to constrain the expansion of defense budgets, these are unlikely to decline much, if at all, in real terms over the coming decade.

Despite the potential for nuclear confrontation, however, virtually all Indian and Pakistani military and civilian writers as well as political leaders appear to believe that the prospect of nuclear war on the subcontinent is small. Moreover, since 1990, severe financial constraints, along with U.S. sanctions barring weapons transfers to Pakistan, have

12. Current data on the armed forces of both countries: India 1994: 1.23 million, 2.44% of GDP, 17% of national budget; Pakistan 1993: 577,000, 7.13% of GDP, 28% of national budget.

13. Pakistan accepts the financial constraints on the Indian military. It sees Indian ground forces as declining in size but likely to undergo significant restructuring and to include additional armored and mechanized divisions. It also does not expect any significant increase in either Indian naval or air power by the end of the century. On the navy side, it sees a net increase from 15 to 20 frigates and from 7 to 10 corvettes, which assumed that India will not decommission any older Leander frigates. It also assumes that India continues to have two operational carriers, one of which will presumably be newly acquired from either the UK or Russia. The Indian Airforce is seen by the Pakistanis as increasing more rapidly, with an additional squadron of Mirage 2000s, two more squadrons of indigenously built Jaguars, two new squadrons of MiG-29s, and two new squadrons of MiG-27s (capable of nuclear weapon delivery). See Norman Friedman, "World Navies in Review," in *Proceedings* (March 1994): 116.

slowed—although not halted—previously planned arms procurement in both countries.

India is continuing its R&D program on missile development. Pakistan does not have a technological capability to keep pace with the Indian program—except possibly in short-range missiles, and even there could not hope to maintain even the three missiles per month that India is estimated to be producing while it tries to iron out “wrinkles” in its missile program.

Thought has probably been given within the Indian military to the use of nuclear weapons, but there is little public reflection of this. In 1986 an article in the very first issue of the *Indian Defense Review*¹⁴ took up the subject, but it was never followed up in correspondence or further articles in the *Review*; this lack of follow-up suggests that the publication had been an embarrassment for the government. The author estimated that an attack by Pakistan using 15- to 20-KT bombs exploded at the surface against *military targets* in eight northern and western Indian cities (Bombay, Delhi, Ahmedabad, Amritsar, Ludhiana, Meerut, Jhansi, and Jalundar) would produce one million casualties. An Indian second strike in retaliation against four Pakistani cities (Lahore, Karachi, Rawalpindi, and Wah) would cause 700,000 casualties. Air bursts at 10,000 feet would cause five times these numbers of casualties. Such an exchange could not cripple India, but the Indian strike would effectively destroy Pakistan. The author's conclusion was that the chances of nuclear war were low and that the existence of nuclear weapons in both countries would not in fact be destabilizing.

The casualties and economic damage from even a limited nuclear exchange is likely to be far higher than the estimate discussed above. Neither India nor Pakistan has made any evident preparation for civil defense or for handling vast numbers of injuries from such an exchange. Both would almost certainly be heavily dependent initially on medical, rehabilitation, and a broad range of infrastructural assistance programs from outside the region.

14. Lt. Gen. (Rtd.) E.A. Vas, “India's Nuclear Option in the 1990s and Its Effect on Indian Armed Forces,” *IDR* (January 1986): 11-25.

Pakistan military officials in private conversation uniformly see nuclear weapons as their country's ultimate, last-ditch deterrent or retaliatory weapon against vastly superior Indian conventional ground, air, and naval power and unlikely to be used *unless* Pakistan believes its very existence is threatened.¹⁵ The implications of both the Indian article described earlier and Pakistani comments on overall Indian military superiority are that neither sees nuclear weapons as decisive for defense against the other, that use by India would almost certainly be for a "second strike," and that use by Pakistan would only be as an "Armageddon" act to inflict as much random pain on the enemy as possible before going down to total defeat.

The China factor

China had been an element in the strategic planning of both the British and the heirs to their empire in South Asia after independence. Nevertheless, it was only in 1959–60 as Sino-Indian tensions along their Himalayan border grew, and particularly after the Sino-Indian conflict in 1962, that relations with China became a matter of urgency for both India and Pakistan. Pakistan saw political and security cooperation with China in the 1970s and 1980s as enhancing its security. India saw its own security endangered both by such cooperation and by the threat of some future Chinese aggression, and China became a source of major long-term strategic concern.

In the last few years, senior Pakistani civilian and military officials have privately acknowledged India's military and economic preeminence in the region. Pakistanis know they cannot hope to defeat India in any conflict.¹⁶ They continue to believe that their relationship with China still has a strategic element. As Sino-Indian relations have improved and China has committed itself not to provide missiles to Pakistan, Pakistanis recognize that this strategic element has probably diminished in value. Still, they believe that the future struggle in Asia

15. Author's conversations with senior Pakistani military and civilian officials in September 1994.

16. Private conversations in September 1994 with former service chiefs, defense and foreign ministers, and senior diplomatic officials.

will ultimately be between India and China, the two rising military and economic giants on the continent. The key arena of contest, they argue, may not be in South Asia, however, but in rivalry for influence in Southeast Asia, the region that lies at the edge of both Indian and Chinese "spheres of influence." Pakistan's importance for the present has diminished in this context, but it could revive again.

Few Indians are this direct in describing the future strategic balance between India and China, but it is implicit in much of what they say.¹⁷ A common Indian threat scenario is that China continues to grow economically and is increasingly capable of building more powerful military forces, including a navy capable of operating into the Indian Ocean. This could require major new increases in Indian defense expenditures and capabilities but may not be a major problem for another decade or so.¹⁸ Alternatively, China may go through a period of intense domestic political and economic upheaval in the next

17. For example, G.V.C. Naidu at the Indian Institute for Defense Studies and Analysis writes in an article ("Security Issues and Recent Developments in Southeast Asia" in *Asian Strategic Review*, IDSA New Delhi, August 1994, p. 208): "Whether there will be a power vacuum or not, [China, Japan, and India] will certainly try to increase their role and enhance their influence in [Southeast Asia]. China has geographic claims...and feels that this region is its soft underbelly, and hence of immense strategic importance. Japan, on the other hand, has significant economic stakes and [this] is a region where it can use its economic clout to play a political role. India, as of now, has neither economic nor strategic stakes, but is reevaluating its policy toward Southeast Asia."

18. Swaran Singh, in "China's Military Modernization," (*ibid.*, p. 297), states: "A great deal of debate has taken place in [India] on the expanding naval power of China and the declining strength of India's navy.... There is reason to believe the argument that as a much stronger military power in the twenty-first century China will surely be looking for a gateway and access to facilities and bases in the Indian Ocean. This, apart from serving its power projection will also greatly facilitate its economic interaction with southern Asia...and the rest of the world.... However, due to its increasing indulgence [*sic*] in the South China Sea, it has got into problems with its East Asian neighbors which it will have to resolve before it decides to move any further."

decade. This could lead to renewed Tibetan struggles for independence, pressures on India both internally and internationally to becoming involved; a flood of new Tibetan refugees pouring into India, which would be disruptive domestically; and major increases in Chinese military dispositions in Tibet, with new border tensions. Neither of these scenarios is completely far-fetched. Chinese military assistance to Burma and, in particular, Chinese construction of port and radar facilities on the Burmese coast in the last few years have aroused Indian concerns—almost certainly grossly exaggerated—that China may be preparing either to widen its military presence in Burma or to deploy submarines into the Bay of Bengal.¹⁹

The “China threat” is perceived instead as one which may emerge sometime in the 21st century, when and if China becomes a major military and economic power. Although Indian strategists are unable to describe events that might lead to a major Sino-Indian war in the next ten to 15 years, there remains a vague but firmly articulated view that India must be prepared to confront any undue political pressure China may bring to bear against it.

