

Erstgutachter: Prof. Subrata K. Mitra, Ph.D. (Rochester)

Zweitgutachter: Prof. Dr. Frank R. Pfetsch

Dynamics of National Interest and National Identity

A Constructivist Approach to the India-China
Relations (2003-2012)

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Yang Lu, M.A.

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List of Abbreviations

APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BJP	Bharatiya Janata Party
CBM	Confidence Building Measure
CCP	Chinese Communist Party
CFAO	Central Foreign Affairs Office, China
CIA	Central Intelligence Agency, United States
CNP	Comprehensive National Power
FALSG	Foreign Affairs Leading Small Group
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
IB	Intelligence Bureau
IMF	International Monetary Fund
IR	International Relations
JEG	Joint Economic Group
JSG	Joint Study Group
JTF	Joint Task Force
JWG	Joint Working Group
LAC	Line of Actual Control
LSG	Leading Small Group
MEA	Ministry of External Affairs
MOD	Ministry of Defense
MoU	Memorandum of Understanding
NEFA	North East Frontier Agency

NGO	Non-governmental Organization
NSA	National Security Advisor
NSC	National Security Council
NSLSG	National Security Leading Small Group
PLA	People's Liberation Army
PMO	Prime Minister's Office
PRC	People's Republic of China
PSC	Politburo Standing Committee
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
SED	Strategic Economic Dialogue
SLOC	Sea Lines of Communication
UN	United Nations
UPA	United Progressive Alliance, a coalition of political parties in India
US	United States of America
USSR	Union of States of the Soviet Republic
WTO	World Trade Organization

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1 Introduction

*It is not a question of trusting China or not trusting it, but it is question, nevertheless, of realizing that China and India, two great countries, are going through enormous changes which are strengthening them, making them powerful modern states, and that they are next to each other and have to remain, for millennia to come, next to each other.*¹

- Jawaharlal Nehru

*Under the present favourable and peaceful international circumstances, China and India have a common responsibility to mankind – to develop. ...Unless those two countries are developed, there will be no Asian century. No genuine Asia-Pacific century or Asian century can come until China, India and other neighbouring countries are developed.*²

- Deng Xiaoping

Both China and India are rapidly industrializing states and ascending powers in international politics. At the same time, they are neighbors that have emerged as modern states while tracing an ancient civilizational heritage. As they gain greater projection and salience in the world stage, one has reason to wonder and examine the interaction between these two Asian Giants and their resulting repercussions and implications.

As nation states based on ancient civilizations, both China and India have much historical burdens and a strong national pride which coupled with geopolitical tensions that include territorial disputes, result in an uneasy relationship marked by general distrust. In the early days of the two republics,

¹ Jawaharlal Nehru, *India's Foreign Policy: Selected Speeches 1946-61*, p.376, (New Delhi: The Publications Division, Ministry of Information and Broadcasting, Government of India, 1961).

² "A new international order should be established with the five principles of peaceful coexistence as norms," December 21, 1988, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

however, their relationship contained signs of friendship and good will. It soon deteriorated in the face of a border dispute that led to the war of 1962, leaving behind an un-demarcated frontier between them. Relations between the two Asian giants since then remained detached and hostile. Constrained by the Cold War, the anticipated defreezing process of their relations was slow. While a normalization process started on the right track from the late 1980s following the collapse of the Soviet Union, it suffered a temporary setback in 1998 following India's nuclear weapons tests.

As India and China entered the 21st century, their relations continue to develop. After Indian Prime Minister Atal Bihari Vajpayee's landmark visit to China in June 2003, the bilateral relations have entered a stage of overall development through a rapid development of economic ties. In this period, the relations tend to be multi-layered and multi-faceted. There exists a mixture of competition and cooperation, depending on the areas concerned. Often contradictory drivers overlapped in an area. For example, both countries are seeking energy for their development, thus leading to a competitive situation in energy security on the one hand; on the other hand, a number of India-China energy dialogues took place and at times both jointly bid for energy projects worldwide. While the competitive relations may very well continue to set the dominant tone in security area, there has been a substantial increase of cooperation in other areas such as economic relations, cultural and educational exchanges and regional and international affairs.

The recent chapter in the development in India-China relations informs the core research questions of this work as well as its central puzzle: **how to understand and explain current relations (the period from 2003 to 2012) mixed with both competition and cooperation?** In order to answer this question, I will first look at the existing theoretical paradigms of international relations.

Theories are based on a series of theoretical premises that set constraints on deploying arguments. In International Relations (IR) there are three main theoretical camps: realism, liberalism, and constructivism. Realists see laws of nature compelling a recurrent struggle for power and survival. Based on this

premise, realists are generally pessimists who emphasize the element of competitiveness and rivalry between states. Liberalists are more optimistic. They highlight the importance of economic interdependence, international institutions and democratization in addition to power and interest that will change relationship between states to be a more cooperative one. According to Constructivists, it is because of pessimistic expectations that international politics tends to be competitive and violent, if people can think optimistically in terms of prospects, international cooperation is possible (Friedberg 2005). Hence, Constructivists tend to be optimists as they emphasize ideational factors.

However, as Friedberg (2005) pointed out by using the case of US-China relations, analysts whose basic analytical premises place them in one of these three schools do not necessarily have similar views on one issue. It is possible to identify realists who believe the relationship will be peaceful, liberals who expect confrontation and conflict, and constructivists who think that things could go either way (Friedberg 2005: 10). According to Friedberg, causal mechanisms are at work simultaneously and important is the combined effects of those mechanisms. At any given moment, an interstate relationship can be pictured as residing somewhere along a spectrum that extends from pure cooperation at one extreme to pure competition on the other (see Figure 1-1). The relationship moves between a state in which the cooperative aspects dominate (Xa) and the one in which there is a larger element of competition (Xb). There are causal forces that are pushing an interstate relationship toward conflict (those emphasized by the pessimists) and other countervailing forces (emphasized by the optimists) that would tend towards cooperation (Friedberg 2005: 40). In a given period of time, one set of forces could be so powerful in its effects as to overwhelm the rest, making contending forces appear “wrong,” but it is also conceivable that the future will be shaped by a confluence of forces, some mutually reinforcing and others opposed (Friedberg 2005: 10). Where the relationship stands depends either on the relative strength of those two causal vectors over time or on the shifting size and direction of the resultant vector that is produced by their collision (Friedberg 2005: 40). Hence,

Friedberg suggested that all of six positions (liberal pessimists and optimists, realist pessimists and optimists, and constructivist pessimists and optimists) are in some sense correct, at least to the extent that they identify causal mechanisms that are actually at work.

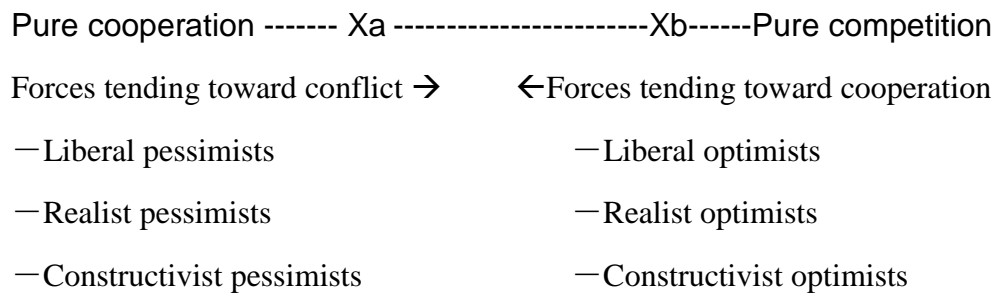


Figure 1-1 Contending causal forces (Source: Friedberg 2005)³

Such theoretical proposition tells us that research findings should not be self-evidently driven by the premise of the theoretical paradigm applied. The decisive factor is how the actual causal mechanisms work. For example, researchers who choose realist paradigm should carefully check how causal forces, both towards conflict and cooperation, work interactively at a given time instead of taking a pessimistic conclusion for granted. The same holds true for constructivists and liberals. Moreover, in developing a research, the subjectivity of a researcher also plays a constant role. It is worth remembering that any individual model is by definition a limited ‘construct’, only part of a bigger picture (Scott 2011: xxiii). Therefore, the recognition of the complementarity of different theories is very important in social-scientific inquiries. In other words, a deeper understanding of the dynamics of the Sino-Indian relations could only be achieved by taking considerations of other theoretical perspectives besides the preferred paradigm.

³ Slightly changed by author.

1.1 Literature Review

Major IR studies on Sino-Indian relations fall broadly into one of two main theoretical camps: realism and liberalism. Constructivism, which has gained popularity since the 1990s, has been seldom applied in the analysis of Sino-Indian relations.⁴ For a long time, realist views dominated the topic, not least because of the 1962 border conflict, emphasizing how conflict and competition between two Asian giants are inevitable.⁵ With the recent strengthening of India-China economic ties, a great number of works on economic relations from a liberal tone with emphasis on cooperation can be found.⁶ At the same time, some recent works attempt to bridge different theoretical approaches and analyse India-China relations through more eclectic frameworks.⁷ A case in point is the work of Holslag (2010), where he notices the analytical cleavage between realist scepticism and liberal optimism. However, his conclusion still falls into the realist camp as he writes: “*even in an era of globalization the trading states of China and India are still stuck in a persistent security dilemma, and that in the end commerce tends to exacerbate rather than mitigate conflict*” (Holslag 2010: 8). Besides works that position themselves in these three theoretical camps, there are a number of works around the India-China border dispute and works mainly from a historical perspective to document the development of India-China relations.⁸

⁴ Lei (2004)’s work “From National Identity to National Security” and Li (2009)’s work “Security Perception and China-India Relations” belong to the few works in this category.

⁵ See for example, Malik (1999), Garver (2001), Dabhade & Pant (2004), Jain (2004), Lee (2002), Mohan (2003), Sachdeva (2006). The most influential work in realist school is John Garver’s *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century*.

⁶ See for example, Ramesh (2005), Rusko and Sasikumar (2007), Bhattacharyay and De (2005).

⁷ See for example, Athwal (2008), Holslag (2010).

⁸ Works on India-China border dispute see for example, Woodman (1969), Maxwell (1970), Vertzberger (1984), Hoffman (1990). Maxwell’s work is considered to be one of the most authoritative books on this topic, holding the view that India was not that innocent and China was not an aggressor. Hoffman’s work and Vertzberg’s work focus on the perception in Indian decision-making process over the 1962 border conflict. For works to document the development of the relations see Deepak (2005), *India and China: 1904-2004*; Jetly (1979), *India-China Relations: 1947-1977*; Chaturvedi (1991), *India-China Relations: 1947 to Present Day*.

1.2 Research Design

My analysis of the current development of Sino-Indian relations is situated in a constructivist framework. Constructivism emphasizes the role of ideas and socially constructed reality. Adopting the position of theoretical complementarity, my approach is to treat different theoretical perspectives as ideas so as to integrate them into a constructivist framework. My work will be a contribution to the scarce constructivist literature on Sino-Indian relations.

Broadly understood, a constructivist approach would base its explanation of a state's foreign policy on the state political elites' self-understandings about the national interests and identities rather than on a straightforward *realpolitik* calculation underwritten by a balance-of-power logic.⁹ These self-understandings should be understood within the cultural and historical context of the state and within the norms and values of a society under analysis. In terms of this understanding, my research inquiry begins with the two concepts of national identity and national interest. **I will explore how national identity and interest play a role in the formulation of India's and China's foreign policy strategies, and discuss the implications of their mutual strategies on their relations, since India-China relations are very much determined by their mutual strategies.** Focusing on the bilateral relations in the period from 2003 to 2012, I will ask the following sub-questions: What are India's and China's national identity and interest in the current international system? What are their perceptions of the other? What are their general foreign policy strategies that guide their diplomacy? And what are their foreign policy strategies towards the other? By answering these questions the explanation of my core research puzzle will be unfolded in a constructivist way.

This thesis works on two states' interactions. State's national identity and interest is the independent variable, the state's foreign policy strategy towards the

⁹ Here, political elites refer to those who have the power to work within the political system, (i.e., politicians, bureaucrats) and to translate their preferences into policies.

other is the dependent variable. However, the reader should note that the link between national identities and interests and actual foreign policies is far from being straight-forward. There are some causal links as the policy outcome should be understood in the context of which national identities and interests are a part. But there are still many other factors that can affect policy outcome. In addition to national identity and national interest, I integrate two other factors for analytical purpose: one is a state's perception of others, which reflects other states' identities and interests; the other is a state's foreign policy strategy that gives the framework of its policy towards a specific country.¹⁰ My intention here is not to emphasize causal relationships between national interest and identity and policy making, but to show how national interest and identity act as dominant forces in the formulation of foreign policy strategies that underpin India-China relations.

Within the constructivist framework, the methodological approach to be adopted will be interpretative in nature and will be concerned with inference and empirical induction. The main research method of the thesis is qualitative content analysis. The sources of the content analysis include: government documents, speeches and works of political leaders, news reports, monographs and journal articles and opinion surveys. I also conducted interviews with scholars and government officials in several occasions to get better mastery of the topic and to test my arguments.

1.3 Structure and Organization

The thesis has 9 chapters. Chapter 2 is designed to give a brief introduction of constructivism, conceptualize national identity and national interest and present the explanatory model. Chapter 3 provides an overview of the historical development of India-China relations from the late 1940s until the beginning of 2000s. Chapter 4 focuses on the current period of their relations. The time frame is set from 2003 to 2012. Chapter 5 and 6 examine China and India's national identity and interest

¹⁰ See Figure 2-1 for details on the explanatory model of the thesis.

respectively. Chapter 7 explores China's India policy by looking at China's foreign policy making, its general foreign policy strategy guiding its diplomacy, and its perception of India. Chapter 8 focuses on India's China policy by examining India's foreign policy making, India's general foreign policy strategy, and India's perception of China. Chapter 9 concludes the thesis by considering future prospects of their relations as well as policy suggestions to the existing challenges.

The scope of this thesis is limited on purpose. There is an abundance of literature on Sino-Indian economic relations, the causes and effects of the 1962 border war, and many other specific topics such as security relations, the China-India-Pakistan triangle, etc. Instead of working on these aspects in detail, I will only provide a general picture of Sino-Indian relations since 1949 and will pay more attention to the period since 2003, from which an overall development of bilateral relations started.

The thesis argues that the dynamics of national identity and national interest defined by the current international and domestic structures determine the formulation of their foreign policy strategies and thus their bilateral relations. The end of the Cold War has changed the international structure. Their national identities and interests have also changed. In the current international structure and under the condition of globalization, their national identities as rising power and emerging power and their national interest of economic development have become dominant themes defining their international positions and guiding the foreign policy-making in China and in India, which lay the ground for their cooperative approach towards each other. This explains their increasing cooperative behaviours in many issue areas. However, their identities as modern states and regional powers prescribe the importance of national security interest. In current international system, the realist understandings of self-help and balance of power are still dominant in the security related issues in their bilateral relations, and have spill-over effects on other issues. This explains competition as part of their relations. Regarding the future of India-China relations, it follows that the cooperation prospects of India-China relations should be wide and positive.

However, still hampered by historical mistrust which was brought about by the border dispute, India-China relations are moving at varied speeds, with some sectors faster than the others. The thesis suggests that both sides should continue to improve mutual understanding between the two nations, look beyond the “hard” issues such as border and security, and start gradual cooperation in “soft” issues in terms of pragmatism. Both sides should consolidate the existing institutional mechanisms and explore the possibilities of new mechanisms, at the bilateral as well as multilateral level. Moreover, their political leaderships should take the initiative to foster a shared culture between them that is based on reciprocity and ideas of win-win, creating common interests. This is the fundamental path through which India and China can get out of their current strategic stasis and bring their relations to a new level.

