

India's Foreign Affairs Strategy

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00:01: Good morning everyone. Thank you all for being with us, bright and early, 8 o'clock East Coast time in the United States. I welcome you to the third day here at the Aspen Security Forum. Let me now without further ado introduce Shankar Menon, already said he served as National Security Advisor of India under Prime Minister Manmohan Singh. He had a very distinguished career in government before then, including Foreign Secretary and India's High Commissioner, that's our equivalent of ambassador to just about everywhere in the world. Shankar, we worked together when I was at the State Department many years ago. You have always been a class act and a first rate diplomat, so we're very, very glad to have you here on stage.

00:48: Thank you.

00:50: Tanvi Madan. Thank you, Shankar. Tanvi, you are one of the foremost India scholars based here in the United States. You direct the India project at the Brookings Institution and I've just enjoyed hearing from you over the years and learning in detail about all things India. So, we're very excited to have you both with us here today. Let me kick it off by recalling what Ambassador Cui Tiankai from China said to us two days ago. He was asked about this terrible conflict on the Himalayan border between India and China, and he said, "The border dispute shouldn't dominate China and India ties." From your differing perspectives as the policy maker and as a scholar, give me your views on... First of all, tell me what's currently happening on the border? I understand that there's talks, but actually at the same time, China has placed bombers and cruise missiles to an airbase within range of Indian troops, and so by and large it's not going well. So, please tell me first, what you think is happening there and how in the short term you think it will be resolved?

02:01: Well, it seems to me that to say the border shouldn't dominate the relationship, that's a wonderful sentiment. But in that case, China shouldn't have changed her behavior on the border. What we've seen since April is build-up by Chinese forces on the western border in Ladakh. Indian troops have been prevented from patrolling where they have been patrolling for many, many years. And they've tried... They've moved forward in several areas. And when we talk to them about restoring the status quo as it was before, which both sides are committed to under the agreements we've signed since 1993, we have so far not really succeeded. We've managed to disengage in two of the places, but there are still other places where we need to actually bring down the temperature. And the discussions frankly do not suggest that the Chinese troops are going to either move back or to thin out this build-up of forces very rapidly. So, it looks like we're in for the long haul.

03:15: Now, in a situation like that, where the borders become live for the first time when 20 Indian soldiers including a colonel have been killed for the first time since 1975, 45 years, I think it's all very well to say the border shouldn't dominate the relationship, but certainly Indian public opinion, everybody in India is very, very agitated about this. And I think we cannot but expect that this will lead to a reset in the relationship. There are calls for boycotting Chinese goods. I don't know how far that will actually go. That might be very emotional and... And China is still a cheap source of and good source of goods. But certainly, I think there will be a resetting of the economic relationship. Politically, I think it's going to be much harder in this relationship, which over the last few years has become more adversarial and much tougher. We have rubbed up against each other in

the periphery that we share, but also internationally in various issues. And one big issue, which has grown over time is China's increasing commitment to Pakistan and the building of the BRI project, which is the China-Pakistan Economic Corridor, which goes through Indian territory, which is under Pakistani occupation.

04:41: So, there's a whole series of issues which have complicated the relationship and which mean that we can't just simply go back to the old pattern. I think there will be a reset. Now, what sort of reset, what we'll end up with, it's very hard to say when you're in the middle of a crisis. So, right now, I'd... Frankly, I think it could go either way. I'm not sure that... It could result in a new framework, strategic understanding if both sides wanted, but so far, at least this spring and summer, all the signs that we see from the Chinese side don't suggest that that's going to be easy. So...

05:27: Shankar, I'm gonna follow up with you in a second. But Tanvi, let me turn to you because a few weeks ago, we were in a private session on India and you had this amazing map that made clear to me just how large this dispute is, how much territory is actually under dispute. Could you give our viewers who aren't so expert in this a little bit of history of the background of this dispute, how it even started, the war between India, China in the 60s and where we ended up now? Just in brief, all of history.

05:56: Yeah. I'll try to do this in an elevator spiel. I think the boundary crisis between the two countries has existed almost since the start of kind of both the Indian... Indian Independence, but also the establishment of the People's Republic of China. The boundary wasn't quite settled. To some extent, Indian policy makers thought it was. They found out, which is what led to the... Eventually led to the 1962 war between China and India, that the Chinese did not consider it settled. The key thing to remember about this boundary, and particularly in the western sector that is the focus of much of this today is that it's an undemarcated boundary. There are different sectors. There's a sector in kind of the middle sector and the eastern sector as well. And we have seen some kind of movement around Sikkim as well during the course of this boundary stand-off that's been ongoing since May, but most of it has been at multiple points along what is called the Line of Actual Control.