Because Indians continue to see China as their principal long-term strategic concern, Chinese military capabilities have been the goad to nuclear and missile development on the subcontinent. India accelerated its R&D program after the Chinese nuclear test in 1965. The Indian nuclear test in 1974 led Pakistan to accelerate its effort to match India by the end of the 1980s. Chinese missile development prompted India to evolve an independent satellite and missile launch capability in the 1980s, which, in turn, led Pakistan to attempt to follow, although with less success, on a parallel course.

19. J. Mohan Malik’s “Sino-Indian Rivalry in Myanmar: Implications for Regional Security,” *Contemporary Southeast Asia*, vol. 16, no. 2 (September 1994): 137-156, elaborates such concerns in great detail and argues for India’s need to continue to hold the British colonial policy of territorial “buffers” around its borders. Also see Lt. Gen. (Rtd.) K.S. Kajurie, “Security in Southwest Asian Region (Post Cold War) and India’s Defense Concerns,” *IDF*, July 1993: “The Chinese Navy and projection of sea power into the Indian Ocean alongside their close support to Burma produces tensions for India.”

India remains determined to develop a deterrent to Chinese nuclear power. It is evident that efforts to evolve an operational IRBM capability have little point except in the context of China, although this capability would also be of use against some future West Asian adversary, such as Iran. This view is unaffected by the current level of cooperation India is receiving in peaceful nuclear areas from China.

As an Indian air commodore argued in 1987:

The appropriate and logical point of reference to define India's strategies [is] in relation to the People's Republic of China....A conceptual framework [which emphasizes India's security in relation to China] would not only take cognizance of the role and strategies of the superpowers....but also provide a stabilizing influence in the international world order by moving towards an equitable power balance and help to provide stability in the Asian region.²⁰

Former Indian Army Chief of Staff K. Sunderji echoed this more bluntly a year later, observing that "Our major problem is going to be China!"²¹ Indian officials, however, are not anxious to emphasize such concerns in official statements. Since 1989, India has pursued a policy of easing tensions between the two countries politically and militarily, and the Chinese have reciprocated.

Through a series of agreements on confidence building and exchanges of visits by prime ministers, foreign ministers, and defense ministers, border tensions have eased. Both sides agreed at the end of 1993 to define the lines of actual control on the ground so as to avoid accidental conflict, but this proceeded very slowly through 1994. Nevertheless, India has felt confident enough of the reduced "threat" from the North to withdraw half of the mountain brigades it had stationed along the Himalayan frontier, redeploying most of them to Kashmir.

20. Cited in Mohammed Ayooob, *India and Southeast Asia* (London, and New York: Routledge, 1990), 29-30.

21. Ibid., p. 34, fn. 8. See also George Tanham, *Indian Strategic Thought, An Interpretive Essay* (Rand, 1992): 35-39.

Trade between India and China has more than doubled and is on the way toward the billion-dollar mark over the next two or three years, and joint investment projects in both countries have been negotiated. A wide range of agreements on cultural and technological exchange have been concluded, the most significant in security terms being China's agreement to supply heavy water and enriched uranium to India for its nuclear power program—a deal that would have been inconceivable a decade ago.²² Although the Indians have accepted the Chinese offers, they remain puzzled over Beijing's willingness to deal in sensitive technologies with a former enemy. The answer may be that the Chinese do not in fact take India seriously as a potential adversary, or perhaps even as a potentially major power. This attitude emerges in many conversations Chinese have had with both Americans and Indians in the last two years.

Most Indians now believe that the likelihood of another Sino-Indian border war is slim. Still, permanent resolution of the border dispute and the politics of surrendering Indian-claimed territory (which any treaty agreement would entail) is not one that any Indian government seems likely to want to take on in the near future.

22. *The Washington Post*, January 8, 1995, p. A29. Even more striking is China's reported approach to India for collaboration on India's Light Combat Aircraft (LCA) during the summer of 1994, with the proposal that China would be prepared to buy the LCA itself to replace its MiG-19s and MiG-21s. Indian defense sources said they were not likely to be interested but were struck by "the audacity" of the proposal. China and India did agree, however, to start work to jointly develop a 100-passenger civilian airliner during 1994. *Jane's Defence Weekly* (17 December 1994): 21.

Focus on India

The following discussion summarizes the outlook for India's economy, her foreign relations beyond the Indian Ocean, and her naval and strategic forces.

Economic outlook

Between 1960 and 1990, economic growth in India stagnated at an average increase of 3% a year.²³ With the help of good crops, some modest liberalization of the economy, and excessive foreign and domestic borrowing, this rose to 5 to 6% in the 1980s but then declined again in the early 1990s to under 2%. Although progress was taking place in every economic and social indicator—trade, investment, literacy, life expectancy—India found itself lagging further and further behind East and Southeast Asia.

Since independence, cumulative foreign investment had barely reached \$1 billion in 1990. By 1991 India faced an imminent financial crisis with inflation at 15% and foreign exchange reserves dropping to barely two weeks' imports, threatening to leave the state unable to meet debt obligations.

In 1991, the newly elected Indian Congress Party government concluded that fundamental reform of the economy was needed. New emphasis was to be placed on encouraging private initiative and the private sector, reducing the budget deficit and stabilizing the rupee,

23. Real per capita income, nevertheless, increased significantly in India during this period, rising from \$617 in 1960 to \$1,072 (on a purchasing power parity calculation). UNDP *Human Development Report 1993*, p. 143. There was an even greater increase in Pakistan, from \$820 to \$1,862, over the same period; in Bangladesh it was much smaller, \$621 to \$872. It should be noted there is great controversy among economists about the use of purchasing power parity calculations.

introducing tariff and tax incentives for both domestic and foreign investment, simplifying the maze of official controls on business activity, and contracting the range of economic activities conducted and controlled by the government.

There was surprisingly little immediate political resistance to some reforms, although the private sector—both Indian and foreign—took two years to accept the fact that the government was serious in its intent. The main focus of popular concern about “reform” was its potential impact on employment. Over 21 million Indians work for government at every level (well over double the number who work in the private sector, agriculture aside). Nine million work in finance, insurance, telecommunications, road and rail transport, mining, ports, and the numerous government industrial enterprises, all sectors where reformers have advocated “privatization” in whole or in part.²⁴

Those involved in planning the economic reform policy in 1991 were frank in recognizing that employment policy—reducing workers in state-run enterprises or relaxing stringent constraints in the private sector on laying off employees for almost any reason—would be the most difficult to change. They have been right. The reformers in the Indian government originally hoped to pass necessary legislation in this area in three years. It will clearly take much longer. Still, overall, reforms in the economy have taken hold, and both the public and private sector are becoming more competitive and conscious of the need to improve service and quality.

Economic growth rose from barely 2% in 1992-93 to 3.3% in 1993-94 and to more than 5% in 1994-95, with a target of 6-7% in the next two years. Awareness of new labor-saving consumer products is rising rapidly and is spreading even to village areas,²⁵ but the benefits are unevenly distributed around the country and even within each province. A substantial proportion of Indians remain on the fence, responding to polls about economic reform with a “don’t know” or

24. *Economic Survey 1993-94*, op.cit., tables 3.1 and 3.2, pp. S-51-52.

25. *The Washington Post*, January 2, 1995, p. 14, Molly Moore, “High Tech Meets Low Wattage in Rural India.”

with lukewarm approval.²⁶ The national government has had poor success so far in explaining the long-term benefits of reform to the common man. While not responsible for the electoral losses of the Congress party in three elections in South India in November 1994, these failures—and those in most of the five major west and north Indian states in February 1995—made the government more cautious in implementing new reforms.

The question of whether reforms are leaving the poor behind will become the single most important political issue over the next ten to 15 years. It is a question every government must be prepared to respond to with a firm “No!” if the reforms are to continue. If economic growth can be sustained without serious inflation at between 6 and 8% by 1997 or 1998, as the designers of the reform hope, unemployment may begin to come down and the positive impact on wider and more diverse segments of the society will begin to be felt with strong positive political benefits for those advocating reform.²⁷ If growth lags, if prices rise, if foreign investment stalls, or if social welfare stagnates, the risk of growing political unrest and violence will unquestionably grow.