2 Theoretical Framework and Explanatory Model

In this chapter, I will first provide a brief introduction of constructivism. Then, I will examine the important concepts of national interest and national identity, and develop an explanatory model for the thesis.

2.1 Constructivism

Constructivism is a social theory of international politics. Its antecedents are located in the 1980s in a series of critical reactions to mainstream international relations theory and gained its credibility and popularity in the 1990s. The origin of constructivism can be summarized in two aspects: Neo-realism and Neo-liberalism, on the one hand, and sociological and critical theory, on the other. The birth and development of constructivism cannot be separated from the American disciplinary context. In the 1980s, Neo-realism and Neo-liberalism dominated American IR theory. Though differing in many respects, these two main theories share the same commitment to individualism and materialism (Wendt 1999: 2-3). The assumption connected to individualism is that actors’ interests are innate and fixed, and the structure derives from aggregating the properties of the actors. The assumption

connected to materialism is that the structure is defined by material forces such as the distribution of power, technology, and geography. However, both approaches ignore the dynamic relationship between ideational forces, namely, ideas, norms, and material forces, and the interaction between the structures. In this context, various scholars who were not satisfied with the explanations of Neo-realism and Neo-liberalism found their inspirations from alternative social theories,¹¹ and the struggle of constructivism to become part of the mainstream shaped its theoretical concepts and research agenda (Barnett 2005).

Constructivists take state identity and interest seriously, and emphasize inter-subjectivity and cultural understanding in explaining states' behaviour. According to constructivists, the world is defined by both material and ideational forces, the material reality is only a part of the whole reality. The meaning and construction of material reality is dependent on ideas and interpretation. However, conventional realism ignores the power of ideas to explain international politics. For constructivists, ideas, such as knowledge, symbols, norms, rules, concepts, and meanings play an important role in states' behaviour. It is not that ideas are more important, but rather that ideas have constitutive effects on states.

Constructivists use a variety of methods to conduct research, including ethnographic and interpretive techniques to better study the meanings that actors bring to their practices and how these practices relate to social worlds. On the question of constitution and causality, constructivists reject the claim that the only legitimate form of causality is when scholars have uncovered an enduring sequenced connection between an independent and a dependent variable (Barnett 2005: 261). On constitution and causation, there are "how" and "why" questions. Causal theories ask "why" questions, and to some extent "how" questions. Constitutive theories such as constructivism ask "how possible" and "what"

¹¹ John Ruggie (1983), Richard Ashley (1984), Friedrich Kratochwil (1989), Nicholas Onuf (1989), Alexander Wendt (1999) are among the most influential scholars in establishing the theoretical orientation of constructivism.

questions (Wendt 1999: 78). However, Klotz and Lynch (2007) criticized that this separation mirrors the problematic distinction between explanation and understanding. They argued that causal studies do tend to speak in terms of explaining behaviour, while studies of meaning talk about understanding the conditions for action. In practice, there is considerable overlap and therefore no clear divide between “what” or “why” or “how” questions. Hence, constructivists should not preclude the possibility of causal answers to constitutive questions, or vice versa (Klotz and Lynch 2007:15). Yet constructivists do not reject science or causal explanation; they occupy a middle ground between rational choices theorists and post-modern scholars. They share a largely common epistemology with the former and share many substantive concerns such as the role of identity and discourse with the latter. Thus constructivism has the potential to bridge the still vast divide separating the majority of IR theorists from post-modernists (Checkel 1998: 325).

Broadly understood, a constructivist approach would base its explanation of a state’s foreign policy on the state political elites’ self-understanding about the national interests and identities embedded in the cultural and historical context of the state and the norms and values of the society. Hence, it is necessary to first examine these two concepts (i.e. *national interest and national identity*) within a constructivist framework.

2.2 National Interest as a Social Construction

The “national interest” is a relatively modern idea. Its development can be traced back to the earliest stages of the evolution of the modern state. According to E. H. Carr, until the French Revolution the term “nation” was identified with the person of the sovereign so that international relations were essentially relations between royal families (Carr 1945: 2-4). It is through the French Revolution in the 18th century that displaced the absolutist with popular sovereignty that “people’s sovereignty” came to be embedded in the concept of nation. From that time on, the nation came to be seen as the *natural* basis of the state. With the development of

the nation-state and nationalism, the older terms – “the will of prince,” “*raison d’etat*,” or “dynastic interests” were gradually replaced by the national interest. This concept expressed no longer the interests of dynasties or royal families, “*but the interests of the society as a whole and as such was lined with the idea of popular sovereignty and the legitimacy of the state*” (Evans and Newnham 1998: 345).

“National interest” usually refers to foreign policy but is applied also to domestic politics, e.g. when it is said that it is in the national interest for children to receive compulsory education. When referring to the domestic sphere, it is equal to terms like “public interest,” “common interest,” or “common good” (Frankel 1970: 38; Clinton 1994: 50-55, 60-67). Despite its centrality to foreign policy discourse, national interest is a fuzzy rather than precise concept in the study of international politics. Generally implicit in the notion is an idea of preferences for the policy that is best for a nation or state as a whole (Danilovic 2008: 557). There are three different usages of the notion: first, as an analytic construct to describe and explain the sources of state preferences in foreign policy; second, as a criterion for evaluating particular strategies or courses of action; and third, as a justification for foreign policy decisions taken by policymakers to mobilize domestic support (Danilovic 2008: 557).¹² In the realm of political science, the concept is mainly used in the first two ways. There are two fundamentally different approaches to the analyses of the concept, represented by the “objectivists” and the “subjectivists” (Frankel 1970: 16). The former assumes that national interests can be objectively defined with the help of some objectively definable yardsticks and criteria, whereas the latter interprets it as a changing set of subjective preferences, the study of decision-making is the work in this direction (Frankel 1970: 17). The objectivist approach is best exemplified by the realist school of Hans Morgenthau (1951) and

¹² For a distinction between the usages of the concept see also Evans and Newnham (1998: 344), Rosenau (1968: 34). Frankel also points out that there is no clear-cut distinction between the usage as an analytical tool and its usage as a political discourse to justify policy preferences. See Frankel (1970: 16).

other followers. The subjectivist approach can be exemplified by the decision-making approach to foreign policy analysis¹³ and the constructivist approach.

There has been a dispute over the analytical usefulness of national interest. On one side of this dispute stand critics who argue that the notion of the national interest as a research tool has grave flaws (Rosenau 1968: 39; Hoffmann 1978: 133; Smith 1986: 23-26).¹⁴ On the other side, are those who insist on the importance of the national interest in explaining foreign policies and theorizing international politics (Morgenthau 1978; Weldes 1996). **I side with the second view that the national interest is an important explanatory tool in international politics** because it does highlight important factors in foreign policy analysis and continues to be used in political discourse.

The main problem of the realist conceptualization of national interest is that the concept is viewed as an objective reality defined in terms of military and economic power, while ignoring its subjective aspects. In fact, the national interest does not exist independent of perceptions. Charles Beard, the first scholar to produce a sustained analysis about the national interest traces the historical development of the term “interest.”¹⁵ According to Beard, ideas and material interests cannot be separated. In his view, shared in this study, an interest is also an idea which involves human perception and interpretation:

¹³ According to the decision-making approach, the national interest is subjectively defined by the participants in the policy process in terms of their social interests at any particular time, rather than the interest of an entire nation. For example see Trubowitz (1998)’s work on American Foreign Policy, *Defining the National Interest: Conflict and Change in American Foreign Policy*.

¹⁴ The problem lies in the difficulty to generalize national interest. Particularly from the decision making perspective, the interests that guide foreign policy are more likely to be a diverse, pluralistic set of subjective preferences that change in response to the domestic and international environment. For a survey of criticisms of the concept, see Clinton (1994).

¹⁵ Academic scholarship on national interest blossomed in the 1930s with Charles A. Beard’s publications, *The Idea of National Interest* (1934) and *The Open Door at Home* (1935), New York, Macmillan.

*Interest, subjectively considered, may take the form of an idea, and every idea pertaining to earthly affairs is attached to some interest considered as material thing and is affiliated with social relationships.*¹⁶

This objective/subjective dichotomy is important and meaningful for the conceptualization of the national interest.

Constructivism gives a supportive explanation to the subjective aspects of national interest ignored by the realists. For constructivists, national interest is a social construction and the concept is also seen as an important explanatory tool in international politics. Constructivism emphasizes the subjective aspect of state preferences and the impact of international structures (understood in terms of shared values, transnational collective identities or norms of behavior) on state preferences. According to constructivism, national interests are not just “out there” waiting to be discovered; they are constructed and constituted through social interaction and defined in the context of internationally and domestically held norms and values. The normative context changes over time, and thus creates coordinated shifts in national interests and states’ behavior across the system (Finnemore 1996).

This constructed nature of the national interest is well presented by an empirical research conducted by Jutta Weldes (1996) on how the United States constructed its national interest during the Cuba missile crisis. According to Weldes, in the policy making process, governments are the agents that interpret and articulate the national interests. The normative context influences the behavior of decision-makers and of mass publics who may choose and constrain those decision-makers. Therefore, national interests emerge out of situation descriptions and problems definitions of decision-makers, in other words, out of representation, through which state officials and others make sense of the world around them (Weldes 1996). In the process of representation, the cultural and linguistic resources play a crucial role in constructing national interests.

¹⁶ See Beard (1935: 157-158).

Another constructivist who has written extensively about how states define their interests is Martha Finnemore. She treated states as unitary actors and developed a systemic approach¹⁷ to the understanding of state interests. According to Finnemore, states are socialized to accept certain preferences and expectations by the international society in which they and the people who compose them live (Finnemore 1996: 128). She focused on the normative processes which define the national interest by examining the roles of international organizations in institutionalizing and propagating cultural norms in the international system, for example, the role of the World Bank in redefining the ways that states approached development problems by institutionalizing new anti-poverty norms. Her case studies show that international norms – in her cases, socially constructed through international institutions – are able to reshape state interests by the ways in which states endogenize these norms as their foreign policy preferences.

Alexander Wendt, a leading thinker in the school of constructivism, also attempted to conceptualize national interest (Wendt 1999: 233-238). Wendt agreed with the distinction of objective interests and subjective interests. He used an objectivist approach to answer the normative question of what states should do. Objective interests are needs or functional imperatives that must be fulfilled if an identity is to be reproduced.¹⁸ Subjective interests refer to those beliefs that actors actually have about how to meet their identity needs (Wendt 1999: 231-232). In Wendt's view, many state interests are social constructions of the international system. However, national interest in his definition refers to objective interests. According to Wendt, states have certain objective national interests that are used in turn to define their subjective interests. These objective interests are the reproduction requirements or security of states (Wendt 1999: 233-238). He defined

¹⁷ Systemic approach emphasizes the causal powers of the structure of the international system in explaining state behavior. For more details on the systemic approach see Kenneth Waltz (1999: 7-10).

¹⁸ His needs-based view of objective interests was drawn on Wiggins (1985) and McCullagh (1991), see also Benton (1981) and Connolly (1983).

them as *physical survival, autonomy, economic well-being, and collective self-esteem*.¹⁹ *Physical survival* is the survival of a state-society complex, of which the preservation of territory is at the center; *autonomy* refers to the ability of a state-society complex to exercise control over its allocation of resources and choice of government following the notion of sovereignty; *economic well-being* refers to the maintenance of the mode of production in a society and the state's resource base; *collective self-esteem* refers to a group's need to feel good about itself, for respect or status (Wendt 1999: 235-236). These four national interests are common to all states if states are to reproduce themselves. They may on occasion have contradictory implications that require prioritization (this process is subjective), but in the long run they must be satisfied, so that state can keep its identity as state, otherwise, state will tend to die out. In this respect, national interests are a selection mechanism and their real significance lies in the fact that they dispose states to try to understand them, to interpret their implications for how subjective interests should be defined (Wendt 1999: 237).

Wendt's definition of objective interests indicates the reality of the current state system, which is established on the understandings of the key principles of the Peace of Westphalia in 1648. What he generalized is in fact the standard understandings about conditions for a Westphalian state to reproduce its state identity, which is generally accepted as essential for states in current system, to some extent, is also subjective. Despite this conceptual fault line of his definition of objective national interests, Wendt's definition is useful for analysis, at least as it provides some categories for generalization. Moreover, his definition implies that subjective and contingent interpretation needs to be established on some relative stable categories that will not change very easily or quickly. Stable, here, implies an extent to which people in a certain period will even regard it as "objective."

¹⁹ George and Keohane (1980) identify the first three national interests – physical survival, autonomy, and economic well-being. Wendt add the fourth, "collective self-esteem" (Wendt 1999: 235).

In this thesis, I adopt Wendt's objectivist approach to national interest. The national interest discussed here is in the domain of foreign policy. I will look at India's and China's objective national interests that define their subjective interests, and the time frame under analysis is from 2003 to 2012. Rather than simply super-imposing his categories, I prefer to define objective national interests as *economic development*, *security*, and *status*. Here *economic development* refers to the economic and social well-being of the people. *Security* stands for the physical survival of the state, including the preservation of territory and sovereignty, the protection of the people's lives. Analysis of security will mainly focus on the traditional military and strategic dimension. *Status* is state's reputation and ranking in the larger states' community. The content and meaning of the objective national interests are defined and interpreted by the political elites in India and China. They decide contingently the limit, scope, and priority of these interests, since foreign policy decision-making is essentially an exercise in the choice of ends and means of a state's political elites in an international setting.

2.3 Centrality of National Identity in the Construction of National Interest

The concept of identity was first imported from philosophy into the social sciences (Dittmer and Kim 1993: 3). Cognitively, identities are ideas that help individuals cope with complex, demanding situations, by organizing incoming stimuli into categories based on prior experience. Thus, an important aspect of identity is its directive function on actor's behaviour. It is defined as a mental construct that both describes and prescribes how actor should think, feel, evaluate, and ultimately, behave in group-relevant situations (Turner 1985: 80).

The concept implies a relationship between self and others. It connotes both a persistent sameness within oneself and a persistent sharing of some kind of essential character with others (Erikson 1959: 27-28). According to Wendt, it is a subjective or unit-level quality which roots in actor's self-understandings and the meaning of those understandings will often depend on whether other actors

represent an actor in the same way (Wendt 1999: 224). In Kowert's words, "*To say that a group of people has a particular identity is to suggest both that they share certain qualities and also that these qualities somehow set them apart from others*" (Kowert 1999: 5).

Constructivists are concerned with the relationship between identities and interests. For example, Ruggie argued that "*identities are logically prior to preferences*" (Ruggie 1993: 172); Jepperson, Wendt and Katzenstein argued that "*identities both generate and shape interests*" (Jepperson et al. 1996: 60); Wendt held the view that interests presuppose identities (Wendt 1999: 231), and treated identity as "*a property of intentional actors that generates motivational and behavioural dispositions*" (Wendt 1999: 224). Wendt argued that identities belong to the belief side of the intentional equation (desire + belief = action), while interests belong to the desire side, without interests identities have no motivational force and without identities interests have no direction (Wendt 1999: 231). Thus, a state's behaviour is motivated by a variety of interests rooted in the state's identity. Just like a person has many identities, this is also true for states. Each identity is a script or schema, constructed and reconstructed in broader domestic and international context.

National identity relates to the psychological foundation for behaviour patterns of a nation-state and entails the purposes, roles and images that a nation-state pursues and projects in the international arena. Once established, "*a national identity may be expected to provide a reasonable basis for expectations concerning that nation's future comportment*" (Dittmer & Kim 1993: 30-31). Moreover, it should be understood as "*an ongoing process or journey rather than a fixed set of boundaries, a relationship rather than a free-standing entity or attribute*" (Dittmer & Kim 1993: 13).