06:57: Which is kind of what the kind of line... It isn't a line on the ground, but it's each side's perception of where their undemarcated boundary lies. So there is essentially a stretch of land that is what I would call both man's land, that each side claims it. And there are supposed to be these understandings that, as mentioned, since 1993 and through for about 20 years after that, you saw both China and India essentially established the rules of the road, protocols, mechanisms for discussions on the military side and the civilian side to be able to manage the dispute so that it didn't spill over into the other areas. It also allowed space as the boundary crisis continued or boundary dispute continued, you saw these two countries saying, "Look, we cannot stop this from cooperations in other realms. Let's try to actually expand the relationship."

07:56: And what these agreements did... And it comes to the question that the Chinese ambassador mentioned. What these agreements did is allow this relationship that after '62, there was a skirmish in '67, there was an accidental killing of soldiers in 1975, the last time soldiers were killed at the boundary. And then in 1986-87, there was a major stand-off. Since Xi Jinping has been in power we've seen this is the fourth such boundary stand-off between China and India. But largely, the

agreements worked in terms of keeping the peace, at least. There were no shots fired, there was nobody killed. The reason it becomes harder in the context of this historical narrative, the reason it becomes harder to go back to the restoration of the relationship is that relationship over the last 20-30 years was built on these agreements. Now, India thinks these agreements to maintain peace and tranquility at the border have been violated and so that makes it complicated to go back to business as usual.

08:55: So currently, you have this gap where you have... And this is not just Ambassador Cui Tiankai, it's a number of Chinese officials saying, "Whatever happened, happened. Let's forget it. Let's move back to business as usual in the relationship." They are asking for restoration of the relationship. What India wants is restoration of status quo ante at the boundary as it was at the end of April. And that there's a gap between that, and I think that's where I think you will see trouble. As Ambassador Menon says, we've seen across the board a call for a reassessment of ties with China across the political spectrum, across the policy spectrum. And you've already seen some policy changes that the longer this continues, the longer there's not a restoration of status quo ante, these policy changes, economic, technological, in the telecom space will have implications for the broader relationship. So the boundary dispute I think has spilled over now, whether China likes it or not, into these other realms.

09:55: Right. And let's be clear. There were patrolling protocols which means neither side was allowed to have lethal force. But then the Chinese showed up recently with clubs wrapped in barbed wire. Is that correct?

[overlapping conversation]

10:10: Sorry, Ambassador.

10:11: Go ahead, Tanvi. Go ahead. Go ahead.

10:12: I was gonna say that the agreements partly said you weren't supposed to change the status quo, that is, you do not establish a permanent presence. There were patrolling protocols as you mentioned. Both sides are not supposed to carry loaded weapons, guns, etcetera. They have carried... They have had fisticuffs before, etcetera. But it's been clear that... And this was indicated even before the June 15th clash, that the level of aggressiveness has been higher during the course of this crisis.

10:41: Yeah. When I teach this topic to my students at Stanford, I always tell them to Google the conflict 'cause they're actually amazingly... There are YouTube videos online everywhere of these Indian and Chinese soldiers punching each other and then taking out their smartphones to show that the other side started it.

[chuckle]

11:00: Exactly. So a very difficult situation, even harder than the stand-off a couple of years ago over Doklam, looks like there's no resolution in sight. What does this mean? Shankar, you were

very diplomatic. You said there's two outcomes, either we resolve it or we don't. But there is... That don't is ominous. Does it mean there could be a hot war between two nuclear powers.

11:22: Well, there's three. It depends. In '86, when we got into a confrontation and a face-off which was quite serious we ended up not just talking to each other during a whole series of things and ended up with a new framework for the relationship, which is exactly what has kept the peace since 1988, during... After the Rajiv Gandhi visit. But in '59, '60, when we got into a pattern of patrols meeting and the similar kinds of face-offs, we actually ended up in war in '62. That's two possibilities. But there is a third possibility of both sides of a sort of no war, no peace, of a contested relationship, which is increasingly adversarial where you try and deal with the local consequences, but that's a very dangerous situation. It's not a good situation because it's not stable, neither side knows the limits, each side pushes their luck. And you can easily end up in trouble.

12:24: So, I would prefer that we actually sit with the Chinese and try and work this out and see where we're going with it. So far, actually, we haven't seen that kind of conversation yet. I think we're still in the middle of what is being dealt with by the militaries on both sides and of a local crisis, which has this much bigger ramifications. I think it's very... It's too early to say where this will end. But unfortunately, when you look at it as part of a broader pattern of Chinese behaviour of wolf-warrior diplomacy as it were, then I think the prognostications are not good. And that really... But that, frankly, we're speculating here about why this happened...

13:10: Mr. Shankar.

13:10: And why China intends to do it.