The Indian business community, originally uneasy in 1991 about being exposed to greater international competition by lower tariffs and by foreign investment, now overwhelmingly supports the reforms in considerable measure because many of its members understand the risks of failing to reform the economy.²⁸ Industrial growth in 1994

26. In a January 1994 poll, 56% of respondents thought the reforms were very or somewhat beneficial, only 17% were negative, and 27% said they didn't know. *USIA Opinion Research Memorandum*, op. cit., p. 6.

27. The Indian government estimated in 1992 just as the reforms were starting that the economy needed to create nearly 100 million new jobs by 2002 and that an average 5.6% growth in GDP over the next ten years might achieve this. A revision of this estimate at the end of 1993 noted that achievement of this goal would require a higher average GDP growth than originally anticipated but did not fix a specific figure. *Economic Survey*, op.cit., p. 156.

28. In the January 1994 poll noted earlier, approval of the government's increased encouragement of foreign investment was over 70% both by college graduates and by less educated respondents.

was 8 percent. Direct foreign investment continues to grow, even though the pace has slowed; the \$2 billion estimated as likely to come into the country in the three years ending in March 1995 was twice that invested in India over the previous 45 years. Foreign investors exhibited their confidence in the prospects for Indian industry by putting more than \$9 billion more into Indian stock and bond issues. In this same period, and after two years of negative rating for Indian government bonds, primary international rating agencies raised them to "investment grade" late in 1994.²⁹

Despite this, the Indian economy is walking a political-economic tightrope. If it does not fall off, the expectations of Indian and foreign analysts are that India "will, within the next decade or so, become one of the world's biggest and most important emerging markets"³⁰ and "join the Asian NIEs, China, and Southeast Asia in a wave of unprecedented prosperity"³¹ both as a consumer of imports and as a producer of increasingly more competitive products, particularly in relatively mature technological sectors. If this happens, India will increasingly become a more important partner—politically as well as economically—not only for the advanced developed countries of the West but for the rapidly developing states of Asia.

Some close Western observers are more cautious. An unpublished joint study by Harvard professor Michael Porter and the Confederation of Indian Industry in 1994 warns that Indian industry is likely to be internationally competitive over the next decade in few new sectors. It lags seriously in research, quality control, labor productivity, and infrastructure in all key areas; in effective networks of supporting

29. *Business India* (November 7-20, 1994): 143.

30. Jeffrey E. Garten, Under Secretary of Commerce for International Trade, "India and America; A Partnership for the Twenty-First Century," a speech before the Confederation of Indian Industries, Bombay, November 18, 1994.

31. Singapore Prime Minister Goh Chok Tong, speech in Calcutta, January 6, 1995, to Confederation of Indian Industry. Official Text, Government of Singapore Information Service, p. 2.

industries; in marketing; in an appropriately trained workforce; and in a broad range of other business areas.³²

An American scientist who has followed Indian research and development programs for two decades cautions that virtually no major innovative research is taking place in India. The Indians are outstanding at replicating or improving existing technology and working at the margins of science, but with only relatively few exceptions are not at the "cutting edge" of any of the modern technologies.³³

One of the more direct effects on U.S. interests, should the rapid economic development the optimists hope for take place, will be on global energy demand. Indian POL requirements will soar, rising from 59 million tons in 1992-93 to an official Indian government estimate of 102 million tons by 2002, even at the modest growth rate of 5% a year. If growth at this pace is sustained, POL imports could rise to 150 million tons by 2010; of this, half will probably have to be imported, mainly from the Middle East,³⁴ with a potentially

32. *Business World*, "Special Report: 'Competition at Home Lacking'" and "Advice from the Competitiveness Guru" (October 5-18, 1994): 124-131.

33. Personal conversation. Relatively little R&D is done by most Indian businesses except in the pharmaceutical sector. Total government-supported R&D in 1994-95 was \$1.6 billion, a 3% increase over the previous year but perhaps as much as 7% less in real terms after inflation. The budget for R&D that could be commercially directed was \$69 million, a 21% nominal increase over the previous year. U.S. Embassy New Delhi, Unclassified cable, "Indian R&D Budget," no. 4911 (28 April 1994).

34. Estimate through 2002 from *Economic Survey 1993-94*, p. 137, and extrapolated to 2010 at the same 5% annual growth rate. (Actual growth in POL use was 3.9% between 1991-92 and 1992-93, when GDP growth rose from 1.1% to 4%. POL has, however, declined slightly as a share of total Indian imports—from 27% to just under 25% from 1991-92 to 1993-94). If Indian economic growth reaches 6-8%, the current target, POL (including natural gas) requirements will increase even more rapidly, particularly if industrial growth is 8-10% per year as is anticipated. Under these circumstances, POL consumption will reach 110-120 million tons in 2002 and as much as 200 million tons in 2010.

significant impact on global oil prices (particularly when combined with parallel increases in demand elsewhere in Asia) and on India's economic dependence on the stability of the Persian Gulf states. One Indian estimate is that \$30 billion in investments for oil exploration, refining, and transmission will be needed by the end of the century. The pace of this infrastructure development—agreements with foreign companies for increasing oil exploration and construction of new refineries as well as port expansion—picked up by the end of 1994 but still lags behind needs. Major expansion of India's tanker fleet³⁵ will also be required, but this appears likely to lie on the private sector.

Beyond the Indian Ocean

Indian relations with most of the countries of Southeast Asia were cool, or underdeveloped, for most of the period from 1947 to the late 1980s. Then economics as well as security policy led India to begin making efforts to improve its image in the ASEAN region. The purpose of this change early in 1993 was to promote goodwill and strategic and economic cooperation in Southeast Asia, by developing closer ties with Indonesia, Singapore, and the Philippines.

Economic reform served to increase Asian interest in India, and strong efforts were made by Indian political and military officials in the early 1990s to ease suspicions about Indian naval expansion plans—particularly, but not exclusively, in Indonesia and Australia.³⁶ These officials also argued that India and Southeast Asia have common interests in assuring rights of peaceful maritime passage in the Indian Ocean and through the Malacca Strait.³⁷

These latter efforts were successful, and by 1994 Southeast Asian governments were no longer privately expressing concern about a

35. At the beginning of 1994, nearly 60% of India's 443-ship maritime fleet was devoted to carrying POL. Ibid., p. 142. The estimate of \$30 billion is from "Petroleum, The New Splash," *Business India* (May 10, 1993): 52.

36. Ayooob, op.cit.: 40-49.

37. Afsir Karim, editor of the *Indian Defense Review*, "A Look at Eastern Approaches," *IDR* (January 1993): 8.

potential threat from India. Moreover, a pattern of modest annual exercises and Indian naval port calls throughout the region had taken shape. "Defense cooperation agreements" were concluded in 1993 and 1994 with Singapore, Vietnam, and Malaysia. These were merely open-ended expressions of willingness to engage in periodic exchanges, except for the one with Malaysia, which provided for possible cooperation in servicing Russian aircraft in the future. It seems likely that India will try to reach similar understandings with Indonesia, Thailand, and other regional countries in the coming years.

None of the ASEAN states appear to see India as an active strategic partner—yet. Officials and academics throughout the region insist they see India neither as a threat nor as a rival to China for influence. Even Singapore, which has been the most active regional state in cultivating economic cooperative ventures in India, has bluntly told India it should not expect to become a member of APEC in the next decade. Responding to an explicit question about India's "strategic" role in the Asia-Pacific, Singapore Prime Minister Goh Chok Tong would go no further than to say:

From the rise of China, Japan, [and] Korea in economic terms will flow certain political and security implications. Similarly, as India grows in economic strength and political influence, India should be incorporated into the wider region so that it can play a positive and constructive role.³⁸

In February 1995, the Indian Navy Chief of Staff initiated a novel "sports" meeting in the Andaman Islands for mid-level officers of all the ASEAN states (except Brunei) and Vietnam as an opening effort. The Indians hope it will become an annual event in which to develop interpersonal relations among naval personnel in the region. So long as India projects an image as a friendly, or at least benign, neighbor, with a shared interest in maintaining open sea lanes in the Indian Ocean and the security of the vital straits between the Indian Ocean and the South China Sea, it is likely to slowly but inevitably become a

38. Written interview with *The Hindu*, Madras (January 3, 1995, p. 12). The Chinese interpreted Goh's remarks more broadly; the Xinhua News Agency led its story on this interview "Singapore PM Sees Indian Role in Asian Security" and started its coverage: "India should play a role in Asian security, Singapore PM Goh Chok Tong said...."

more significant element in the thinking of security planners in Southeast Asia. The pace of such a development will, however, be affected by whether Indian economic prospects continue to improve, as well as by other regional and global considerations, including China's relations with the region, the degree of active engagement of the United States, and the extent of U.S.-Indian military cooperation.