Although national identities as ideational forces are susceptible to social change, they are also relatively stable. First, identities are a kind of schema, and schemas, once formed, must resist easy change; second, national identities contain physical elements, such as size, race, and language. These physical elements can

shape the perceptions of both the actor toward others and others toward the actor and they also strongly resist change.²⁰ The stability of national identity varies with state's status and material capabilities in the international system. A powerful and satisfied state is more likely to enjoy stable identity, at the same time, its power and security reinforces the success and validity of that identity; a weak and dissatisfied state may be willing to make a move to a favorable international position (Deng, in Hu, Chan & Zha 2000: 44). Each individual, group, and nation always tries to redefine his/her/its identities when they are challenged, or broken. This will cause an identity crisis and the search for new identity elements. The identity crisis will be solved if a new equilibrium is achieved.

An effort to refine the concept of national identity was made by Paul Kowert. He suggested a distinction between *internal identity* and *external identity*. *Internal identity* “describes the cohesion or uniformity of the nation-state’s parts and, in particular, the way such cohesion manifests itself in loyalty to the nation-state”; *external identity* “refers to a nation-state’s distinctiveness, as compared with other nation-states” (Kowert 1999: 4). Theories of internal coherence tell us whether or not (or to what extent) a state is able to act coherently as a unitary actor. Theories of external distinctiveness, on the other hand, tell us something about whether a given state might want to act differently from other states (Kowert 1999: 7). In this thesis, the identity I discuss refers to external identity, that is, their national identity in international relations, or in other words, international identity, which relates to their roles and status projected by themselves as well as by others in world politics.

For the purpose of policy making, policy elites’ perceptions and worldviews are important to our understanding of states’ identities and thus their international behaviours as the meanings that objects, events and actions have for states are necessarily the meanings they have for those individuals who act in the name of the state (Weldes 1996: 280). These elites “*approach international politics with an*

²⁰ See (Chafetz et al. 1999: xi), without social interaction, such attributes of actors have no meaning.

already quite comprehensive and elaborate appreciation of the world, of the international system and of the place of their state within it” (Weldes 1996: 280). Hence, national identity here is more specifically related to political elites’ understandings of their country in the world.²¹ To sum up, national identity here is defined as political elite’s relatively stable understanding of their country’s role and status in the international system in a given period, which implies national interests and guides state’s behaviours.

Moreover, there is also the objective and subjective distinction among various national identities. Identity implies a relationship between self and others. For some identities, other actors may not understand an actor in the sense the actor understands itself. Some identities are about objective attributes which leave little room for interpretation thus less contentious. For example, since the establishment of the People’s Republic of China (PRC) the Chinese government has had many national identities in its diplomacy. These include the identity of a peace-loving country, victim of foreign aggression, socialist country, third world state, bastion of revolution, anti-hegemonic force, developing country, major power, rising power, responsible power, international cooperator, and autonomous actor, etc.²² Identities such as developing country, rising power are generally shared in the perception of other state actors, because they are the identities given by objective indicators; identities such as peace-loving country, responsible power, international cooperator require subjective judgement. These identities could be at odds with the perception of China held by other states hence need careful examination. For operational

²¹ Such understandings can be strategic or internalized, see Wang (2005: 90) who distinguished the difference.

²² There is a quantitative content analysis conducted by Wang Hongying. See Wang (2005), “National Image Building and Chinese Foreign policy”. She analysed two official series – the *Peking Review* (later renamed Beijing Review) between 1958 and 2002 and the government work reports (zhenfu gongzuo baogao) between 1954 and 2000. The results of her content analysis shows that the PRC government has tried to build the following images of China in international affairs: peace-loving country, victim of foreign aggression, socialist country, bastion of revolution, anti-hegemonic force, developing country, major power, international cooperator, and autonomous actor. These images are assertions of China’s national identity (Wang 2005: 96).

convenience, **I will examine India and China's national identity in terms of "civilization state," "nation state," "developing country," "rising power," and "regional power."** These are objective identities generally agreed by other state actors in the international system without dispute.

2.4 Explanatory Model

The trends of India-China bilateral relations are very much determined by mutual foreign policy strategies. In the international system, before actors can choose a course of action, they need to define the situation. *"These definitions will be based on at least two considerations: their own identities and interests, which reflect beliefs about who they are in such situations; and what they think others will do, which reflect beliefs about others' identities and interests"* (Wendt 1999: 186-187). On the basis of this understanding, I develop a model (See Figure 2) to explain how national identity and interest of one state affect its foreign policy towards the other in a relationship between two states. In the model, there are two countries, A and B. A's national identity and interest are the independent variable and its foreign policy towards B is the dependent variable. I use two other controlled variables for a better explanation of the process, A's perception of B, which reflects B's identity and interest, and A's foreign policy strategy, which gives the general framework of making A's foreign policy towards B. Moreover, it should be noted that I will not discuss how the national identity and interest of India and China are formed because of the complexity of this formation process and the limited scope of the thesis.

In terms of this model, my research strategies are as follows: first, I will examine national identity and national interest of India and of China; second, I will examine their current foreign policy frameworks; third, I will explore their mutual perceptions and analyse their foreign policy strategies towards each other; and finally, I will explain the current dynamic of India-China relations in terms of their mutual strategies.

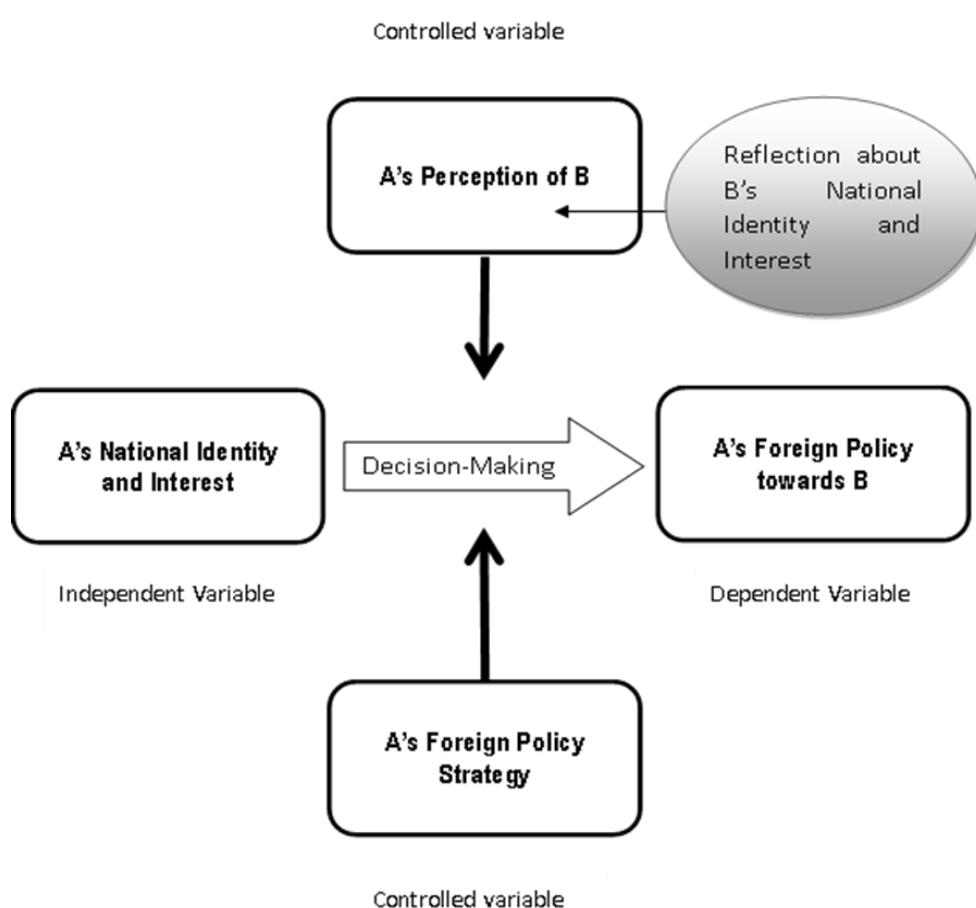


Figure 2-1 Linkage between national identity, national interest, and foreign policy in a state's decision-making process

2.5 Conclusion

To summarize, in constructivism, the social rather than the material has greater weight in world politics. The world is understood as a continuing process of interaction between agents (individuals, states, non-state actors) and structures (broader environment and social relationships). Agents and structures are mutually constituted. Constructivists emphasize the socially constructed nature of actors and their identities and interests in understanding states' behaviour. In this framework, my research inquiry starts with the concept of national interest and national identity.

As discussed above, national identity and national interest are complex, multi-layered and multifactorial. Hence, national identity and national interest

should be conceptualized as **umbrella terms**, encompassing in reality many identities and interests. **In a period of time, some components are more powerful thus forming dominant identities and interests which are more relevant to decision making.** Moreover, national identity and national interest have subjective as well as objective attributes. For operational convenience and conceptual clarity, I will focus on the objective attributes. I use Wendt's objectivists approach to national interest, and define national interest in terms of economic development, security, and status. National identity here is understood as political elite's relatively stable understanding of their country's role and status in the international system in a given period, which implies national interests and guide state's behaviors. I will examine India's and China's national identity as "civilization state," as "nation state," as "developing country," as "rising power," and "as regional power." These are objective identities generally agreed by other state actors in the international system without dispute.

The explanatory model of the thesis is based on the understanding that in a decision making process, the situation is defined by an actor's own identity and interest and its perception of the others, which reflects the understanding of others' identity and interest. The model treats a state's national identity and interest as the independent variables and its strategy towards the other in a bilateral relationship as the dependent variable. My approach in order to explain the current dynamics of India-China relations will first start with the examination of India's and China's national identity and interest, their respective foreign policy frameworks, and their mutual perceptions, and then evaluate their foreign policy strategies towards each other, since the dynamics of their relations is determined mainly by their mutual strategies.

This research emphasizes the inter-subjective quality of national identity and national interest, though the operationalization of the two concepts focuses on the objective attributes. The definition of national identity and national interest in reality cannot be separated from a state's cognitive process which is mainly practiced by its political elites. They decide contingently the limit, scope, and make

prioritization and interpretation of these identities and interests. The objective identities and interests could be the same, but the meanings attached to them by the political elites, which is context dependent, would not be the same. This is exactly where the explanatory power of social constructivism lies.

3 Review of the Sino-Indian Relations (1950s-2002)

In this chapter, the post-independence history of the India-China relations from the early 1950s to 2002 (the year before the overall development of their relations started) will be reviewed in terms of three periods. The first period is from the 1950s until 1962, the year in which India and China fought a border war. The second period is the period of diplomatic freeze after the war, from 1963 onwards until 1976, in which the ambassadorial-level relations were restored. The third period is the period of gradual improvement in their relations, from 1976 until 2002. This chapter is particularly important for those unfamiliar with the evolution of their relations and provides the broader context for the subsequent chapters.

3.1 The 1954 Agreement and the 1962 Border Conflict

The Republic of India gained its independence from the British rule on August 15, 1947. The People's Republic of China (PRC) declared its establishment on October 1, 1949. From 1949 to 1957, relations between the two republics were friendly, due partly to the sense of commonality as new Asian states liberated from the colonial rules, but also due to their respective strategic interests. After World War II, the United States and the Soviet Union emerged as "superpowers." World politics was greatly influenced by the conflict between the two countries. By the early 1950s, the Cold War had spread into Asia. China entered the socialist camp and sided with the Soviet Union. China and the United States remained hostile to each other. The breakout of the Korean War resulted in the direct involvement of China, while India was facing a hostile Pakistan after a war in Kashmir in 1948. The US was in negotiation with Pakistan to establish a military alliance. Under these circumstances, neither China nor India wanted to open a second front. For India,

the friendship with China could redress the strategic balance of power in South Asia, and this friendship was in accordance with Nehru's basic structure of foreign policy, his value of non-alignment and broader vision that India and China should play a special role in the post-colonial world. As a result, India supported China in the Korean War, lobbied for China's representation at the United Nations. For China, India's friendship was important to break out of its isolation in the international community and dependence on the Soviet Union. Chinese leaders believed that India might be a partner of China, because in the struggle between imperialism and socialism, it was necessary to win over as many countries as possible to form a united front against the West.

In April, 1954, India and China signed the *Agreement on Trade and Intercourse between Tibet Region of China and India*. Under this agreement, India gave up its privileges in Tibet which it had inherited from the British and recognized Chinese sovereignty there. The famous *Five Principles of Peaceful Coexistence*,²³ also called *Panchsheel*, was one of the highlights of this friendly period, and formally written in the preamble of the Agreement. Another highlight was their cooperation at the Bandung Conference in 1955, which led to the establishment of the Non-Aligned Movement. However, this friendship did not last very long. By the late 1950s, serious differences between the two states had begun to surface, particularly over the unresolved border issue, leading to a brief war in October 1962.

The Sino-Indian border is generally divided into the eastern, middle and western sector (See Map 3-1). The dispute is mainly on the western and eastern sector. On the western sector lies the Aksai Chin plateau, which, on its three sides, faces Ladakh (in Indian-administered Kashmir), Tibet, and Xinjiang. India claims Aksai Chin as part of Ladakh and China claims it as part of Xinjiang. On the

²³ These five principles are: 1. Mutual respect for each other's territorial integrity and sovereignty; 2. Non-aggression; 3. Non-interference in each other's national affairs; 4. Equality and mutual benefit; 5. Peaceful coexistence. As norms of relations between nations, they have become widely recognized and accepted throughout the world.

eastern sector, the dispute is over the area between the pre-1914 British Outer Line and the McMahon Line, formerly the North East Frontier Agency (NEFA) of the Indian state of Assam, now the Indian state of Arunachal Pradesh. The middle sector involves a dispute over various points on the border between Indian-administered Kashmir and Nepal.

The Sino-Indian border dispute is a legacy of the British Raj.²⁴ As Neville Maxwell summarized: “..., through the eighteenth and nineteenth centuries, British power in India expanded, filling out its control of the peninsular sub-continent until it reached the great retaining arc of the Himalaya. There it came into contact with another empire, that of China. ... the British sought secure and settled boundaries with China: these they failed to achieve, and the failure was to lead in the middle of the twentieth century to the border war between India and China” (Maxwell 1970: 19).



Map 3-1 The Sino-Indian Disputed Border Area (Source: *The Economist*, Feb 8th, 2012)

²⁴ For a more detailed exploration of Sino-Indian border see also Lamb (1964), Maxwell (1970), Woodman (1969), Hoffmann (1990), Liu (1994).

With regard to Sino-Indian border, Tibet has a critical position in the whole issue. After the fall of the Qing dynasty in China in 1912, Tibet government at Lhasa expelled all Chinese forces and declared itself independent in 1913. However, this was not accepted by the newly founded Republic of China. From 1913 to 1914, British India, Tibet and China held a tripartite conference in Simla to discuss the issue of Tibet's status. During the convention, the British tried to divide Tibet into an Inner and Outer Tibet. As a secret by-product of the Simla Conference, Indian Foreign Secretary Henry McMahon, proposed a Tibet-Assam border to advance the British line of control without inviting and informing the Chinese representative (Maxwell 1970: 48-49). This line later came to be known as the McMahon Line, a source of great controversy in the Sino-Indian border dispute. Tibetan representatives signed the agreement under British pressure. However, the representative of the Chinese government did not, repudiating in fact all the results of the Simla Conference. After the Simla Conference, the McMahon Line was in fact forgotten. It was not until the 1940s that the British government began to reconsider making the McMahon Line as India's northeast border, and began to translate the McMahon Line from the maps to the ground as the effective northeast boundary of India, given that the control of the southern slope of the Himalayas was linked to the defensibility of India's entire northeast. By 1947, when the British left India, they had already established some posts in the area south of the McMahon Line. Following independence, the Indian government pursued a more active forward policy in the northeast.²⁵ At the end of 1949 the situation in NEFA was much as the British had left it (Maxwell 1970: 73). However, the establishment of the People's Republic of China in October 1949 and its takeover of Tibet in 1950 added a new dimension to India's perceived threat horizons. The Government of India reacted by a more active forward policy in NEFA and decided to make the McMahon Line India's boundary in the northeast. As Nehru answered the question

²⁵ For more details about the Simla Conference and the controversial McMahon Line see Maxwell (1970: 39-64), Liu (1994: 48-62).

about a new Chinese map which was showing a boundary far south of the McMahon Line in the parliament on 20th November, 1950:

*There is no new map of China so far as we know. But all the maps of China for the last thirty years have shown a certain portion of that north-east frontier which is now part of India as not part of India.*²⁶

*Our maps show that the McMahon Line is our boundary – map or no map. That fact remains and we stand by that boundary, and we will not allow anybody to come across that boundary.*²⁷

In 1950, twenty additional posts were set up in NEFA (Maxwell 1970: 73). In February 1951, Indian officials entered Tawang, a Tibetan Monastery south of the McMahon Line, and evicted the Tibetan administration there.²⁸ The Tawang district has now become a crucial point in the ongoing Sino-Indian border negotiations. By 1954, when India and China held negotiations with respect to Tibet, India had already secured its control in the eastern sector of Sino-Indian border.