13:12: Yeah. It sounds like in the short run, you think this middle path where the relationship is increasingly adversarial, but there's no hot war is the most likely short term outcome.

13:24: I think so. I think that's probably where we're going. It's also politically easier at a time of tremendous domestic stress in both countries, whether it's COVID, the health crisis, the economic crisis, China and the CCP has announced it's going to do a rectification campaign. Now, that's not something that anyone takes very lightly. So it seems to me this is not an easy time for the political leadership on either side to take big steps and make the big adjustments or concessions that it requires to arrive at a new framework.

14:01: Right. So let's talk for a minute about what this means for the region. We heard yesterday from Singaporean Foreign Minister, Balakrishnan who just reiterated what he has to because of the tightrope they're walking between China and the US. They're not a claimant in the South China Sea, they don't have a dog in this fight. They're staying out. They're Switzerland. Then I can't remember who it was, but there was an interesting audience member from Vietnam who asked a couple of the former Obama administration officials, well, pretty tough. She's like, "Well, it's your reason, it's your fault, you weren't tough enough on China that the Scarborough Shoal is now China's and that China has made so many incursions in the South China Sea." How do you see this?

14:45: I know, Shankar when you were foreign secretary and I was a young State Department

staffer, you and Nick and I and others started talking about the Quad, the conversation, but very gingerly between Australia, India, Japan and the United States. Now, that seems silly that we were so careful about it. The Quad is all out. Prime Minister Morrison of Australia said yesterday, two days ago, that he's all in. Is that how India feels? Is it gonna push India closer to the West?

15:18: Today, I think India is very keen on expanding what the Quad does, but also in involving other people in the work of the Quad, a sort of Quad plus as it were because you can't work on the Indo-Pacific without ASEAN, without Vietnam, Indonesia, Singapore and other countries. It can't be just the Quad itself. But it's, I think, more than the Quad. If you... Today in India, for instance, the relationship with the US is critical, and most people in India would tell you that we must work with the US, but ultimately when it comes to the border, that's a problem that India has to deal with itself.

16:02: I think if you look at India-US congruence, I mean for India the US is a critical partner to transform India, to develop India. The US is also a critical partner in the maritime domain, which is now increasingly contested across the whole Indo-Pacific. China is trying to become a maritime power, is entering the Indian Ocean and we've seen the South China Sea is critical to India's exports to the US, for instance, a lot of it goes through the South China Sea. So freedom of navigation is an Indian interest and we are rubbing up against the Chinese there. And these are all areas where we're doing much more than ever before, India and the US, on maritime security and basically in security and defense. But in terms of continental issues, the border with China, the sort of consolidation of the Eurasian landmass that the BRI seems to represent in Chinese minds at least, I'm not sure whether... Yes, we might have similar views but whether how much India and the US can do together I'm not really sure. In fact, I'd like to be educated on that.

17:16: So we're not heading towards an alliance yet?

17:19: I think Foreign Minister Jaishankar said the other day that we work as partners, and I think it'll be a closer and closer partnership without necessarily an alliance.

17:32: Thank you. Tanvi, let me switch gears a little bit and turn to you and talk about what's happening inside India. So obviously the COVID crisis hit India very hard. Prime Minister Modi took the decision quite early to shut down the economy, he was both lauded for that and criticized because it happened so suddenly that many of the tens of millions of day laborers that are working in the big cities essentially had to walk back to their villages with very terrible consequences. These are folks who don't even have a day extra of savings and huge suffering caused, but hopefully in the cause of restricting the virus. How is it... Let's start with the Indian economy, and then I wanna end by talking about politics, but how's the Indian economy doing? How is India weathering this?

18:23: So even before, even before COVID you did see some signs of strain in the Indian economy, growth had slowed down to below 5%, that quarter, it was expected to remain below 5% in the next quarter and so this has like in every other country added to that strain. They put... The government has put some stimulus in the system, they would probably down the line if this continues, have to consider putting in more. There has been some kind of easing of trying to give some relief in terms of mortgage loans, etcetera, loan repayments, etcetera. So I think there has been an effort that is definitely strained, and I think this is something that India's currently... The Indian government

currently is facing this trifecta, if not crisis at least strains, which is kind of health, economic and national security. And so it is definitely not just kind of a strain on the government, it's a strain on the capacity of the system as well, and each one feeds into the other, so they're not kind of independent, so they are... I think on the economic side, they have... Will have to be rebuilding and hopefully some rejuvenation.