Although India's trade with East and Southeast Asian countries has grown in the last few years, it remains only 17% of India's total trade. In 1993-94, it was only slightly over \$8 billion. Less than half the trade was with ASEAN states.³⁹ Trade with India amounted to one percent or less of the total trade of any of the ASEAN countries. There is little doubt, however, that *if* India can continue to reform its economy and increase its GDP growth to a steady 6 to 7% a year, the sheer size of the Indian economy will increase its importance for both ASEAN states and those in East Asia.⁴⁰

India's political and economic relations with Japan have been relatively distant, although Japan has for a number of years been India's largest aid donor at the rate of nearly \$1 billion a year. Japanese business has remained very cautious, and the share of Japan in India's exports actually declined between 1991 and 1994. This may be in the process of changing, with a number of major investments announced by Japanese corporations late in 1994 and the first visit ever by a Japanese Minister of International Trade and Investment (MITI) to India early in 1995.

Some Indian strategic writers believe "Japan and India have a great future together in order to safeguard maritime interests, [and there

39. *Reserve Bank of India Annual Report 1993-94*: 93.

40. Except in automobiles and motorcycles, Japanese corporations have moved slowly to invest in India, lagging behind the United States and European countries. But at the end of 1994, the Marubeni Trading Company, one of Japan's largest trading companies which had conducted approximately 20% of Japan's trade with India in recent years, announced plans to invest \$2 billion in India in the next two years, and Japanese businessmen have indicated that a major surge in Japanese investment interest is likely from other companies in the near future.

would be] great mutual benefit in an understanding and commonality of views, especially in the Indian Ocean zone where the vulnerability of Japanese shipping could use some help from India." But actual military-to-military contacts have been very meager, aside from a single Japanese officer who is sent to the Indian Defense Staff College each year.⁴¹ Japanese military officers at a CNA conference in Tokyo in late summer 1994 evinced little if any interest in, or knowledge about, India and there is little reason to believe this will change in the near future unless there is a fundamental reassessment by Japan itself about its own defense policy. In mid-1993 one Indian writer speculated that Indo-Japanese security cooperation might lie ahead since Japan may decide to escort its own oil tankers in the Indian Ocean; this view could turn out to have some merit over the coming decade or more, but there is no evidence of it so far.⁴²

India has in the past had excellent relations with some states of the Middle East, particularly Egypt and Iraq, through the Non-Aligned Movement and with Iran at the time of the Shah. Over the past decades, millions of Indians have gone to the Persian Gulf region for technical, trading, and administrative jobs. They are continuing a tradition going back to the 19th century when the British colonial bases in that region were under the broad overview of the Viceroy in Delhi.

Politically, India has wooed the Islamic states; it is attempting to identify itself as the second largest Islamic country (after Indonesia), with 100 to 130 million Muslims—and not as a country hostile to Islam. A key strategic objective has been to balance the influence that Pakistan has had in the Islamic world. Periodic anti-Muslim riots, destruction of mosques, and the occasional anti-Muslim rhetoric of Indian politicians have complicated Indian policy, but, overall, it has had considerable success, marked most recently by the failure of the Organization of Islamic Councils (OIC) to back Pakistan over Kashmir in the 1993 and 1994 UN General Assemblies.

41. Kajurie, *IDR*, op.cit., p. 44.

42. S.P. Govil, "Why the Navy? Its Role and Responsibilities," *IDR* (July 1993): 66.

Indian concern over instability in the Gulf region has increased in the last 15 years. The collapse of the Shah in Iran and then the isolation of Saddam Hussein's regime in Iraq left Indian policymakers without the support of any strong secular states in West Asia. Nevertheless, Indian diplomacy has tried through high-level visits and discussions of joint economic ventures to encourage Iran to look on India as a potentially important strategic and economic partner. A major Indian objective has been to discourage Iranian-Pakistani military cooperation, particularly on weapons of mass destruction, as well as Iranian and Saudi support for radical Islamic groups within India and elsewhere in the region. Although the subject is rarely broached in the Indian press, an Iranian nuclear weapon capability, added to the IRBMs of Chinese-origin in Saudi Arabia, would strengthen the arguments of Indian nuclear and missile hawks that an Indian nuclear and missile deterrent is necessary not just against China and Pakistan but against potential threats in Western or Central Asia as well.

Economically, India relies on the Persian Gulf states for two-thirds of its petroleum needs. Indian exports to the region, despite its relatively small population in comparison to Southeast Asia, are larger than those to ASEAN.⁴³ Concern over a destabilizing of the whole Persian Gulf region and, among other costs, a potential dramatic increase in its oil bill, was undoubtedly a key factor leading India to support U.S.-led international efforts in the UN on behalf of Kuwait.

After the Gulf War, India stepped up its efforts to improve ties with the states of this region. India concluded an agreement in 1994 with Oman for a major undersea oil pipeline to India costing at least \$10 billion over the next ten years (subsequently deferred by Oman), and has negotiated with Iran, inconclusively thus far, for a similar land pipeline from Iran to India across Pakistan. Both political and economic obstacles to the latter project put it into the distant future.

The creation of the new Central Asian states from the former Soviet Union immediately generated strong Indian diplomatic and political reaction. India's first concern was that former Soviet nuclear weapons, fissionable material, or missiles in these states not be transferred

43. *Reserve Bank of India Annual Report 1993-4*, op.cit.: 93.

to Pakistan or other West Asian countries. Once this concern was resolved by agreements between the Former Soviet Union and the states in the area, and as it appeared these states were not disposed to focus their national policies around Islam, the intensity of Indian diplomacy and strategic concern about this area diminished. Nevertheless, Indian interest in the oil and gas resources of this region remains strong.

Although extra-regional powers have naval forces operating in the Indian Ocean—France, occasionally the UK and Russia, Australia, the ASEAN states, occasionally Japan (for training purposes)—none have geopolitical or strategic motives for an expanded presence or for seeking additional bases in the region (only France still has bases). They share the interests of the United States, India, and Pakistan in free lines of maritime communication and stability in the Persian Gulf.

India's defense programs

Indian legislation of 1990 established a National Security Council. That legislation has yet to be brought into effect. There is a virtually total "absence of realistic defense plans formulated on the basis of clear national security objectives and military aims," a view shared by Indian military officers and parliament. Indeed, a 1992 Indian Parliamentary Report on Defense observed that MPs were "deeply disturbed at the absence of a National Security Doctrine."⁴⁴ George K. Tanham in his 1992 study of Indian strategy for the RAND Corporation came to the same conclusion, noting that "no authoritative government statement exists on Indian naval strategy" and that "no formal efforts or institutions of government exist to develop strategies for India."⁴⁵

Writers on Indian naval policy in the 1950s and 1960s focused on the coastal defense role of the Indian Navy. In the 1980s, proponents

44. Lt. Gen. (Rtd.) K.K. Hazari and Brig. (Rtd.) Vijai K. Nair, "Higher Defense Planning: Need for Debate and Reform," *IDR* (April 1993): 34-35.