The western sector of Aksai Chin is an uninhabitable area. For most of time in history, it was an almost forgotten area except for some ancient trade routes that crossed it. The British recognized the strategic value of the Aksai Chin as a buffer zone in the late 19th century. There were three alternative British boundary lines formulated for Ladakh. These are the Ardagh-Johnson Line (proposed in 1897), the Macartney-MacDonald Line (proposed in 1899), and the Threlawney Saunders

²⁶ *Lok Sabha Debates*, 20th November, 1950, vol.5, no. 4, cols. 155-156.

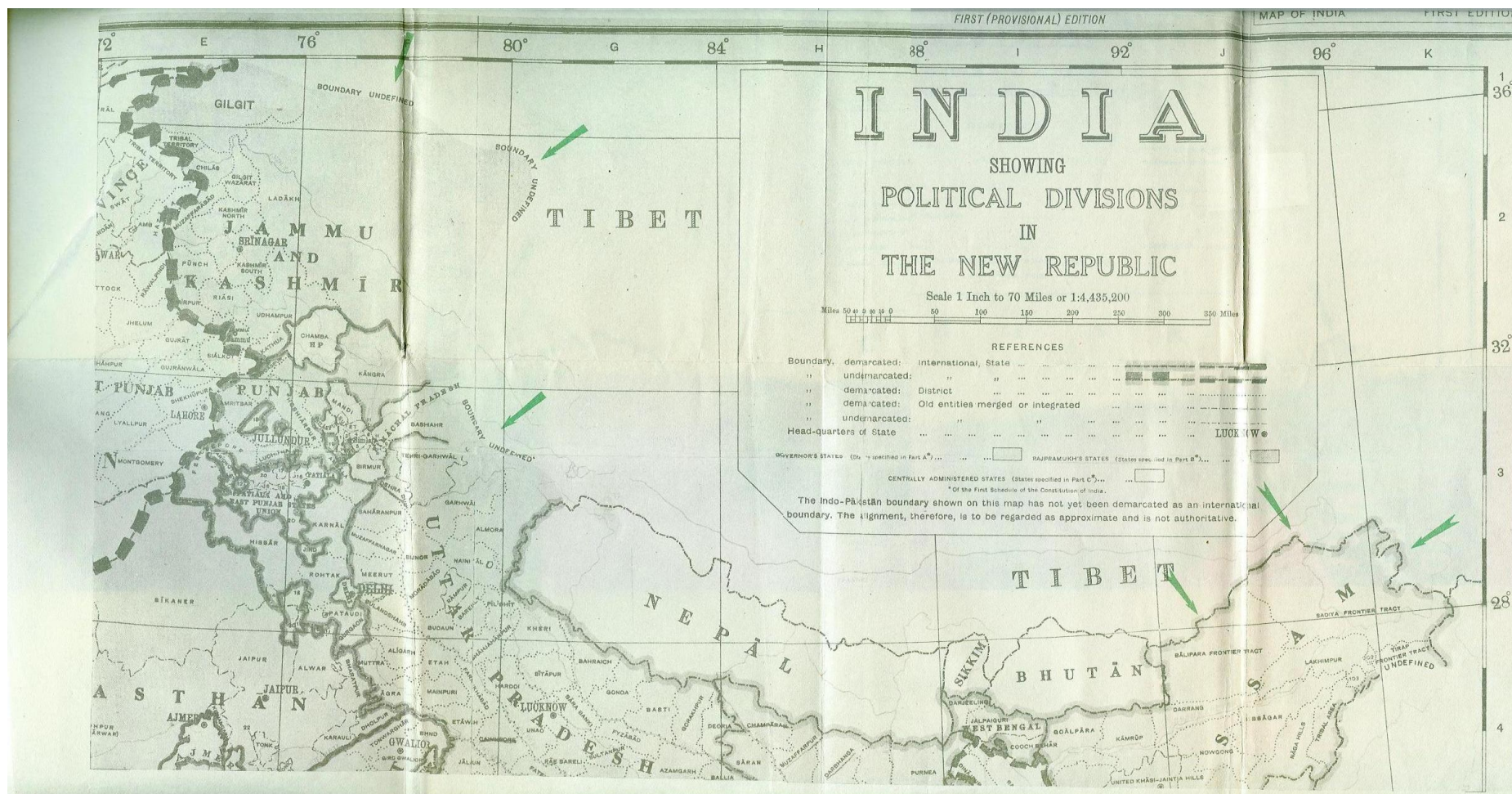
²⁷ *Ibid.*

²⁸ It is a historically Tibetan area. The sixth Dalai Lama, Tsangyang Gyatso, was born in Tawang. When the Indian Government took over Tawang, the Chinese Government did not react. The silence of China was regarded by India as China's acquiescence of Tawang. The reason why China did not react according to Liu Xuecheng is that the new Chinese Government did not know of India's takeover of Tawang because the PLA had not yet entered Tibet. Later the Tibetans reported the event to the Government and asked China to take Tawang back. However, it was decided to postpone the settlement of Tawang issue because the Korean War was going on and that attention could not be diverted away from the eastern front. See Liu (1994: 62).

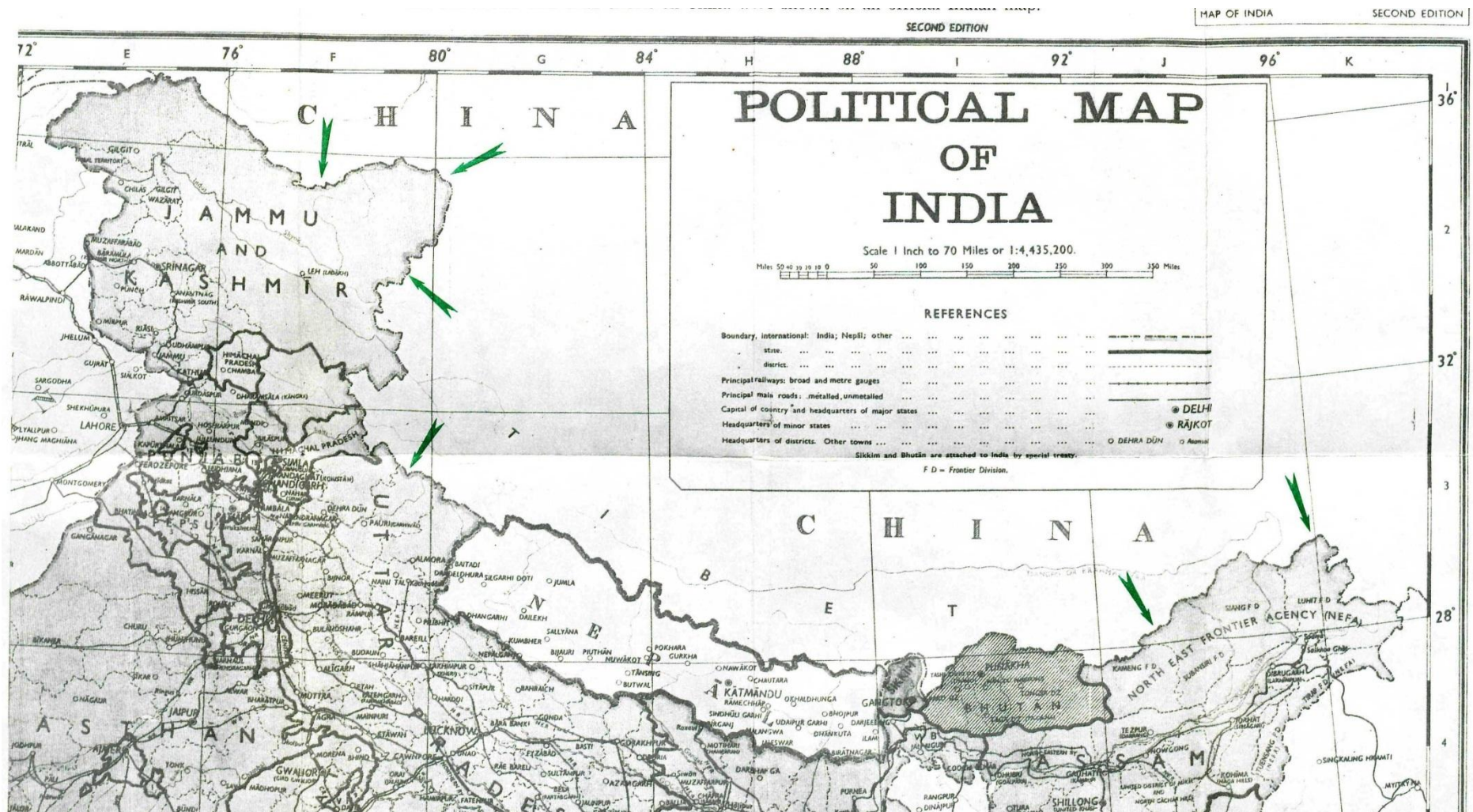
Line of 1873 (Hoffmann 1990: 9-16). Yet all these lines were not confirmed by any treaties, they were simply British ideas about possible border alignment. In the days of the British departure, the western sector was left undefined.²⁹ In 1953, India decided to regard the Aksai Chin as India's territory.³⁰ After the 1954 Agreement, India published a new official map reflecting India's considerations of its border alignment with China. The new map showed the McMahon Line as a delimited boundary with China and the most of the Aksai Chin plateau in India's territory (See Map 3-2 and Map 3-3). From 1951 to 1957, China constructed a motor road in Aksai Chin, which is strategically important for Chinese transportation to Tibet at that time. In September 1957, the Chinese newspaper *People's Daily* published news of the completion of the road. This was noticed by the Indian embassy in Beijing and passed along to New Delhi (Hoffmann 1990: 35). India protested that the road was constructed through the Indian territory. The protest notes exchanged between the two governments raised the curtain of the Sino-Indian border dispute and the Sino-Indian relations began to deteriorate. In 1959, the Tibetan revolt and the Sino-Indian border confrontation in Longju and Konka passes broadened the level and amount of hostility in an already deteriorating relationship.

²⁹ See Hoffmann (1990), Maxwell (1979), Liu (1994).

³⁰ For a detailed description about India's border decision and the psychology of Indian border formulation see Hoffmann (1990).



Map 3-2 India Showing Political Divisions in the New Republic, published by the Survey of India (1950). On this map the Sino-Indian boundary in the eastern sector is drawn generally in accordance with the McMahon Line, but is marked as "boundary undemarcated" (see the arrows). In the western and middle sector, no boundary is drawn. It is marked as "boundary undefined" (see the arrows). This way of delineation was consistently followed by official Indian maps prior to 1954 (Source: *The Sino-Indian Boundary Question*, Peking: Foreign Languages Press, 1962).



Map 3-3 Political Map of India, published by the Survey of India (1954). On this map the marking for the entire Sino-Indian boundary is changed into the delimited boundary (see arrows). This was the first time that India showed its claims on an official Indian map (Source: *The Sino-Indian Boundary Question*, Peking: Foreign Languages Press, 1962).

According to Liu Xuecheng, the revolts in Tibet were the catalyst of the war (Liu 1994: 25). The question of Tibet's legal status, which seemed to have been solved by the 1954 Agreement, had been interwoven with the evolution of the Sino-Indian border dispute. China had been suspicious of India's motives of separating Tibet from China. With regards to Tibet, India and China had different perceptions. In India's perception, Buddhism provided a special cultural link between India and Tibet, and India also inherited some extra-territorial rights in Tibet from the British. Hence, it had a right to speak about Tibet. In Chinese perception, Tibet was seen as an integral part of China and its control over Tibet had only been loosened by the British imperialist intervention because of the weakness of the Chinese government. Thus, the Indian concern for Tibet was seen by Chinese as interference in China's internal affairs.

In March 1959, revolts broke out in Tibet and the 14th Dalai Lama and his followers fled to India to seek political asylum. China suspected that India supported the subversive activities of Tibetan, using the Indian border town of Kalimpong as a base. In fact, it was the Americans who supported Tibet's separatist activities for its strategic calculations of containing China in Asia.³¹ China also possessed evidence of CIA's involvement. The Indian Government denied Chinese charges, yet this only heightened the Chinese suspicion of India's involvement and its collaboration with the US in Tibetan affairs. The tensions over Tibet made India reconsider the unresolved status of borders in Ladakh and in the North East Frontier Agency (NEFA). Correspondingly, India launched "Operation Onkar," a strategy designed to establish military posts along the McMahon Line (Saigal 1979: 19).

³¹ On the CIA's involvement in Tibet's revolts against China, see Conboy and Morrison (2002), *The CIA's Secret War in Tibet*.

In August 1959, armed clashes occurred at Longju, located on the Chinese side of the McMahon Line.³² In October 1959, another armed clashes occurred at Kongka pass in the western sector. This time, it was a more serious border clash, with nine Indians killed and several personnel captured (Liu 1994: 28). In April 1960, India and China held a summit meeting to discuss the border question. However, there was no movement from the fixed positions of both sides. India also refused Chinese Premier Zhou Enlai's "package" approach, by which China would accept Indian claims in the eastern sector in exchange for Indian recognition of China's claims in the western sector (Liu 1994: 30). Shortly thereafter, the Indian army began to implement its "forward policy," setting up as many posts as possible in the disputed area in the eastern and western sector. India's action unavoidably led to military confrontation with China.³³ After reviewing the rapidly deteriorating situation on the border and the latest military developments on the other side of the border, Chinese leaders decided to fight a limited war against India, which was termed in Chinese "*zi wei fan ji zhan*" (war of self-defence counterattack). On October 12, 1962, massive attacks from Chinese troops began along the entire border. The better prepared Chinese troops overwhelmed Indian troops in both the eastern and western sectors. However, China's purpose was not to occupy the territory that China had claimed, but to punish India with a decisive strike (Liu 1994: 40). The domestic and international situations at that time did not permit China to prolong the war. On-going troubles in Tibet, growing tensions in the Taiwan Strait, and the failure of the Great Leap Forward drew Chinese leaders' attention to urgent domestic problems. Internationally, China faced animosity from

³² According to Hoffman's interviews with Indian officials, the Longju incident can be attributed to the practice of "rectification or rationalization" of a boundary. For India's view, the McMahon Line made poor topographical sense in some places, where it did not adhere to the highest watershed line of ridges – the principle on which it was supposedly based. However, it is dangerous if a country uses it without consulting the state that shares the boundary. See Hoffmann (1990: 69). Maxwell also pointed out the topographical problems of the McMahon Line and concluded that without a joint Sino-Indian demarcation, it is impossible to fix the McMahon Line. See Maxwell (1971: 107)

³³ For details about forward policy see Maxwell (1970: 173-256).

the US and the Sino-Soviet relations were deteriorating due to ideological controversy between them (Liu 1994: 37). After a remarkable advance, Chinese troops declared a unilateral cease-fire on November 21, 1962, and withdrew to where the Chinese government thought the boundaries with India should be. Although India was unwilling to accept China's point of withdrawal, India had no intention of impeding the withdrawal of Chinese troops from a realistic view. After the war, the Indian troops quickly moved back to where they had been deployed earlier. In fact, the war did not change the status quo of the border, that is, India's control over the south of McMahon Line, and China over Aksai Chin. The lines of cease-fire have actually been regarded as the *de facto* boundaries between them. In an attempt to bring India and China back to negotiation, Sri Lanka's Prime Minister Bandaranaike convened a conference in Colombo in December 1962, attended by six countries (Sri Lanka, Indonesia, Cambodia, Myanmar, Egypt and Ghana). The Colombo Conference produced some proposals but there was dispute over their implementation. Ultimately, the Conference proved unsuccessful in bringing the two countries back to negotiation (Liu 1994: 41-42; Deepak 2005: 259-262).