19:32: Some of us have called for this moment, whether it's because of COVID or the standoff, for some real kind of novel look at some of the big reform, not just for the sake of outsiders, but also to kind of get the Indian economy kickstarted that would allow it to grow the economic pie so it's not just kind of... Not just for the purpose of a certain kind of segment of society benefiting, but to actually kickstart the economy. There are certain steps that India can take, reconsider its trade policy, liberalize its investment policy, but also undertake some kind of land labor, factor market reforms that many have called for as well as build and use that capital that you get, revenue you get from that to invest in physical and social infrastructure that India needs. Whether that will be done, I think remains to be seen.

20:23: Right. Shankar let me ask you just quickly since you're there on the ground, one of the hardest things about this crisis for here in the US is two blocks from my house, there is now a tent city. San Francisco has always had a homeless problem. It's gotten enormously worse despite the California government's enormous efforts. How does it feel on the ground in Delhi? Are things much worse than they were? Just about the same? Describe what you're seeing?

20:52: Well, Delhi and the cities themselves, it's been because of the lockdown, thanks to COVID, and because the COVID epidemic has really spread in the cities, the cities have actually been quiet and the signs of the economics tension are really not that visible. Interestingly, the rural economy's done very well in the second quarter when the lockdown actually happened. But the real danger, I think economically, has been for casual laborers. For people who live on daily wages, as you said, who have no savings, and for whom their livelihood depended on construction, on getting a job every day, and that stopped. The government's been trying, I think, for the last month and a half to try and get that going. We're now into unlockdown 3.0 as it were. And apart from the stimulus, they've been encouraging people to get back into work, start up these activities. But it seems to me this is an opportunity. This is a crisis where you can now actually rework the bases of the economy if you put your mind to it.

22:11: There's a lot of discussion of what should be done, and there is... And I think the government's aware of this, but it's hard to see where this will come out right now. It's... The estimates we have for the year, for GDP growth over the year range all the way from plus 1% to minus 12%, and that depends on which economist you believe. Frankly, that shows you the uncertainty.

22:40: Yeah, similar situation here. Let me end... Since we just have a few minutes left, I wanna talk about what's been really prevalent in the US press, and that is this rise of populism, authoritarianism all around the world, and some US commentators would argue, even in India. India slipped 10 places to 51st position in the 2019 World Democracy Index, that's by far the lowest it's ever been. We're used to describing India as our great democratic partner and far be it from us to throw stones. We have our own issues right now. But what's really happening when I talked to

friends who are in Kashmir, the lockdown was extreme, the internet even now isn't entirely restored. When President Trump visited early this year, there were riots in the street and killings of Muslims. Is the Western press overplaying this or is it really... How bad is it?

23:41: I think we have a fundamental issue among ourselves, which we have to sort out, about the kind of republic we want. Whether we want a secular, plural, open democratic republic, or whether we want... And there are many people today who say, "No, we need something much harder, much stronger, much more majoritarian" as it were. And I think that's something we have to sort out for ourselves among ourselves. We have a huge debate going on. The Western press reports what they see, and they, I think, naturally speak from their particular point of view, but these are very old arguments in India. These are debates...

24:27: Sorry, Shankar. Do you think that view is myopic, or do you think it's accurate? Is the Western press overplaying this one?

24:36: I think it doesn't describe the whole reality. It doesn't describe the whole reality. I think it underestimates the power of pluralism, of diversity, and I think it underestimates the power of those who actually are not active on social media. And I don't think the Indian media today reflects the reality anymore the way it might have 20 years ago, for instance. And I think that's a problem.

25:02: Yeah, thank you. Tanvi, what's your view?

25:05: I think... I'll just say... I think why these questions are linked to the broader question of what India cannot just do at home, but in the region and the world, is that it's linked to this. I mean I think this is true of the country, the Quad countries, their calls for free and open Indo-Pacific, and they've pointed out that they're democratic countries. To me, kind of the Quad is a reflection of us moving from an era of alliances to an era of coalitions, and these countries have pointed out that they are democratic anchors of this region, which means, I think for the US and India, if you're going to talk about being kind of democratic and shared values, etcetera, then you have to be effective in terms of a model itself. And I think it speaks to another question about both the US and India, which is what it means about the strength of your capabilities, your ability to actually focus on building your economies, on rejuvenating them after COVID, and on being kind of effective actors, to do what you say you want to do, which is deter bad Chinese behavior.

26:10: So, I think these questions of how unified, how strong you are at home, actually will have ramifications for both the US and India on what they're able to do in the region and abroad. So, I think these issues that are domestic and will need to be resolved domestically by both India and the US, these questions of democratic governance, the strength of institutions. I think they will have though ramifications at the very least for foreign policy and the two countries' ability to kind of implement the strategies, reach the goals that both countries say they have.

26:45: Thank you very much. Shankar, Tanvi, thank you for being with us early in the morning, late in the evening for you. We really appreciate it and we value the great partnership that the United States has with India. Thank you very much.

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