45. Tanham, *op.cit.*: 65, 67.

appeared for a new strategy. That strategy emphasized a combination of "sea control" for the maritime defense of India's immediate national interests and "sea denial." The latter was directed at blocking adversaries at a distance, namely the entry points to the Indian Ocean by means of submarine, aircraft carrier, and missile deployments. The change from coastal defense was partially inspired by the Nixon Administration's dispatch of a carrier group led by the carrier *Enterprise*, during the 1973 war between India and Pakistan.

Others argued that there were practical fiscal limits to what India could afford to do, and that to strive to do all of this would not only be beyond its budgetary capabilities but would also arouse fears of Indian hegemony by its neighbors.⁴⁶ Those who spoke for this view argued that by the end of the 20th century, no major power was likely to be able to maintain large forces in the Indian Ocean on a regular basis. Rather there would be ships of many powers using the area, including Japan, China, Germany, France, the UK, and the United States, and what India needed was a sufficiently flexible and substantial navy to be able to credibly defend its legitimate maritime interests in this environment.

A decade ago, when India was contemplating a far larger fleet, several Indian military officers argued for an Indian Rapid Deployment Force modeled on the U.S. with airborne, airmobile, and amphibious capabilities.⁴⁷ This would enable India to move forces swiftly to the Andaman and Nicobar islands or to protect Indian citizens abroad. Critics replied that India had no need for force-projection ambitions and was unlikely in the foreseeable future to be able to muster the equipment and fire support, and to develop a doctrine for force projection.⁴⁸ This view has clearly prevailed.

46. See interview with Adm. J. G. Nadkarni, Chief of Navy Staff, in *IDR* (July 1990): 19-34.

47. The first editor of the *Indian Defense Review*, Lt. Gen. Mathew Thomas, argued this case in his opening editorial and in a following article, "An RDF for India" (January 1986): 61-68.

48. L.C. Katoch, "Defense Expenditures: Some Issues," *IDR* (January 1992): 58.

Extensive Indian naval expansion plans—including those for indigenous production of several aircraft carriers by the end of the century—were put on hold by 1989 and are unlikely to come under serious examination until after the turn of the century unless there is a drastic deterioration in the regional and global security environment. Research on a nuclear submarine propulsion reactor has been underway for several years but realization of operational nuclear submarine capability in the Indian Navy is almost certainly at least a decade off. Limited air procurement is going forward in Pakistan as well as India, but India is placing its primary reliance on indigenous production of a Light Combat Aircraft (LCA) by 1997 or more likely, well after this.⁴⁹

The current Indian position appears to conclude⁵⁰ that the Indian Navy needs at a minimum to be able to deny any regional competitors (Pakistan, Bangladesh, Sri Lanka, Burma, and Indonesia) access to areas of vital maritime interest to India. This it is capable of doing. It needs to be able to bottle up the Pakistan Navy and contain its submarines and be able to deploy massive air suppression if necessary against Pakistani naval and coastal air bases. This is also within India's

49. This system has been under development with some U.S. technological cooperations for well over a decade. Some observers are much less optimistic about the actual entry into service of the LCA. *Jane's Defence Weekly*, 17 December 1994 (p. 19), described it as a "distant and almost mythical prospect" which may not enter into service until 2008-2010 or nearly 30 years after its initial design! The Indian Defense Ministry continues to insist that the plane will fly by 1996 and will be in service by 2005 (*AFP*, January 5, 1995). The Indian military loses about 1.3 aircraft a month from training and it urgently needs trainer aircraft. There are plans to upgrade India's 100 MiG-21s with Russian help by the end of the decade, but plans to buy new aircraft have slipped over both funding and technology transfer. Negotiations begun in mid-1994 with Moscow to buy 20 new MiG-29s and 35 Su-30s concluded in January 1995 with an Indian purchase of only 8 MiG-29s; Indian sources claimed that Russian refusal to provide all the technology India wanted on the Su-30s was the key problem (*Reuter Business Report*, New Delhi, January 11, 1995).

50. Ashley Tellis, "Searching the Barrack: Logic, Structure, and Objectives of India's Naval Expansion," *IDR* (July 1991): 133-156.

current capability. And it needs to be able to muster a citadel defense with submarines and land-based aircraft and missiles against a larger enemy.

To perform these tasks, India needs more submarines, a strong mine-laying and mine-clearing capability, and naval air reconnaissance capabilities out to the Malacca Straits, the Persian Gulf, and the Tropic of Capricorn. It also needs a third aircraft carrier of the 30,000- to 35,000-ton flat-deck variety originally planned for the late 1990s. The Indian Navy is now unlikely to be able to achieve these latter objectives in the next ten years, but it may begin to approach them by shortly before 2010.

The Indian Navy over the next decade will be leaner and have lesser capabilities than many in the navy had hoped. This new reality is reflected in the increased interest in the last three years in increasingly sophisticated exercises with U.S. naval ships, including aircraft carriers; in more active discussion of doctrine and strategy; in sharing common objectives in assuring the stability and safety of SLOCs in the Indian Ocean; and in more active discussion on peacekeeping. There is also interest in closer Indian naval cooperation with regional navies from Australia to Thailand.⁵¹

51. A mid-1994 Pakistani military assessment of Indian Naval Force Plans offers a useful "worst case" view of an Indian naval threat from the viewpoint of its most cautious neighbor. This is shown in the table below:

	Present	Indian force goals by 2000	Pakistani assessment by 2000
N. subs	-	3	-
Conv. subs	19	34	16
Carriers	2	3	2
Dest/frig	15	26	20
Missile/corv	7	12	10
ASW corv	8	17	8
Missile boats	18	20	16
Minesweepers	18	19	18
Amphib. ships	18	24	19
Survey ships	9	9	9
SDB/OPV	16	16	16
Tankers	2	3	3
Auxiliaries	9	9	9
Total	141	195	147

Source: Pakistan ISI, *Indian Military Development: An Overview*

Strategic capabilities

Although Indians generally assume that they have the capability of producing nuclear weapons, and former Chief-of-Staff General Sunderji has publicly said as much, there has been no public discussion of an Indian nuclear doctrine or how nuclear weapons might be used on the subcontinent. The Indian government continues to deny that it has developed nuclear weapons or has any plan to deploy nuclear warheads on either its SRBMs or IRBMs. Some U.S. analysts have argued that the Indian SRBMs (either the 150-km-range army version currently being tested or the 250-km air force version scheduled for test by 1997) can be used effectively against concentrations of tanks or to destroy airport runways, as the U.S. Army's Lance missiles have been employed by Israel. The cost-effectiveness of these weapons is open to question, and the numbers of missiles that might have to be deployed on the potentially much larger Indian battlefronts would be substantial.

Some Indian analysts privately question whether India needs SRBMs at all—although now that they are available it will be hard to avoid their deployment. The analysts argue strenuously, however, that the SRBM development and deployment was needed in order to pursue an IRBM capability that is necessary against a potential threat from either West Asia or China. Even if a China threat is discounted, some suggest that China will take India seriously both politically and strategically *only* if India is seen by other major powers as a strategic peer. Debate on these issues—SRBM deployment, IRBM development, and warhead research relating to such weapons—continues but in very restricted circles and rarely surfaces in public discussion or debate. The scientific and technological programs for such research, however, are extremely solidly entrenched, both bureaucratically and in

key political circles; efforts to halt them will be difficult for both domestic and international negotiators.⁵²

Writers on Indian naval policy have, as noted earlier, discussed India's need for stand-off missiles, which would enable it to confront potential adversaries either by submarine or from land bases at 1,000 km or more from India's territory. There are, however, no reports of current plans to allot SRBMs to the Indian Navy, although a cruise missile for the navy, including a version for submarines, is under deployment. An SLBM based on either the SRBM Prithvi or conceivably even an Agni IRBM is likely to be on the agenda for 2015 or so if India is able to successfully produce a nuclear submarine over the next decade—a possibility but by no means a sure thing.