3.2 The Sino-Indian Cold War

The bilateral relationship of India and China entered froze after 1962. The war raised strong nationalist sentiments in India. There, the war was a Chinese invasion of Indian territory. The defeat was a national humiliation on a grand scale and the psychological impact that it had on India cannot be underestimated. The war also had a long-term effect on India's security environment and security policies. In the belief that the inadequate defence preparation of India led to the losses of 1962, India made the shift towards developing an indigenous conventional military capability. From the Chinese vantage point, they were forced to fight in self-defence. The 1962 border conflict enhanced China's sense of insecurity and fear of encirclement from the superpowers. The Soviet Union sympathized with India with regard to the Sino-Indian border dispute and offered India military

assistance in 1960 (Maxwell 1970: 285). In 1962, the Soviet Union signed an agreement with India that provided military equipment (Kaul 1979: 113). During the war, the US naturally sided with India and also offered India military support. Hence, China saw India as an adversary associated with both the US and the Soviet Union in encircling China (Liu 1994: 105). In response, China turned to Pakistan. In 1963, China and Pakistan signed trade and air agreements, as well as the border agreement over Pakistan-controlled Kashmir.³⁴ During the 1965 Indo-Pakistani War, China openly supported Pakistan and termed India as aggressor (Deepak: 277). The Sino-Pakistani alliance emerged. Another consequent power dynamic was India's move to the Soviet Union. The ideological disputes between Mao and Khrushchev led to the Sino-Soviet split by the mid-1960s, and India replaced China as Moscow's major partner in Asia.

The two states not only allied with each other's adversaries, thereby, undermining each other strategically, but also supported those internal forces hostile to one another. After 1962, there was an obvious rapprochement with Taiwan, though India never accepted Taiwan's independence (Deepak 2005: 289).³⁵ The Dalai Lama was allowed to establish his exiled government in North India, and some Indian politicians actively supported the movement for Tibet's independence. On their part, the Chinese government offered support to insurgent groups like the Nagas and Mizos in India's Northeast, as well as the Naxalbari movement in the north of West Bengal (Deepak 2005; Liu 1994; Ranganathan & Khanna 2000).

³⁴ The border agreement resulted in China ceding over part of western Sinkiang to Pakistan and Pakistan ceding part of the Pakistan-controlled Kashmir to China. India does not recognize the border agreement because of the Indo-Pakistani dispute over the status of Jammu and Kashmir. According to the agreement, the boundary is provisional. It will be opened to renegotiation if, after the settlement of the Kashmir dispute, the sovereign authority concerned is India. See *Agreement between the Government of the People's Republic of China and the Government of Pakistan on the boundary between China's Sinkiang and the contiguous areas, the defense of which is under actual control of Pakistan*, March 2nd, 1963, Article 6.

³⁵ For more details about the contacts between India and Taiwan from 1961 to 1970 see Zhao (2000: 196-198).

In July 1961, India withdrew its ambassador first, and one year later, the Chinese ambassador left his position as well. The bilateral relationship was dropped to a *charge d'affaires* level. In June 1967, a diplomatic crisis broke out and further damaged Sino-Indian relations (Liu 1994: 115; Zhang 2004: 26). On June 13, 1967, China announced the expulsion of two Indian diplomats from Beijing on espionage charges, withdrew their diplomatic status, and opened a public trial. In retaliation, the Indian Government deprived two Chinese diplomats of their diplomatic status and deported them. On June 16, 1967, some Indian demonstrators in front of the Chinese embassy in New Delhi assaulted Chinese embassy personnel. This event led to the siege of the Indian embassy in Beijing by Chinese Red Guards. Consequently, Chinese embassy in New Delhi was also encircled. The diplomatic crisis ended when two governments released the embassy of the other side from encirclement.

In the late 1960s, there were some signs that India and China would move out of the diplomatic deep freeze. In 1969, China and the Soviet Union had a border conflict. Hostility and confrontation between them intensified further. Feeling the Soviet Union the biggest threat to China's national security, China began to look for a better relationship with the US to get out of the stalemate in its diplomacy. Normalization of the Sino-Indian relations as a countermeasure to the Soviet-Indian joint pressure on China's border was considered by the Chinese Government (Liu 1994: 121). In the Indian side, a new thinking to restore relations with China emerged. In Indira Gandhi's opinion India should have an open mind in foreign policy and take cognizance of the changing interests in the world. With regard to Pakistan and China, the intention was to open dialogue that lead to better understanding and a solution of problems (Jetly 1979: 253-258).³⁶ On January 1, 1969, Indian Prime Minister Indira Gandhi stated in a press conference that the Indian Government was prepared to try to find a way of solving the dispute with China without insisting on its acceptance of the Colombo Proposals as a

³⁶ See also *Lok Sabha Debates*, vol.11, 1967, cols. 9371-2.

pre-condition.³⁷ On May 1, 1970, when Mao met diplomatic representatives at the podium of Tiananmen Square, Mao shook hands with the Indian *charge d' affaires* Brajesh Mishra, and told him, “*India is a great country. The Indian people are a great people. Chinese and Indian people ought to live as friends, they cannot always quarrel*” (Wang 1998: 302). Mao’s comment was seen in India as a vague response to the Indian Prime Minister’s offer to normalize relations with China, and raised fresh hopes for a rapprochement (Jetly 1979: 265). However, some succeeding events interrupted this process. India moved closer to the Soviet Union, as Indira Gandhi saw the threat of emerging China-Pakistan-US triangle. In 1971 India and the Soviet Union signed the *Indo-Soviet Treaty of Peace, Friendship and Cooperation* in the context of the East Pakistan crisis. The treaty was the signal that India had deviated from its previous position of Non-alignment in the Cold War. China regarded the Indo-Soviet Treaty as being directed against it and Pakistan. In 1972 India enhanced its administrative control in the Northeast. The NEFA became the centrally administered Union Territory of Arunachal Pradesh. Moreover, Sikkim was made a State of India in 1974 through a constitutional amendment. China strongly protested India’s actions in the NEFA and Sikkim.

3.3 Gradual Progress in the Sino-Indian Relations since 1976

In 1976, India and China finally reached a consensus to restore ambassadorial-level relations. The exchange of ambassadors suggested that relations had emerged out of the deep freeze and entered a period of *Détente*. In the middle of the 1970s, both China and India experienced a number of internal changes, which provided an opportunity for the new leaders of both countries to reassess their policies towards each other (Liu 1994: 123). In China, the death of Mao and the arrest of the ultra-leftist clique, the “Gang of Four,” declared the end of the Cultural Revolution. Deng Xiaoping became the new paramount leader of China. In 1978, the Third Plenum of the 11th Central Committee of the Chinese Communist Party decided on

³⁷ *Times of India*, January 2, 1969.

a policy direction of “reform and opening-up.” This began first with rural reform, spreading later to other fields. In foreign policy, it was set that the diplomatic work should serve the domestic economic construction. It was extremely important for China to have a peaceful international environment. Deng readopted an independent foreign policy and emphasized the importance to develop good relations with all countries in the world based on the Five Principles of Peaceful Coexistence, including the US and the Soviet Union. He also emphasized the importance of the Third World countries as a force of world peace. A friendly Sino-Indian relationship would promote the South-South cooperation.³⁸

In India, Prime Minister Indira Gandhi, facing a political challenge to her power, imposed the Emergency of 1975 to bring the situation under control. However, her measures led to a crisis of political confidence, and the opposition parties unified against her regime. In the general election of 1977, the Janata Party won and organized, for the first time in modern Indian history, a non-Congress central government. Morarji Desai became the Indian Prime Minister. Desai promised a return to “genuine non-alignment,” which meant that India would move away from its overtly pro-Soviet stance and adopt a more even-handed approach in its dealings with the superpowers. The new regime also coined the term “beneficial bilateralism” with regard to India’s neighbors (Ganguly 1994: 153). The Janata Government continued Mrs. Gandhi’s policy of improving relations with China. In February 1979, Indian Foreign Minister Atal Bihari Vajpayee visited China. Vajpayee’s Beijing visit concluded with the signing of a new trade agreement between the two countries. Discussing India’s national security with his Chinese counterpart, Huang Hua, he received satisfactory assurances for the cessation of support to Naga and Mizo insurgents in India’s northeast (Deshingkar 1979: 69-75). Vajpayee also had a long session discussion with Chinese leader Deng Xiaoping.

³⁸ See “Promote the friendship between China and India and increase South-South cooperation,” October 22, 1982, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

Deng Xiaoping also raised the “package deal” again with regard to the border dispute. He elaborated that India had areas under its control which were rich in natural resources, whereas China had an area that was not economically useful. It would be advisable to have a comprehensive solution on the basis of give-and-take (Ranganathan & Khanna 2000: 166). Deng said that if the border question could not be resolved at an early date, it “*should not prevent us from improving our relations in other fields.*”³⁹ Furthermore, the Chinese Government agreed to reopen the two Hindu holy places in Tibet, Kailash and Manasarovar, to Indian pilgrims. Unfortunately, Vajpayee’s visit was overshadowed by the Chinese military attack on Vietnam. It was an awkward situation for India because of Deng Xiaoping’s remark that China was intervening “to teach Vietnam a lesson,” which naturally reminded India of the humiliation of 1962. Indian public opinion reacted strongly. Vajpayee cut short his visit and hurried back home. However, his decision to visit China was courageous, under circumstances in which the Soviet Union had expressed its unhappiness with India’s step to improve relations with China, as well as adverse voices from within the Janata Party (Gandhi 1983).

Although Indo-China relations suffered a small setback in terms of the China-Vietnam conflict, Mrs. Gandhi, who returned to power in January 1980, made it quite clear that it was in India’s interests to improve relations with China. In 1981 Chinese Foreign Minister, Huang Hua, was invited to India, his visit leading to the establishment of an annual dialogue on the boundary question at the level of Vice-Ministers to be held alternatively in Beijing and New Delhi, thus opening the formal border negotiations between India and China. From 1981 to 1987, India and China held eight rounds of border talks in Beijing and New Delhi alternately. Although eight rounds of official-level talks failed to achieve any breakthrough on the border issue, these talks still have their significance. Firstly, after a prolonged interruption in India-China relations, these talks allowed a friendly and candid exchange of views and enhanced mutual understanding

³⁹ *People’s Daily*, February 15, 1979.

between the two governments. The dialogue itself eased tensions and helped to shape a negotiated solution acceptable to both sides. In addition, through official channels, both sides explored the exchange and cooperation in the areas of economy, trade, culture, science and technology, and the possibility of a corresponding mechanism. Official, semi-official and unofficial exchange increased markedly during this period (Zhang 2004: 107-108). However, there were also tensions in this period. In December 1986, India granted statehood to Arunachal Pradesh, formerly NEFA. Also in this year, the Sumdorong Chu valley dispute in the eastern sector heated up border tensions once again. Both sides deployed their armies on the border region, making the prospect of war ever more real. However, with tensions growing, both governments realized that a new Sino-Indian border war would be harmful and some measures were taken to alleviate the tensions (Liu 1994: 142-143).

A definitive moment in Sino-Indian relations was Prime Minister Rajiv Gandhi's visit to Beijing in December 1988. This was the first visit of an Indian Prime Minister to China since the 1950s. During the visit, India accepted China's position that bilateral relations could be expanded and improved before the resolutions of the border issue. The two governments agreed to broaden bilateral ties in various areas and signed bilateral agreements on science and technology cooperation, on civil aviation to establish direct air links, and on cultural exchanges. The two sides also agreed to hold annual diplomatic consultations between foreign ministers, and to set up a joint ministerial committee on economic and scientific cooperation and a joint working group specifically on the boundary issue (Chaturvedi 1991: 178; Ranganathan & Khanna 2000: 61). Following Rajiv Gandhi's visit, a channel of regular high-level exchange between India and China was established. Between 1988 and 1998, India and China agreed to reduce troops along the LAC of the Sino-Indian border areas and signed two confidence-building

agreements in 1993 and 1996 respectively;⁴⁰ bilateral exchanges in the fields of defense, trade, culture, education, environment, information and broadcasting grew steadily; increasing institutional links were established not only at the military level but also within the scientific, journalistic and political communities (Deepak 2005). However, due to a deep mistrust and isolation over a very long time period, both countries lacked the domestic circumstances, especially the public opinion, to enable greater progress in bilateral relations and on the border question. Mansingh (2005) described the tendency of this period in the following way, “*possible intangible gains of better understanding in the top leadership as well as the general public, and sensitivity to each other’s concerns, were not evident in the years that followed when differences in security perceptions surfaced again and the level of interest and knowledge about each other, even among educated Chinese and Indians, remained appallingly low.*”⁴¹ Thus, although there was steady progress made on the Sino-Indian relations through bilateral exchanges, the events that unfolded in 1998 proved that a decade’s period was too little to dispel the deep rooted mistrust and misunderstanding between India and China (Deepak 2005: 355).

The year 1998 marked a turning point in India’s political system. The Hindu nationalist party, the Bharatiya Janata Party (BJP) was voted to power in March 1998 and formed a coalition government with the support of 14 political parties. Atal Behari Vajpayee assumed the Office of Prime Minister. The BJP, had consistently held the position that India required nuclear weapons to safeguard its national security. On May 11 and May 13, 1998, India conducted five nuclear tests and brought international attention and concern to the subcontinent. Beijing’s

⁴⁰ The Agreement on Maintenance of Peace and Tranquillity along the LAC (1993), was signed when Indian Prime Minister Narasimha Rao visited China; Agreement on Confidence Building Measures in the Military Field along the LAC (1996), was signed when Chinese President Jiang Zenmin visited India. These two agreements are significant progress made on the border issue.

⁴¹ See Mansingh (2005), *India-China Relations in the Context of Vajpayee’s 2003 Visit*, The Sigur Center Asia Papers no. 21, available at <http://www.gwu.edu/~sigur/assets/docs/scap/SCAP21-Mansingh.pdf>.

initial response to the tests, reported in the *Xinhua News Agency* was restrained and simply expressed concern. However, beaten by India's Defence Minister, George Fernandes's polemic public comments about China being India's "potential threat number one", and by Vajpayee's letter to the US President Clinton published by the *New York Times* on May 13, 1998, linking Chinese threat in defence of India's nuclearization, China reacted angrily and strongly to the second series of nuclear explosions of May 13th and launched a rhetoric against India's nuclear tests.⁴² The bilateral relations were immediately damaged. "China threat" in this context is a tactical attempt to justify India's nuclear tests (Li 2009: 126). Though, China did play an important role in shaping the course of India's nuclear history through the 1998 tests, had India adopted a little cautious approach, the new negative factor in Sino-Indian relations could have been avoided. In essence, Chinese reaction was directed more against being labelled as the primary motivation for India developing a nuclear capacity rather than against the tests themselves (Ye 1998: 7-10). Nevertheless, maintaining good relations with China was also in India's national interests. Following the Chinese reaction, voices of criticism were raised in India against the Government's unwarranted and provocative depiction of China as the country's prime threat, especially from the left-leaning Indian political parties. India began to moderate its "China-threat" rhetoric and adopted a proactive diplomatic approach towards China. This time, bilateral relations recovered rather quickly.

However, with the eruption of conflict at Kargil in 1999 between India and Pakistan presented a new test for the relationship. In June, the conflict escalated into a full-scale war. At this critical point, Indian Foreign Minister Jaswant Singh visited China and received the assurance from Chinese leaders that China would not back Pakistan's offensive.⁴³ He also confirmed Chinese leaders that India perceived no threat from China. This visit was proved to be a key turning point in

⁴² See Deepak (2005: 359-360); Perkovich (1999: 415); Sidhu and Yuan (2003: 30).

⁴³ On China's posture during the Kargil conflict, see Garver (2004).

Sino-Indian relations. The dialogue process was resumed. The year 2000 was the 50th anniversary of the establishment of diplomatic relations between India and China. Indian President K. R. Narayanan's visit to China in 2000 marked a gradual re-engagement of Indian and Chinese diplomacy. High-level exchanges between the two countries returned. Li Peng, Chairman of the National People's Congress, visited India in January 2001. Chinese Premier Zhu Rongji visited India in January 2002 with a focus on economic issues. Zhu emphasized that India and China are "*neighbors and friends*," and that as the largest and most populous countries in Asia they have a greater responsibility for maintaining peace, security and stability in Asia-Pacific region. Vajpayee also stated in response that "*China does not pose a threat to India, nor does India believe that China regards India as a threat*" to ensure China India's willingness to cooperate.⁴⁴ Both sides agreed that China and India had much more consensus than disagreement, and many more common interests than differences. Based on the fact that since the attacks of September 11, terrorism had emerged as a challenging issue in world politics, both sides agreed to set up a consultation mechanism to fight terrorism. Zhu reiterated China's stance on the Kashmir issue, and expressed hope that India and Pakistan could peacefully resolve their disputes through dialogue and consultation. Moreover, Zhu made a five-point proposal on the full development of bilateral relations: maintaining high-level exchanges between the two nations and exchanges in all fields, strengthening mutually beneficial cooperation in economy and trade, promoting exchange and cooperation in science and technology, pushing forward regional economic cooperation, and properly handling those problems existing between the two countries.⁴⁵ A new momentum emerged following the high-level exchanges between the two countries.

⁴⁴ "Premier Zhu's visit set to expand Sino-South Asia cooperation: roundup," *People's Daily*, January 18, 2002, available at http://english.people.com.cn/200201/18/eng20020118_88931.shtml.

⁴⁵ Ibid.

3.4 Conclusion

This chapter reviewed the Sino-Indian relations after 1949 when both countries, as new nation states, emerged out of colonial rule onto the stage of world politics. There was a brief period of cooperative relationship between them at the beginning, but soon they were caught up in the politics of the Cold War. The un-demarcated common border left by the British to India and China led to the Sino-Indian border dispute and the border tensions finally escalated in the fall of 1962 into a limited war. Relations between both countries reached the lowest point in the 1960s. The brief but bitter war caused a tremendous psychological influence on India, which led it to strengthen its military capacities. The 1962 Sino-Indian border war also a catalyst for the aggravation of Sino-Soviet relations. While the Sino-Soviet alliance collapsed, the Soviet-Indian ties were strengthened. The stalemate of the Sino-Indian relations was not only hurting on both sides, but also strengthened the Cold War dynamics in the South Asia region. By the early 1970s, the power dynamics was as follows: China sided with Pakistan and the United States, and India sided with the Soviet Union. Hence, Sino-Indian relations were constrained by the Sino-Soviet antagonism and the Indo-Pakistani confrontation.

The deep freeze of the Sino-Indian relations did not thaw until they restored ambassadorial-level relations in 1976. The relationship between India and China improved at a very slow pace between the mid-1970s and the mid-1980s. The new drive for the Sino-Indian rapprochement was given by the adjustment in the Soviet Union's foreign policy. From 1985 to 1989, Mikhail Gorbachev's new Asia policy of maintaining friendly relations with India and normalizing relations with China created a positive atmosphere for both Sino-Indian and Sino-Soviet relations (Liu 1994: 122-123). It was in this context, that Indian Prime Minister, Rajiv Gandhi, visited China in 1988, leading to the full normalization of Sino-Indian relations.

Furthermore, in the 1980s and 1990s, the economic development became a main theme of the two countries' strategic planning. The Chinese economic reform (started in late 1970s) as well as Indian liberalizing efforts started from the early

1990s created a new atmosphere for their interaction which is very different from the one set by the Cold War. Since then, bilateral trade between India and China has increased markedly. The old themes of rivalry and threats were gradually replaced by themes of economic development in the post-Cold War structure. Yet, the border issue remained unresolved and belongs to the most protracted problems between the two countries. On the security issue, India's Pokhran II nuclear test in 1998 led to a new setback of their relations. However, this time, the restoration process soon began and a broad consensus was reached on the bilateral relationship and the strengthening of cooperation and coordination in international and regional affairs. India-China relations gradually entered a new stage of overall development, which will be addressed in the next chapter.

4 Current Dynamics (2003-2012)

In this chapter the period of the overall development (2003-2012) of the Sino-Indian relations will be reviewed. This period is the main focus of my analysis. I will begin with the general settings of the period and then go through seven major issue-areas, including economic relations, cultural and educational issues, multilateral cooperation, energy relations, Tibet problem, military and security issues, and China-Pakistan-India triangle. These issue-areas will provide a general picture of the relations in this period.

4.1 General Settings

After the temporary setback of 1998 due to India's nuclear tests, Sino-Indian relations in the 21st century continue to develop and diversify in a steady manner. The economic liberalization of India launched in the 1990s strengthened India's economic ties with China and paved the way for the idea of deepening synergies between them. At the beginning of the new century, the economic impetus became self-sustaining and bilateral ties now began to branch into other levels. Started with Vajpayee's China visit in 2003, the relationship has witnessed regular summit-level meetings and intensified high-level exchanges. For a better understanding of

India-China relations in this period, it is important to first look at the global settings.

One of the main features of the international system in this period is the unipolar reality of which the United States is the sole superpower. In terms of military-political power, the United States is the only country in the early 21st century that possesses the ability to project military power on a global scale. The question that remains for analysts is how long this “unipolar moment” will last, since the power balance does not rest in a state of static equilibrium.⁴⁶

Another main feature is globalization, emerged in the late 1980s. The revolution in communication and information technology has led to a faster movement of goods, products, technologies, capital, idea and expertise, as well as human beings such as travelers and tourists, causing an increasing interdependence between peoples and states. In this context, it is becoming more often the case that the use of force might jeopardize a state’s economic objectives (Nye 2003: 5-7). This realization indicates that the global accent has gradually shifted to economic development in the post-Cold War era, especially for developing countries. The importance of economics became a major determinant in its own right, instead of the military-centric point of view.

From June 22-27, 2003, Indian Prime Minister Vajpayee paid a six-day official visit to China. Vajpayee and Chinese Premier Wen Jiabao signed the *Declaration on Principles for Relations and Comprehensive Cooperation* on 23 June. Although it is only a framework document, the Declaration still indicates how far the two had progressed from the mutual suspicion of 1998. At the beginning of the Declaration both sides explicitly stated that “*the common interests of the two sides outweigh their differences*,” and that they would “*fully utilize the substantial potential and opportunities for deepening mutually beneficial cooperation*.” These two points make the Declaration distinct from previous bilateral document, implying that the

⁴⁶ On the concept of “unipolar moment” and the US’s role as the sole superpower in the international system after the Cold War, see Krauthammer (1990).

bilateral relationship would emphasize a firm foundation based on “common interest.” Both sides agreed to promote a “*long-term constructive and cooperative partnership*.” It was decided that the foreign affairs ministers would hold annual consultations, and that personnel exchanges between ministries, parliaments, political parties, and the militaries of the two countries should be further enhanced. On the boundary issue, the Declaration marks the first public acknowledgement of seeking eventual solutions of border dispute based on political considerations. It was decided to establish Special Representatives’ Meeting to explore the framework for a boundary settlement.⁴⁷

After the Indian general elections of 2004, BJP lost office. Manmohan Singh of the Congress Party assumed control and the Congress Party continued the policy line of the former government to seek a stable and mutually cooperative relationship with China. One year later, in April 2005, Chinese Premier Wen Jiabao visited India. The two governments signed a Joint Statement and a series of new bilateral documents on economic, cultural and border issues. The most significant move in the 2005 Joint Statement, compared to the Declaration of 2003, was the agreement “*to establish an India-China Strategic and Cooperative Partnership for Peace and Prosperity*.”⁴⁸ It reflects the consensus that bilateral relations had acquired a global and strategic perspective. Another move was on the energy question. India and China agreed to cooperate in the field of energy security and conservation due to the challenges from the enormous energy requirement of their rapid growing economies. In addition, the two sides also declared 2006 as the “Year of India-China Friendship” to promote mutual awareness and to deepen the friendship between the two peoples.

The 2003 and 2005 bilateral documents provide a road map for the development of relations and comprehensive cooperation between India and China.

⁴⁷ *Declaration on Principles for Relations and Comprehensive Cooperation between the People’s Republic of China and the Republic of India*, June 25, 2003.

⁴⁸ *Joint Statement of the Republic of India and the People’s Republic of China*, April 11, 2005.

They indicate the “course correction” from the earlier approaches adopted by the two governments to a conscious attempt at charting a new way out of a tangled historical legacy.⁴⁹ The achievement acquired by these two visits was further elaborated as the “ten-pronged strategy,” expressed in the bilateral document signed in November 2006 during China’s President Hu Jintao’s visit to India. The “ten-pronged strategy” includes the following aspects: 1. ensuring comprehensive development of bilateral relations; 2. strengthening institutional linkages and dialogue mechanisms; 3. consolidating commercial and economic exchanges; 4. expanding all-round mutually beneficial cooperation; 5. instilling mutual trust and confidence through defence cooperation; 6. seeking early settlement of outstanding issues; 7. promoting trans-border connectivity and cooperation; 8. boosting cooperation in science and technology; 9. revitalising cultural ties and nurturing people-to-people exchanges; 10. expanding cooperation on regional and international stage.⁵⁰ The “ten-pronged strategy” does not provide any concrete measure about how to achieve the cooperation, nevertheless, it prescribes a cooperative keynote for the significant bilateral issues at the political level.

4.2 Economic Relations

Trade and economic relations are an important part of India-China bilateral relations and have witnessed continuous expansion and deepening over the past two decades. The opportunities of the bilateral trade and economic relationship are enormous and manifold.

In matters of trade, it has achieved rapid growth. In 1984, the two sides signed the Most Favored Nation Agreement. In 2000, India-China bilateral trade volume was US\$2.92 billion and this reached US\$73.9 billion in 2011. In 2008, China

⁴⁹ See Acharya’s analysis about the two important Agreements (Acharya 2011).

⁵⁰ *Joint Declaration by the Republic of India and the People’s Republic of China*, November 21, 2006.

became India's largest goods trading partner, replacing the United States.⁵¹ However, the trade deficit for India has remained a big problem in their trade relations. By 2011, India's trade deficit had risen to over US\$27 billion.⁵² India is very concerned with the fast-widening trade deficit and with Indian exports, largely made up of iron ore, other raw materials and cotton. China, in contrast, exports finished goods to India, mainly machinery. The high volumes of Chinese trade in India is also focussed on infrastructure development, especially telecom and energy generation equipment. Although trade has emerged as a strong binding force for the bilateral ties, the imbalances in trade and trade frictions have also become a source of discords and other uneasiness in the relations. Just as Amit Mitra, Secretary General of the Federation of Indian Chambers of Commerce & Industry (FICCI) addressed:

*Not only is India's exports to China less than one-third of China's exports to India, hidden in the statistic is the quantum of raw material exports from India like iron ore which at one time, smacked of neo-colonial trade relations. Obviously, such large imbalances in trade and the skewed components in the trade basket are not sustainable. They are not conducive to a deepening economic friendship and needs urgent correction.*⁵³

The challenge for India is to diversify its export basket to China. The Indian government has urged Indian business to actively pursue opportunities for expanding non-traditional items of export and called for greater market access for Indian goods in China as a means of dealing with the rising trade deficit. India's concerns over trade deficit have been acknowledging by the Chinese government

⁵¹ India, Ministry of Foreign Affairs, Briefs on India's Bilateral Relations, available at http://www.mea.gov.in/Portal/ForeignRelation/India-China_Relations.pdf.

⁵² "India-China trade hits all time high of USD 73.9 billion in 2011," *India Today*, January 29, 2012, available at <http://indiatoday.intoday.in/story/india-china-trade-hits-all-time-high-of-usd-73.9-billion-in-2011/171137.html>.

⁵³ *India China Ties: 60 Years 60 Thoughts*, available at <http://www.indianembassy.org.cn/publications.aspx>, Embassy of India, Beijing.

and efforts are being made to improve market access for Indian products in China. These measures include supporting Indian participation in China's national and regional trade fairs, advancing of trade facilitation, enhancing exchange and cooperation of pharmaceutical supervision, stronger relationships between Chinese enterprises and Indian IT industry and speedier completion of phyto-sanitary negotiations on agro products.⁵⁴ However, the trade deficit has its structural roots and will not be overcome in the short term. Moreover, India is worried that a large number of Chinese cheap goods could hurt domestic industry. According to the Indian Minister of State for Commerce and Industry Jyotiraditya Scindia in December 2012, India initiated 149 anti-dumping cases against China, accounting for more than 50 per cent of all cases India had filed against foreign countries.⁵⁵

On the mutual investment front, despite strong potential for development, their mutual investment is still limited. By October 2011, India's FDI in China reached US\$432,98 million comparing with China's FDI in India of US\$298,75 million.⁵⁶ Chinese investments in India are still being confronted with lots of restrictions, either due to protection of its own market or considerations of security reasons. Nevertheless, there has been an upswing in Chinese investments since the two countries signed a bilateral investment protection and promotion pact in November 2006. According to India's 12th Five Year Plan, India's infrastructure sector will require investment of about US\$1 trillion. This will provide enormous opportunity for Chinese companies investing in India.

There are several institutional mechanisms for India-China economic ties. The first mechanism is the India-China Joint Economic Group (JEG). India-China Joint Economic Group is a ministerial-level dialogue mechanism established in 1988

⁵⁴ *Joint Communiqué of the Republic of India and the People's Republic of China*, December 16, 2010.

⁵⁵ "India China meet to discuss trade disputes," *The Hindu*, April 15, 2012, available at <http://www.thehindu.com/news/international/indiachina-meet-to-discuss-trade-disputes/article3315474.ece>.

⁵⁶ India, Ministry of Foreign Affairs, Briefs on India's Bilateral Relations.

during the visit of former Prime Minister Rajiv Gandhi to China. JEG had met eight times by 2011. Since 2003, there has been a remarkable increase in establishing new mechanisms. In 2003, a Joint Study Group (JSG) was set up to examine the potential complementarities between the two countries in expanded trade and economic cooperation. It suggested setting up a Joint Task Force (JTF) for studying the feasibility of a China-India Regional Trade Arrangement. The JTF Report was completed in 2007. It recommended Free Trade Agreement (FTA) as a mechanism to boost trade dynamics between the countries. However, due to the current state of Sino-Indian trade, a free trade agreement is likely to benefit China more than India. Therefore, India is reluctant for a FTA with China. In order to reach such an agreement, there has to be a trade-off, so that both sides can balance the gains and losses and the agreement has to be a comprehensive one that includes trade in both goods and services (Virmani 2006: 280).