A bomber-launched version of the Prithvi SRBM in 1996-97 will give India a limited missile-strike capability out to the Persian Gulf, Diego Garcia, and the Straits of Malacca as well as into portions of western and southwestern China, although Chinese air-defense would pose formidable obstacles to successful bomber penetration. Having launched a polar orbit satellite for the first time at the end of 1994, India has demonstrated that it has a launch vehicle capable of serving as the initial stage for a potential ICBM. In any event, it will be able to develop reconnaissance and mapping satellites. Thus, it will have independent sources of intelligence over the Indian Ocean, China,

52. In terms of military missiles, by early 1994 India was estimated to have spent a total of \$258 million from the program's inception in developing a series of missiles including the Agni, an IRBM with a one-ton warhead and a reported range of 2,500 km and costing approximately \$2.5 million per missile; the Prithvi, an SRBM with a 150- to 250-km range and a warhead of 500 to 1,000 kg, costing approximately \$1 million each; the Nag, an antitank missile with a 4-km range, costing \$80,000 each; and the Trishul, a SAM with a range of 500 meters to 9 km and a 15-kg warhead, costing \$15,000 each. The total defense missile budget for 1994-95 was \$341 million, but in addition, the space and satellite program, which is closely linked to the military missile program and included funding for a polar orbit satellite (successfully launched at the end of 1994), received an additional \$243 million. U.S. Embassy New Delhi, unclassified 4911, "Indian R&D Budget 1994-95," 28 April 1994.

and much of the rest of the world by the end of the century, although more sophisticated software and optical technology development may take longer. India will, however, also need to fundamentally overhaul its military intelligence system to use the flood of data that reconnaissance satellites might provide.⁵³

There has been no indication so far of a national policy intent to use the launch capability implicit in a polar orbit satellite to develop a missile beyond the IRBM range of the Agni. Further Agni launches both for accuracy and distance were successfully conducted in 1995. It appears probable that India will continue such testing to the point where an operational IRBM could swiftly be produced. Nevertheless, the Indian government has not indicated an intent to deploy such a missile even when testing has been completed.

Although the Indian government has given no hint that the warhead of the 150- to 250-km Prithvi will be anything but conventional, a warhead for an operational IRBM would almost certainly be nuclear. A BJP government would be able to decide on a nuclear warhead with little hesitation, having publicly endorsed an Indian nuclear capability. Nor would there be public protest of such a move or of the nuclear testing that would presumably be necessary to confirm warhead design and capabilities. An Indian government led by any of the other parties currently contending for office would have to publicly repudiate past denials of nuclear intentions, which would probably not be an insurmountable obstacle by itself. This would, however, introduce major tensions and frictions into Indo-U.S. relations and probably into those of India with a number of its other major aid donors and trading partners.

As noted earlier, there is little evidence of a clear Indian nuclear doctrine. The structure of the Indian defense establishment makes it

53. Indian intelligence has been widely acknowledged by many Indian military officers as poor except for local, tactical objectives. A commentator in the *IDR* in July 1992 ("Indian Military Intelligence: A Case for Change," p. 105), flatly characterized intelligence as "ineffective," directed more at internal problems such as corruption than outside adversaries, and lacking a professional cadre.

difficult to know how weapons would be controlled and deployed in the field. Furthermore, the number of weapons India is likely to be able to deploy on missiles capable of reaching any target other than Pakistan is likely to be very small over the next ten to 15 years. India's nuclear deterrent against another major nuclear state is, therefore, likely to continue to be minimal until late in that period.

Relations with the United States

During the Cold War period, U.S. interests in the South Asia-Indian Ocean region focused on preventing it from being dominated or used strategically by any members of the Communist world and ensuring the security of SLOCs through the Indian Ocean, particularly of the vital oil resources of the Persian Gulf area and the maritime choke points at the Malacca Strait and Red Sea entrances into the Indian Ocean. To this was added in the 1970s concern about proliferation of weapons of mass destruction in the region and international terrorism with the coming to power of the Ayatollahs in Iran. U.S. military access in the region was minimal until the 1973 oil embargo. After that, the U.S. Navy's need for a support facility in the region increased. In 1976, the Navy began leasing the Diego Garcia atoll from the United Kingdom—a move strongly opposed at the time by the Indian government.⁵⁴

The Soviet invasion of Afghanistan revived the strategic importance of Pakistan as both a platform through which military assistance could be sent to Afghan Mujaheddin during the decade of armed resistance before the Soviets were forced to withdraw, and as a potential barrier to Soviet access to the Indian Ocean, which some observers thought was the ultimate Soviet objective in occupying Afghanistan.

Pakistan's strategic importance declined after Soviet withdrawal from Afghanistan. U.S. attention refocused on broader issues of economic and military stability in the entire region, and particularly on Pakistan's nuclear program. The preeminent power position of India had become increasingly obvious even by the mid-1980s, as was reflected in the Reagan Administration's decision in 1984 to give increasing emphasis to India's strategic role in the region. This strategic

54. For a useful review of U.S. security policy in this region in this period, see *Superpower Rivalry in the Indian Ocean*, Selig S. Harrison and K. Subrahmanyam, editors (Oxford: Oxford University Press, 1989).

emphasis was given even greater weight after the beginning of the Indian economic reform program in 1991 as U.S. business increasingly saw opportunities to develop investments and markets in India.

The May 19, 1994, Joint Statement by President Clinton and Prime Minister Rajeswar Rao emphasized a framework for U.S. policy in the South Asian region, which finds little dissent in policy circles in the United States regardless of political party:

- “Democracy, respect for human rights and economic liberalization provide the best foundation for global prosperity and stability.”
- An expansion of “the pace and scope of high-level exchanges on the full range of political, economic, commercial, scientific, technological and social issues” is important.
- Cooperation in dealing with “weapons of mass destruction, AIDS, environmental degradation, population growth, poverty, international terrorism, and narcotics trafficking” is essential.
- Other essential ingredients are cooperation in support of UN peacekeeping, maintaining progress toward peace in the Middle East, recognizing the need for India and Pakistan to resolve Indo-Pakistani issues such as Jammu and Kashmir bilaterally, and realizing the benefits to both India and the United States of scientific and technological cooperation.

Some Indians had begun to argue as early as 1990 that the United States and India shared a number of common security interests in the Indian Ocean and adjoining regions. Indian interest in assuring the security of the choke points into the Indian Ocean, preventing the spread of radical Islamicism, and halting drug trafficking seemed to mesh with U.S. concerns. Moreover after the chilling of Sino-U.S. relations in the aftermath of the Tienanmen Incident, some Indians thought U.S. interest might well grow in exploring strategic cooperation with India against China.

The U.S. Navy’s port calls in India resumed after 1987, following a gap of 15 years, when the Indian government abandoned its insistence that the United States “confirm or deny” whether U.S. ships carried

nuclear weapons. It represented a much greater leap for Indian policy to permit U.S. aircraft to overfly and refuel in India on the way to the Persian Gulf early in 1991, although domestic political pressures forced a halt to such flights after only a few days. The resumption of a broad range of security contacts, particularly after General Kickleiter's trip to New Delhi later in 1991, led to a steady increase in both military-to-military exchanges and joint exercises which, after some initial political criticism in Delhi, have elicited little if any opposition.