In 2010, both sides agreed to set up the India-China Strategic Economic Dialogue (SED) for further India-China economic engagement. They also agreed to establish an India-China CEO's Forum to deliberate on business issues and to make recommendations on expansion of trade and investment cooperation.⁵⁷ The first SED was held from September 26-27, 2011, in Beijing. The official meetings included detailed deliberations in three working groups on investment and infrastructure, water management and energy efficiency. The two sides also agreed to stay committed to deepening bilateral investment cooperation, further opening markets and improving the investment environment in both countries to lay a solid foundation for pragmatic cooperation between the businesses of the two countries.⁵⁸

⁵⁷ *Joint Communiqué*, December 16, 2010.

⁵⁸ "India, China agree to deepen bilateral investment, open mkts," *Business Standard*, September 26, 2011, available at <http://www.business-standard.com/india/news/india-china-agree-to-deepen-bilateral-investment-open-mkts/147560/on>.

Economic ties have also been tightened in the financial sector. As their influence on the international monetary market increased, this was seen as a matter of necessity. Since the Memorandum of Understanding (MoU) on the launch of the financial dialogue between India and China was signed in 2005, the two sides had held five financial dialogues by 2011. In 2010, a MoU between the Reserve Bank of India and China Banking Regulatory Commission to increase banking and financial cooperation was concluded. India and China also agreed to grant permission to the banks of the other country to open branches and representative offices.⁵⁹ In 2011, the Industrial and Commercial Bank of China opened its first branch office in Mumbai, marking a new milestone in bilateral financial cooperation.⁶⁰

The growing travel connections between India and China mark further evidence of the growing economic ties between both countries. In March 2002, India and China opened the first direct flight between them from Beijing to New Delhi.⁶¹ In 2005, a MoU was signed, providing for major liberalization of air links between India and China.⁶² Since then, flights between the two countries have increased exponentially as trade further grows. By 2011, eight direct air links had been launched, including Beijing-New Delhi, Shanghai-New Delhi, Guangzhou-New Delhi, Chengdu-Bangalore, Kunming-Kolkata, Shanghai-Mumbai, Beijing-Mumbai, Shenzhen-Kolkata.

In addition to governmental efforts, the local governments have been also playing an active role in strengthening India-China economic ties. Sichuan province in China's southwest agreed with West Bengal to promote commercial

⁵⁹ *Joint Communiqué*, December 16, 2010.

⁶⁰ Speech by Zhang Yan, Ambassador of PRC to India, January 9, 2012, available at <http://in.china-embassy.org/eng/zt/exchange2011/t894962.htm>.

⁶¹ "China, India open direct air links," *People's Daily*, March 29, 2002, available at http://english.peopledaily.com.cn/200203/29/eng20020329_93082.shtml.

⁶² *Joint Statement*, April 11, 2005.

exchanges.⁶³ Its capital Chengdu, is ambitious to attract Indian IT companies to replicate the success of India's Bangalore, a hub for India's IT sector.⁶⁴ Gujarat, which is considered to be India's growth engine, is also actively seeking Chinese investment. In November 2011, during its chief Minister Narendra Modi's visit in China, there were about 80 Chinese companies present in a key business meeting "Business and Investment Opportunities in State of Gujarat," jointly held by the embassy of India along with the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME).⁶⁵ Shortly before his visit, a MoU was signed in New Delhi to confirm the investment by the Chinese energy company TBEA in Gujarat to develop a green energy park at an investment of Rs 2,500 crore.⁶⁶

4.3 Exchanges and Cooperation in Culture and Education

In the Joint Declaration between India and China of 2006, one aspect of the "ten-pronged strategy" is the revitalization of cultural ties and nurturing people-to-people exchanges. Since then, many programs in cultural and educational exchanges and cooperation have been launched, making this a focus in the relations. The development indicated that leadership in both countries have realized the importance and urgency of enhancing mutual understanding between two peoples, and fostering people-to-people contacts as one of the best ways to achieve this goal.

⁶³ "Trade fair venue shifted to Salt Lake," *Hindu Business Line*, January 18, 2007. <http://www.thehindubusinessline.com/todays-paper/tp-economy/article1646742.ece>.

⁶⁴ "Panda city collects Indian techies as it builds a Bangalore," *Hindustan Times*, December 14, 2009.

⁶⁵ "Narendra Modi seeks Chinese investments for Gujarat," *The Economic Times*, November 9, 2011, available at http://articles.economictimes.indiatimes.com/2011-11-09/news/30377684_1_chinese-investments-in-dia-and-china-china-india.

⁶⁶ "Chinese firm's India deal, hailed as example, serves as warning," *The Hindu*, November 9, 2011, available at <http://www.thehindu.com/todays-paper/tp-national/chinese-firms-india-deal-hailed-as-example-serves-as-warning/article2610339.ece>

The year 2006 was declared as the India-China Friendship Year. The year 2007 was the India-China Year of Friendship through Tourism.⁶⁷ In order to reinforce traditional cultural links, an agreement was concluded for the construction of an Indian-style Buddhist temple at Luoyang in Henan Province of China in 2005. In May 2010, President Pratibha Devisingh Patil inaugurated the temple during her visit to China.⁶⁸ In February 2007, the Xuanzhang memorial hall was inaugurated at Nalanda in Bihar. China also contributed US\$1 million for India's effort to build a modern international Nalanda University.⁶⁹

In 2005 the two sides announced the launching of regular youth exchange activities.⁷⁰ In 2010, the two sides further decided to encourage greater exchanges between the civil society organizations, youth, media, scholars, think-tanks, artists and cultural personalities. Memorandum of Understanding on Media Exchanges as well as the Programme of Cultural Exchanges between the Government of the People's Republic of China and the Government of the Republic of India for the year 2010-2012 were signed. Both sides agreed to discuss compiling an encyclopaedia on India-China cultural contacts.⁷¹ The Indian Embassy in Beijing also launched a public diplomacy campaign aimed at directly reaching out to young, middle-class Chinese by opening an account on the popular Sina Weibo microblog, which has more than a hundred million users.⁷² According to Mr. Jaishankar, Indian Ambassador to China, getting on Weibo was part of a larger campaign to make the Indian Embassy's public diplomacy initiatives more interactive. It was an attempt to connect Chinese young people to present a more updated image of India

⁶⁷ *Joint Declaration*, November 21st, 2006.

⁶⁸ India, Ministry of Foreign Affairs, Briefs on India's Bilateral Relations.

⁶⁹ *Joint Communiqué*, December 16, 2010.

⁷⁰ *Joint Statement*, April 11, 2005.

⁷¹ *Joint Communiqué*, December 16, 2010.

⁷² See the account of Indian Embassy in Beijing on Sina Weibo, available at <http://e.weibo.com/u/2261322181?sudaref=www.google.de>. Microblogs have grown rapidly over recent years to become the most popular platform for debate and information-sharing in Chinese cyberspace. A number of foreign embassies in China have opened Sina Weibo microblogs' accounts to directly reach out to the Chinese public.

in China where perceptions are still rooted in images of Indian cinema from the 1950s and 1960s.⁷³

India-China relations in the field of education were further strengthened. The Central Board of Secondary Education (CBSE) of India introduced Chinese as a foreign language in the curriculum of schools in India in 2011. China decided to offer support for training Chinese language teachers and provided Chinese language training materials. The two sides also declared the establishment of the India-China Outstanding College Students Exchange Programme, and agreed to work on an agreement on mutual recognition of degrees and diplomas.⁷⁴

4.4 Multilateral Cooperation

In the current international system, it is increasingly felt that cooperation rather than confrontation should govern approaches to regional and global affairs. Multilateral cooperation has become a norm that has been gradually accepted by states. The following paragraphs from the Declaration of 2003 indicate the consensus of the two governments about multilateral cooperation at the regional level:

*The two sides supported multilateral cooperation in Asia, believing that such cooperation promotes mutual beneficial exchanges, economies growth as well as greater cohesion among Asian countries. The two sides viewed positively each other's participation in regional and sub-regional multilateral cooperation process in Asia.*⁷⁵

Currently, the major regional frameworks in which both India and China are engaged include the East Asia Summit (EAS), the Shanghai Cooperation Organization (SCO), the South Asian Association of Regional Cooperation

⁷³“India starts ‘tweeting’ in China in public diplomacy push,” *The Hindu*, August 7, 2011, available at <http://www.thehindu.com/news/international/article2333727.ece>.

⁷⁴ *Joint Communiqué*, December 16, 2010.

⁷⁵ *Declaration on Principles for Relations and Comprehensive Cooperation between the People's Republic of China and the Republic of India*, June 25, 2003.

(SAARC).⁷⁶ Yet cooperation between India and China in these regional regimes is far from rosy, mainly due to interfering factors such as geopolitical considerations, security concerns, entanglement and disputes among members.

In the case of SAARC, since its inception in 1985, the process of SAARC has been hijacked by India-Pakistan relations and India's dominance in South Asia. India would not like to see any regional institution being used as a vehicle to countervail it.⁷⁷ Moreover, India has been reluctant to see a growing Chinese influence in its backyard. Given its interests in South Asian countries, China also shows great interest in SAARC. In the Dhaka Summit of 2005, India agreed on China's observer status in the SAARC but as a condition, Japan also joined as an observer. As the subcontinent's geopolitical weight grows, international interest in SAARC is increasing. Today, SAARC has nine observers, but it still refrains from admitting new members.⁷⁸ The "China factor" is largely responsible for this. India's smaller neighbors, especially Pakistan and Bangladesh want to see China playing a larger role in the economic development of the region and taking a more active part in the SAARC process. Though China has invested considerable diplomatic and economic resources in pushing its links with the SAARC, *"the one missing link in China's SAARC policy is a comprehensive dialogue with India on South Asia,"* commented the Indian analyst C. Raja Mohan. He suggested that *"a structured bilateral conversation between Beijing and Delhi could help dispel the notion of a Sino-Indian rivalry in the subcontinent and explore ways to leverage*

⁷⁶ There is also multilateral regional forum the Bangladesh-China-India-Myanmar Forum for Regional Cooperation (BCIM), which is at the "track-two" level.

⁷⁷ "India and Its Neighbours," speech by Indian Foreign Minister Shyam Saran at the India International Center (IIC), February 14, 2005, http://mea.gov.in/Speeches-Statements.htm?50/Speeches_amp;_Statements.

⁷⁸ There could be a move in this direction in the coming years. The 2011 Addu Declaration of the 17th SAARC Summit in Maldives included the decision to "undertake a comprehensive review of all matters relating to SAARC's engagement with Observers, including the question of dialogue partnership, before the next Session of the Council of Ministers in 2012." See Addu Declaration, November 14, 2011, available at <http://www.saarc-sec.org/2011/11/14/news/ADDU-DECLARATION/79/>.

the weight of the world's two fastest-growing economies for regional stability and prosperity.”⁷⁹

As two regional powers, they are very concerned about the other's influence in the region in which they dominate. This has created problems to their cooperation at regional level. However, in international regimes, such as the WTO, the BRICS grouping, the G20 major economies, the UN Framework Convention on Climate Change (UNFCCC), it seems that India and China find greater room for cooperation, not only because they have common interests as the two largest emerging economies and developing countries in these regimes, which lay a solid foundation for their cooperation, but also because there is less entanglement of security concerns and other disputes when it is beyond the region. This creates a better condition for them to set their differences aside and find common positions. For example, in the WTO negotiations of 2003, India and China, together with Brazil and South Africa, formed a negotiating bloc with some other developing countries and submitted an alternate plan to the WTO demanding immediate removal of export and production subsidies on agriculture in developed countries. This proposal marked the creation of the G-20 developing country grouping at the WTO (Chakraborty and Sengupta 2006: 52). During the UN's Climate Change Conference of 2009, the cooperation of India and China was one of the remarkable features, irrespective of the outcome at Copenhagen that the conference did not achieve a binding agreement for long-term action. Together with Brazil and South Africa, they urged developed countries to fulfil their obligations and commitments, forced the western nations to accept the principle of equity while drafting the final agreement that protected the rights and interests of the emerging economies and large developing countries.⁸⁰ The Chinese appreciated the fact that India stood

⁷⁹ “South Asia Rising,” by C. Raja Mohan, available at <http://www.cprindia.org/blog/security/3583-south-asia-rising>

⁸⁰ “Bonding at Copenhagen Cemented India-China Relations,” by Zhang Yan, Ambassador of PRC to India, available at <http://in.china-embassy.org/eng/sgxw/t651205.htm>.

with China and ensured that China could not be isolated.⁸¹ Trust was built on climate change through the two countries' coordinated approach to the Copenhagen negotiations. In 2010, India and China agreed to continue their consultations on climate change negotiations and strengthen bilateral cooperation in green technologies.⁸² The BRICS group is another successful example of India and China's cooperation in multilateral regimes. Chinese President Hu Jintao claimed BRICS countries are the defender and promoter of the interests of developing countries.⁸³ Although the grouping has been criticized for having less in common than other large emerging economies, its development has gained momentum based on practical cooperation, especially in the context of global financial crises since 2008. The BRICS Summit in New Delhi in March 2012 indicated that the members focused more on matters related to economic issues than political.⁸⁴ Their decision to create a joint development bank, as a possible alternative to international banks, and trade in local currencies, stand as important achievements that highlight BRIC countries increasing influence in global decision-making and a shift of economic power towards the emerging countries.

4.5 Energy Relations

India and China have also emerged as two super energy consumers as their economies continue to grow. Limited energy resources in China and India have led to an intense competition for oil and gas fields. Since current international energy security framework is dominated by the United States, both India and China opted for acquiring overseas energy assets for their energy security based on the view that

⁸¹ "How India saved China from isolation at Copenhagen," *The Times of India*, May 9, 2010, available at http://articles.timesofindia.indiatimes.com/2010-05-09/india/28305207_1_india-and-china-copenhagen-talks-climate-change.

⁸² *Joint Communiqué*, December 16, 2010.

⁸³ "BRICS is the defender of the developing world," *The Hindu*, March 28, 2012, available at <http://www.thehindu.com/opinion/interview/article3251562.ece>.

⁸⁴ 4th BRICS Summit, Delhi Declaration, March 29, 2012, available at <http://mea.gov.in/bilateral-documents.htm?dtl/19158/Fourth+BRICS+Summit++Delhi+Declaration>.

global energy markets and open access can be manipulated and restricted by American-led effort. Though Chinese companies have performed better than India in the quest for energy assets overseas, the rivalry between Indian and Chinese companies is to the disadvantage of both, regardless of who eventually win the bid. As it happened in Angola in October 2004, India bid US\$600 million for a 50% stake in Shell's Angola oil field Block 18 with a promise to include US\$200 million to support Angola's ongoing project on railway construction. India's bid was outbid by China with a US\$2 billion offer (Singh 2010). After several such expensive biddings against each other, they realized any intense competition would be detrimental as it would not only contribute to price escalations but also bilateral tensions. Hence they started energy cooperation so that the competition for energy would not become a zero-sum game.

In 2005, the two countries agreed to cooperate in energy security and energy savings, including through an active collaboration in the survey and exploration of oil and natural gas resources in third countries.⁸⁵ Since then there have been encouraging signals that their energy cooperation has been working. In December 2005, oil companies from the two countries teamed up for the first time to purchase 37% of Petro-Canada's stake in Syria at a cost of US\$573 million. In August 2006, China and India jointly acquired 50% of the shares of an oil field in Colombia (Kumaraswamy 2008: 351). In January 2006, Indian Petroleum Minister Mani Shankar Aiyar led an Indian natural gas delegation to visit China and signed five MoUs, most of them dealing with information sharing and cooperation between companies.⁸⁶ In the first India-China Strategic Economic Dialogue held in September 2011 in Beijing, there was a separate working group on energy efficiency, besides two other working groups on water management and on investment and infrastructure.