The end of the Cold War thus provided a basis for reconciling the collision of Indian and U.S. strategic policies over East-West relations. India's security treaty with the former Soviet Union, which it reluctantly concluded in 1971⁵⁵ to provide a "strategic balance" against China, and India's dependence for the bulk of its weapons imports on the USSR no longer represented a threat to U.S. global interests. India now felt it could seek to become a member of regional multilateral cooperative groupings such as the Asia-Pacific Economic Cooperation association and the ASEAN Regional Forum for security discussions, because these were not directed against specific countries. Indian interest in cooperating with the U.S. in international

55. India's premier strategic analyst, K. M. Panikkar, in the standard work, *Problems of India Defence* (New York: Asia Publishing House, 1960, pp. 125-127) offers the clearest historical and strategic argument for this policy: "It was through 'subordinate alliances' for the purpose of defending their territories that the rulers of India lost their independence in the late eighteenth and the first half of the nineteenth century. By calling in a stronger power to help you in defending your independence, you subordinate your policies to the advice of the protecting power and...limit your independence. Inevitably...the stronger ally becomes the major partner, reducing the weaker partner to the position of a satellite.... Moreover the stronger partner, however much he may desire to follow a policy of absolute non-intervention in internal affairs, is forced by his own interest often to advise, and sometimes even to intervene in the affairs of his ally.... Also, if a country depends too heavily on foreign alliances for its defence, it is likely to shirk the heavy sacrifices necessary to develop its own strength.... The history of every Asian country allied with great powers demonstrates this fact beyond any doubt."

peacekeeping efforts under UN auspices could now be pursued as simply an updated continuation of Indian policy going back to the 1950s.⁵⁶

Former Indian defense policy "hawks" began to hint to Americans that India might even be willing to provide repair facilities for U.S. ships, and to discuss cooperation in building naval vessels in Indian dockyards. The well-staffed Indian yards are largely out of orders, and the Indian Navy badly needs to keep them going, if it is to have any hope of future modernization. Indians may also be willing to discuss permitting the deployment of RO/RO ships with equipment for use in potential UN peacekeeping missions (on which both countries were in agreement) at some Indian port. As bilateral military-to-military cooperation grew and mutual official confidence increased, it was even conceivable, although unclear whether this would even be of interest to the U.S. Navy, that Indian suspicion of U.S. naval port calls at the Sri Lankan port of Trincomalee might diminish by the end of the decade, assuming Sri Lankan interest and a restoration of stability in Sri Lanka.⁵⁷

The Indo-U.S. Agreed Minute on Defense Relations, that was concluded January 12, 1995, during Secretary of Defense William Perry's visit to New Delhi sets a framework within which security relations can be pursued in the future. At present neither side is prepared to go as far as the suggestions noted in the preceding paragraph. Residual unease remains on both sides, and a variety of security issues

56. It is unclear, however, whether there is as yet a strong national consensus behind Indian engagement in peacekeeping. For example, when the Narasimha Rao government sent several thousand peacekeepers to Somalia in 1993, it did so over the objections of both the Indian Foreign and Defense Ministries, and opposition members of Parliament demanded that future peacekeeping efforts must have the support of a consensus in Parliament.

57. Private conversations in November 1994. The Indo-Sri Lankan agreement of 1987 on deployment of Indian peacekeeping forces to help control Tamil insurgents included a provision, redolent of 19th-century colonialism and much resented in Colombo, that Sri Lanka would not allow Trincomalee to be used by any other power without consultation with India.

particularly relating to non-proliferation and technology transfers remain, which can swiftly stir negative political sentiments in both countries.⁵⁸

Operational problems and policy embarrassments on both sides might ensue if either country moved very quickly to place excessive dependence on the other. The United States encountered this during the Persian Gulf War when India's approval for refueling aircraft was withdrawn on very short notice; U.S. technology transfer regulations have been a continuing source of friction with India in a wide variety of areas. Indian deployment of SRBMs, a more hawkish Indian government's decision to move closer to a declared nuclear weapon policy, a falling out over U.S. policy toward Pakistan or another Indian neighbor, or a major shift in India's economic reform policies are only a few of the potential but very real issues that could affect defense cooperation in the coming years.

At the same time, once security cooperation programs are set in place, there may be a greater inclination on the part of India to allow them to continue than to break them off. The lesser policy resilience may lie on the U.S. side. For example, India permitted bilateral cooperation in sensitive intelligence areas to continue uninterrupted in the 1960s and 1970s despite severe political differences between the two countries. Cooperation on the Indian Light Combat Aircraft project involving Martin-Marietta and GE continued regardless of a wide range of Indo-U.S. differences on non-proliferation and technology transfers relating to computers in the late 1980s.

58. For example, in October 1994, 56% of Indian college graduates in one poll saw nuclear proliferation as an issue which troubled bilateral relations and 46% saw U.S. views on Kashmir in the same way. The trend of opinion toward the U.S. remains strongly positive: 17% of college graduates thought Indo-U.S. relations were poor or very poor in April 1991, but only 11% in November 1994; 80% thought they were good or very good in April 1991 and 87% in November 1994. But the volatility of such opinion is reflected in sharp swings when particular events intervene, with a shift *down* to 53% good or very good in April 1994 and 46% poor or very poor. *Opinion Analysis*, USIA, January 4, 1995.

In areas such as arrangements for pre-positioning of equipment that would be used in conjunction with UN-authorized peacekeeping efforts or sanctions, it might be relatively easy to negotiate understandings if the United States wished to do so, particularly if Indian forces were involved in such peacekeeping operations themselves. It would be more difficult to arrange "open-ended" and unconstrained access arrangements for military uses unilaterally decided upon by the United States. However, there seems little political inclination in Washington to do so at present.

For 30 years, U.S. security cooperation with Pakistan was the most deeply resented obstacle to Indo-U.S. strategic and political cooperation and was almost universally seen in India as a direct threat to Indian security. The halt of U.S. military aid to Pakistan in 1990 over Pakistan's nuclear program facilitated the ability of the Indian government to broaden its security relations with the United States with relatively little political fallout. This remains a sensitive issue. Any hint that the United States might resume such assistance on a regular basis or might support Pakistan's position on the disputed Kashmir issue is likely to revive popular opposition and weaken the ability of any Indian government to cooperate on military issues with the United States.⁵⁹

Thus, the strategic concerns of India and the United States do not represent a precise fit. They are likely to evolve only slowly over the coming decade. Indian nationalism is strong and is easily roused. Nevertheless, opportunities for broadening cooperation in those areas where common interests do exist are likely to grow. The most important strategic change is that India no longer sees a U.S. military presence in the region as threatening, and that the United States is willing to discuss the complementarity of Indian political, military, and naval activities in the region with its own activities.

59. *USIA Opinion Research Memorandum*, May 27, 1994, reported a poll of urban college graduates in January that year in which the "pro-Pakistan stance of the U.S. and its help to Pakistan" in the past was cited by 60% as one of the two most important issues that have troubled Indo-U.S. relations. Thirty-two percent also cited the U.S. position in Kashmir as one of these issues.

The United States continues to work at preventing nuclear war on the subcontinent and at either rolling back or reliably containing development of Indian and Pakistani nuclear weapons. Pakistani government spokesmen have repeatedly stated that Pakistan is prepared to abandon its nuclear program and sign the Non-Proliferation Treaty or any other agreements relating to nuclear weapons so long as India is prepared to do so. India has consistently insisted that all states should be treated equally regarding rights and constraints in a nuclear regime, emphasizing that China must be a partner in any constraints in the nuclear or missile area which India accepts. China has declined to accept any equivalence between its own nuclear policies and those of India, insisting that India is not a "nuclear power" and that China has other potential security threats (Russia, potentially Japan, and the United States) which do not equate with those India faces.

U.S. and other Western efforts to somehow reconcile these differing requirements have been unsuccessful and are likely to continue to be unsuccessful. Nevertheless, India and Pakistan have agreed on a number of "confidence-building measures"—including identification of nuclear sites, "hot-lines," and prior notification of large-scale maneuvers—and on avoiding accidental conflict by aircraft overflights.

Further options including "no-war" pacts, no nuclear test commitments, and no-first-use of weapons of mass destruction have been proposed by one side or the other. Up to the present, however, India is unwilling to totally renounce the use of force, particularly while it believes Pakistan is engaged in subverting its state power in Kashmir; Pakistan is unwilling to renounce "first use" of nuclear weapons while India has overwhelming conventional superiority and Pakistan's only "ultimate deterrent" is its nuclear capability. A resolution of the critical outstanding Kashmir issue might make progress on some of these issues easier, but predicting when and how this might happen is impossible.

Since the early 1990s, Indian and Pakistani writers have written of a "nuclear-safe" (as opposed to a "nuclear-free") South Asia in which both sides work to avoid conflict and the possible use of nuclear

weapons while preserving their capabilities. Without accepting this formulation, U.S. policy has in practice shifted from an effort to get both countries to accept a total non-proliferation policy to a more subtle and longer-term effort to "cap, reduce, and ultimately eliminate" a nuclear capability, which has considerable congruence with such a "nuclear-safe" concept. The shift in U.S. tactics has eased Indo-U.S. tensions on this issue; still, the issue remains a ticking bomb. One trigger could be an Indian decision to resume nuclear testing, or a Pakistani decision to test for the first time. Another could be rigid Indian opposition to a comprehensive test ban treaty which did not include explicit deadlines for denuclearization by the major nuclear powers. In 1994, the current U.S. administration suggested modifying congressional sanctions to give U.S. negotiators more flexibility. This has not proved successful so far.

Some progress could be made on "capping" further production of fissionable material as well as on a comprehensive Test Ban Treaty that would help to further ease nuclear competition on the subcontinent. On the other hand, Pakistan might want India either to lower its own stockpile to the Pakistani level in any fissile cut-off agreement or to allow Pakistan to build up its stockpile to the Indian level. India is unlikely to agree to either.

Conclusions

Prospects are good for a peaceful, stable system of relations among regional states, for the absence of a dominant power hostile to U.S. interests, and for the peaceful management of conflicts in the South Asian region of the Indian Ocean.

- The only serious power in the South Asian region over the next ten to 15 years will continue to be India.
- India is unlikely to be an expansionist military power or to have the resources or national interest to threaten other naval powers in the Indian Ocean.
- U.S. relations with India will *in general* be friendly, with increasing trade and more active political and possibly security interaction; still, frictions will be unavoidable.
- Conflict on the subcontinent is more likely to be *within* individual states rather than between them. Another war between India and Pakistan is possible, although the chances are less than in the past and the prospects for such a war engaging weapons of mass destruction are low.

All of the countries of South Asia are committed to broadening market forces and reducing the role of the state in managing their economies.

- Indian economic power is likely to grow—but unless this growth can be sustained at 6 to 8% a year, the threat of internal unrest will grow. The same patterns apply to other countries in the region. Plausible cases can be made for both optimistic and pessimistic projections.
- If strong Indian economic growth is sustained, the nation's relations with the rest of Asia—East and Southeast Asia as well as West Asia *and* the other countries of South Asia—are likely to

improve. The key variables will be the rate of decontrol of the economy, the monsoons and their effect on agricultural output and rural prosperity, the level of productivity of industry, the improvement of educational standards, and (above all) the response of democratic voters to the changes they will confront.

- U.S. access to markets in the region over the last four years has steadily broadened. New sectors have been continually opening to U.S. investment, usually in partnership with local companies. There will continue to be problems over intellectual property, access to sectors traditionally held as areas of national priority, and issues of technology transfer, and there will be concern over the pace of "modernization" when it threatens jobs. But the broad trend throughout the region is encouraging.

The areas of parallelism in U.S.-Indian relations have grown since the end of the Cold War, but they have diminished in U.S.-Pakistani relations.

- India's unwillingness to accept interference or intervention by outside powers on the subcontinent as well as India's policies on non-proliferation and missile development issues represent areas where Indian and U.S. interests will continue to diverge. Nevertheless, the prospects for expanding security cooperation as well as economic and technological cooperation remain considerably better than even in the coming decade.
- U.S. differences with Pakistan will be difficult to resolve, not only on non-proliferation questions but also on the issues of narcotics and human rights. Prospects remain for expanded economic cooperation as well as on international peacekeeping, but instabilities in Pakistan's political and social environment are growing and predictions about political change in Pakistan are extremely difficult.
- U.S. relations with the smaller South Asian states are good but are relatively shallow in the absence of major security or economic interests.

The U.S. Navy is unlikely to encounter obstacles to access and transit through the Indian Ocean area. Indian objections to the U.S.

facilities on Diego Garcia have been muted, and it may be possible to work out bilateral access arrangements through or in India as well as elsewhere in the region. India, some Southeast Asian countries, Bangladesh, Australia, South Africa, Mauritius, and a few other states have discussed an Indian Ocean trading and economic zone, but this is unlikely to emerge quickly or to become a subject of controversy for the United States.

Prospects for rolling back ongoing nuclear or missile programs in the region are slim, except in the context of new global arrangements involving firm and time-bound commitments by all the nuclear powers. This will remain one of the more vexed areas of controversy for the United States with the key South Asian states.

- Technology transfer controls and other economic or other sanctions may slow or constrain the pace of development of these technologies in India but will not halt it.
- Such pressures may be more effective in Pakistan, but even there are unlikely to completely stall programs that the country is convinced are in its vital national security interest. These pressures may drive Pakistan to more direct collaboration with Iran or other states in search of support.
- Major power decisions not to carry weapons of mass destruction on surface ships will help constrain any consideration of doing this in South Asia. India appears determined to try to develop nuclear-powered submarines and is likely to consider developing missiles capable of carrying nuclear weapons on these unless there are other international agreements barring them. India is unlikely to be successful in the time frame of this paper, however, in reaching these objectives.

There may be periods in which either the military or a civilian authoritarian leadership takes control in one or another South Asian state over the next 15 years, but the trend is likely to be persistently to return to democratic norms.

- Economic growth in the region will arouse vast new expectations throughout the societies of the region. New political forces will often be populist and occasionally violent, and this

may shake democratic institutions at times. There will be little the United States can do directly to influence such developments.

- Traditional values of family respect and authority are under great strain, corruption is spreading in politics, and there is growing concern in every country about "alien" or "Western" values undermining social stability. This can be mobilized by religious extremists as well as nationalists and be turned against the United States or other Western states.
- Nevertheless, throughout the region, the course of political development over the last 45 years has led to growing awareness of international norms of human rights as well as strong support at grass-roots levels for "democracy," reflected through the norms of regular popular elections, an impartial judiciary, an honest police force, and respect for the individual.

Priorities will vary throughout the region on transnational issues of concern to the United States. Environmental pollution, narcotics, prevention of the spread of human, animal, and vegetable diseases, improved labor standards for all workers and particularly children, the protection of women, and other issues of broad international concern are all subjects of widespread popular attention in the region, both by governments and by public interest groups.

- The effectiveness of these countries in dealing with such issues will depend partly on the prominence of international attention, but particularly on domestic political, social, and economic constituencies. There will be only slow, gradual improvement, and this may be the subject of friction between the United States and all the countries in the region.
- Control of narcotics in Afghanistan and Pakistan is extremely unlikely to improve substantially for many years. There are too many powerful constituencies in both countries, and the governments of both are too weak to deal with narcotics in a systematic and prolonged fashion.
- AIDS is likely to continue to spread and will become a potentially dangerous threat to public health and even to economic

growth in India and elsewhere in the region by early in the 21st century.

- Labor and social standards will gradually improve, but this will be contingent on broad economic patterns of growth and particularly education and a continuing slowdown of the population growth rate.

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A1A SECNAV WASHINGTON DC

A1B UNSECNAV

A1J ASSTSECNAV RDA WASHINGTON

A2A USACOM

A6 HQMC CMC

A6 HQMC PP&O

Attn: DC/S, PP&O

B1A SECDEF

B1B ASD/ISA

FF42 NAVPGSCOL MONTEREY CA

FF44 NAVWARCOL NEWPORT RI

FP1 COMNAVDOCCOM

V12 CG MCCDC QUANTICO VA

V12 MARINE CORPS UNIVERSITY

OPNAV

N00

N00K

N2

N3/N5

N31/N52

N51

N513

N522

N8

N81

OTHER

ACDA

ARMY WAR COLLEGE

BMDO

CIA

DIRNSA FORT GEORGE G. MEADE MD

DISA ARLINGTON VA

DNA

DIA

DTIC ALEXANDRIA VA

IDA

LOS ALAMOS NATL LAB

JOINT CHIEFS OF STAFF

Attn: J-5

NDU

NSC

PENTAGON LIBRARY

RAND SANTA MONICA

SANDIA NATL LAB

SECARMY

SECAIR FORCE

STATE DEPARTMENT

USAF AIR UNIV

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USTRANSCOM SCOTT AFB IL