⁸⁵ Article 9, *Joint Statement*, April 11, 2005

⁸⁶ "China, India sign energy agreement," *China Daily*, January 13, 2006, available at http://www.chinadaily.com.cn/english/doc/2006-01/13/content_511871.htm.

Moreover, India and China can coordinate their positions to gain more in global energy market. The multilateral energy dialogue has become a stage for Sino-Indian energy cooperation. In early 2005, India hosted a round table meeting of “Asian Ministers on Oil Cooperation.” At the meeting, major oil-consuming countries in Asia, including China, Japan, South Korea and India, agreed to adopt a unified position to deal with the “Asian oil premium” and oil security issues together. On Dec 16, 2006, energy ministers of China, the US, Japan, South Korea, and India met in Beijing to discuss energy security issues.⁸⁷ China, India also agreed to explore energy cooperation within the framework of the BRICS.⁸⁸

To sum up, though the initial driver in this issue area was competition, it fostered a sense of interdependence and led to cooperation. Not only the two countries discovered repeatedly that they were being played off each other by oil producers, but also they frequently fell short in competing against Western oil companies due to their inferior position in expertise and experience. This led to the formation of an alliance toward influential energy suppliers and cartels. Their potential cooperation in the energy sector includes joint bidding, energy efficiency, clean and renewable energy, civil nuclear energy, downstream and upstream cooperation, transmission and city distribution of gas, multilateral energy frameworks, pipeline networking etc (Singh 2010). Although the progress of energy cooperation has been slow with some slippery slopes, their energy cooperation has been widely supported by the two governments and other actors such as company leaders and think tanks (Kumaraswamy 2007; Noronha and Sun 2008).⁸⁹

⁸⁷ “China, India stoke energy bond,” *China Daily*, February 2, 2010, available at http://www.china.org.cn/opinion/2010-02/02/content_19349578_2.htm.

⁸⁸ 4th BRICS summit, Delhi Declaration, March 29, 2012.

⁸⁹ In 2011, India’s junior oil minister, R.P.N. Singh conceded the progress was slow, see “Oil firms in China and India pull closer,” *The Wall Street Journal*, June 19, 2012, available at <http://online.wsj.com/news/articles/SB10001424052702303836404577476090216555460>.

4.6 Military and Security Issues

4.6.1 Border Dispute

The border dispute between India and China is no longer the largest hurdle in the development of their relations. It has moved into a qualitatively different state, which may be termed post-conflictual, that is, if current trends continue, force is unlikely to be used to settle the ongoing dispute (Acharya 2011: 159). Nevertheless, it has been constantly casting a shadow on their relations and has remained as one of the major sources of trust deficit between them.

The most important development in border issues from 2003 onwards, is the establishment of the Special Representatives' Meeting. Since 1981, when India and China began to negotiate their border, three institutions for border negotiations have been set up. The first institution is the eight rounds of border talks at the vice-ministerial level from 1981-1987. The second institution is the Joint Working Group (JWG) on the border which was established in 1988, replaced the vice-ministerial border talks. The third institution is the Special Representatives' Meeting established during Indian Prime Minister Vajpayee's visit to China in 2003. Its assignment is *"to explore from the political perspective of the overall bilateral relationship the framework of a boundary settlement."*⁹⁰ The Special Representatives-level talks and the JWG's work do not preclude each other. The JWG deals with the technical aspects of the border question such as the clarification of the LAC and the implementation of CBMs, while the Special Representatives' Meeting discuss the question at a political level. As a major achievement of the Special Representatives' Meeting, the Agreement on Political Parameters and Guiding Principles for the Settlement of the Border Question was signed during Chinese Prime Minister Wen Jiabao's visit to India in April 2005. According to this Agreement, both sides agreed to arrive at "package settlements."

⁹⁰ *The Declaration on Principles for Relations and Comprehensive Cooperation*, June 25, 2003.

This represented a major change in the Indian approach to the resolution of the problem as compared to the previous sector-by-sector approach.

Another meaningful progress in the border issue is the re-opening of border trade through Nathula Pass, which belongs to a series of CBMs in border areas in recent years. The decision was made during Vajpayee's visit to China in 2003. After three years of preparation, the Nathula Pass was reopened in 2006. Although the border trade running in Nathu La did not live up to expectations, the decision has symbolic significance.⁹¹ First, the trade through Nathu La was suspended since the 1962 war, hence, the resumption is a historic event in bilateral relations; second, it established firmly China's recognition of Sikkim as a part of India, a precondition to reach such an agreement.

The Special Representatives' work is essentially divided into three phases and the first phase was successfully completed with both sides agreeing on the Political Parameters and Guiding principles for the settlement of the Indo-China boundary question in April 2005. In the second phase of the boundary negotiations, the special representatives are expected to draw a framework for the resolution of the boundary based on the agreed political parameters and guiding principles. The third phase is the delineation and demarcation phase based on an agreed framework. Current Special Representatives' work is at the second phase.

The present situation in India-China dispute areas is that there is no commonly delineated Line of Actual Control (LAC) between India and China, and both sides patrol up to their own perceptions of the LAC in some area. As the Indian Defence Minister A.K. Antony described:

There are few areas along the border where India and China have different perceptions of LAC including territory in Arunachal Pradesh. Both sides patrol

⁹¹ "Nathula Pass trade draws blank as traders stay away," *The Hindu Business Line*, May 8, 2008, available at <http://www.thehindubusinessline.in/bline/2009/05/09/stories/2009050951041700.htm>.

*up to their respective perceptions of LAC due to perceived differences in its alignment.*⁹²

Hence, border transgressions from both sides take place occasionally. In the 1990s, India and China signed two Agreements about CBMs in the border area.⁹³ Since then, peace and tranquillity along the Line of Actual Control (LAC) in the border areas is being largely maintained.⁹⁴ In Indian Foreign minister S M Krishna's words:

*Let me go on record to say that this (border with China) has been one of the most peaceful boundaries that we have had as compared to other boundary lines with other countries.*⁹⁵

However, Indian media reports have occasionally highlighted Chinese “incursions” or “intrusions” that agitated bilateral relations. The media hype on Chinese “incursions” reached a peak in August and in September 2009. For nearly a month-long period, there were breaking news about Chinese incursions, especially on the 24-hour TV news channels. This led to a war-like hysteria in India and seriously affected bilateral relations.⁹⁶ The incursions were, however, downplayed by the Indian government. According to Indian Army Chief Deepak Kapoor, there

⁹² “Closely monitoring activities in China, Pakistan: government,” *The Indian Express*, May 9, 2012, available at <http://www.indianexpress.com/news/closely-monitoring-activities-in-china-pakistan-government/947271/1>.

⁹³ These two agreements are Agreement on maintenance of peace and tranquillity along the LAC (1993) and Agreement on Confidence Building Measures in the Military Field along the LAC (1996).

⁹⁴ India, Ministry of Foreign Affairs, Briefs on India's Bilateral Relations, available at http://www.mea.gov.in/Portal/ForeignRelation/India-China_Relations.pdf.

⁹⁵ “Border with China most peaceful: Krishna,” *The Times of India*, September 8, 2009, available at http://articles.timesofindia.indiatimes.com/2009-09-08/india/28068984_1_incursions-chinese-troops-actual-control.

⁹⁶ “Indian Media declares war on China,” *India Today*, September 16, 2009, available at <http://indiatoday.intoday.in/story/Indian+media+declares+war+on+China/1/61929.html>.

was no increase in the number of such incidents as compared to last year.⁹⁷ Chinese Foreign Ministry spokeswoman Jiang Yu also denied the incursions.⁹⁸

In response to a reported Chinese aggression in PoK, Indian Foreign secretary Nirupama Rao gave her opinion concerning similar accidents. She said, “*The correct term is transgression and not incursion. There are transgressions from time to time when Chinese troops come over to our side of the line of actual control and occasionally we are told that we cross into their side,*” She said such issues had to be discussed rationally, “*There is no point in trying to raise the temperature and to accentuate tension.*”⁹⁹ Nevertheless, these Chinese “incursions” do raise much concern in India and reflect that part of the Indian society, especially the strategic community and the military have been very worried about China’s growing influence. The considerable tensions arising out of reported Chinese incursions across the border in the Indian media indicated the urgent need to establish some institutional mechanism for better and effective border management. It was against this background that during the 15th round of Special Representatives’ Meeting, held in January 2012, the Agreement on the Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs was signed. This border mechanism is expected to check cases of border transgression and address such cases effectively and expeditiously, which is a small but

⁹⁷ “No increase in incidents of Chinese incursions, Army chief,” *Indian Express*, September 19, 2009, available at <http://www.indianexpress.com/news/no-increase-in-incidents-of-chinese-incursio/519068/>, see also “India, China must resolve border issues to ensure peace: Krishna”, *Indian Express*, September 19, 2009, available at <http://www.indianexpress.com/news/india-china-must-resolve-border-issues-to-e/519099/>.

⁹⁸ China, Ministry of Foreign Affairs, Foreign Ministry Spokesperson Jiang Yu’s Regular Press Conference on September 8, 2009, available at <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t583010.shtml>.

⁹⁹ “MEA seeks report on China’s LoC presence,” *Hindustan Times*, April 7, 2011, available at <http://www.hindustantimes.com/India-news/NewDelhi/MEA-seeks-report-on-China-s-LoC-presenc/e/Article1-682171.aspx>.

significant step towards the settlement of border dispute between the two countries.¹⁰⁰

4.6.2 Military Exchanges

In 2003, Indian Defense Minister George Fernandes visited Beijing and helped ease the tensions after the Indian nuclear tests in 1998. Fernandes's China visit was followed by a return visit by Chinese Defense Minister Cao Gangchuan in March 2004. In 2006, China and India signed a MoU on defense cooperation during Indian Defense Minister Pranab Mukherjee's ongoing visit to China that formalized the regular and institutional contacts between the armed forces and defense officials and experts.¹⁰¹ The first Annual Defence Dialogue between India and China was held in Beijing in November 2007; in the same year, Indian and Chinese armies conducted their first joint training exercise "Hand-in-Hand" on land in China's Kunming province. In 2008, the joint exercises took place in Belgaum, India. However, 2009 witnessed a worsening of bilateral relations and in 2010 India suspended military exchanges with China after it was refused to grant permission to a senior Indian Army Commander to proceed on an official trip to Beijing.¹⁰² When the relations went back on the right track, the military exchanges soon resumed. In December 2011, both sides agreed to enhance defense exchanges and communications for better understanding and mutual trust in the Annual

¹⁰⁰ "India-China Special Representative Talks: Building Indo-China trust," *The Economic Times*, January 17, 2012, available at http://articles.economictimes.indiatimes.com/2012-01-17/news/30635916_1_india-china-border-dai-bingguo-chinese-side.

¹⁰¹ *MoU between the Ministry of Defence of the Republic of India and the Ministry of National Defence of the People's Republic of China for Exchanges and Cooperation in the field of Defence*, May 28, 2006.

¹⁰² "India mulls joint military exercises with China," *The Economic Times*, June 20, 2012, available at http://articles.economictimes.indiatimes.com/2012-06-20/news/32336067_1_joint-military-exercise-s-annual-defence-dialogue-chinese-navies.

Defence Dialogue. The third “Hand-in-Hand” military exercise was scheduled in 2013 as a major confidence-building measure between the two armies.¹⁰³

Generally speaking, bilateral military exchanges as a way of confidence building between the two armed forces have been steadily growing except for a setback in 2009 and 2010. Nevertheless, the demilitarization of the border area and their increasing military exchanges cannot change the fact that they have a disputed boundary. The defence of border is still prominent and the logic of balance of power continues in their military strategic planning.

4.6.3 Security Dilemma

Since the 1990s, China has made significant progress in modernizing its military. According to data from the Stockholm International Peace Research Institute (SIPRI), China’s military expenditure in 2011 totaled US\$129,272 billion (923 billion yuan), is the second-largest in the world. As a share of GDP, China’s military spending has remained extremely stable at approximately 2 per cent from 2001 to 2010.¹⁰⁴ Although China constantly emphasizes the peaceful intent of its military build-up, the high military expenditure has unavoidable caused concern among China’s neighbors, as well as the US.

India has also increased its military spending. The China factor does contribute to India’s military build-up, not only due to the prolonged border dispute but also due to the fact that in many ways India sees China as a rival for regional power. In 2011, India’s military expenditure was ranked seventh in the world and India became the world’s largest weapons importer. India’s share of military expenditure

¹⁰³ “India, China to boost defence ties, resume military exercises,” *The Times of India*, September 5, 2012, available at http://articles.timesofindia.indiatimes.com/2012-09-05/india/33614691_1_defence-ties-general-lian-g-guangle-military-exercises.

¹⁰⁴ See The SIPRI Military Expenditure Database, available at <http://milexdata.sipri.org/result.php4>.

in GDP is higher than China, which is in the range from 2.3 to 3 in the period 2001-2010.¹⁰⁵

In China, military regions of Chengdu and of Lanzhou, which border India, are responsible for defence against India. The Chengdu Military Region has its primary task of maintaining the stability of Tibet, of defence against attacks from India and of monitoring the boundary with Myanmar. The Lanzhou Military Region prioritizes security in the Xinjiang Uygur Autonomous Region and the Ali Prefecture of Tibet Autonomous Region, which includes part of the Aksai Chin area. China's military build-up is not specifically aimed at India since China's perceived security threat mainly comes from the Asia-Pacific region, including Taiwan, Japan, the US, and recently in the South China Sea. However, the modernizations in the two military regions do take India into account as a potential challenger.

In general, China's infrastructure along the LAC is much better than India's. By developing road, rail and air connectivity in Tibet and Xinjiang, China has connected all the passes and military posts on the LAC with highways, logistic depots and military installations. In India, the development of the northeast had been long ignored by the Government. Only in recent years, India began to rethink border issues with a particular focus on increasing military capability by strengthening infrastructure in its border areas with China, including the states of Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim and Arunachal Pradesh.¹⁰⁶ By 2011, several steps had been taken in the territory along the LAC including raising two mountain divisions of the Army and the deployment of four squadrons of its frontline Su-30 MKI fighters. Several new and old airfields had been activated and new roads constructed to enable the quicker movement of troops and equipment in the region.¹⁰⁷ Sources in Indian Home Ministry and

¹⁰⁵ Ibid.

¹⁰⁶ "Govt. keeping eye on Chinese works in border areas," *The Hindu*, December 14, 2011.

¹⁰⁷ "China has 58,000 kms of road network in TAR: Antony," *The Hindu*, March 7, 2011, available at <http://www.thehindu.com/news/national/article1517133.ece>.

Border Roads Organization also confirmed its massive road network projects along the Indo-China border region, which had been given maximum priority towards completion.¹⁰⁸

On issues of India's nuclear program, India has the opinion that it is important to reach a minimal deterrence capability against China though not for equivalence. In the late 1990s India reached sufficient nuclear deterrence vis-à-vis Pakistan. Since then, its nuclear and missile development programmes have shifted to be China-centric. *"We are not looking at how many missiles China or Pakistan has. ... we only want a sufficient number of missiles to defend the country in the event of a crisis,"* said the DRDO (Defence Research and Development Organisation of India) chief V. K. Saraswat.¹⁰⁹ In line with this thinking, the Agni missile is at the heart of deterrence in the larger context of Sino-Indian equation. In April 2012, India successfully tested its Agni-V intercontinental ballistic missile, which indicated that India had entered the Intercontinental Ballistic Missile (ICBM) club. The Agni-V has a range of over 5000 km, designed to hit high-value targets deep inside China.¹¹⁰ It technologically narrowed the missile gap between India and China and gave India more confidence in dealing with China. *"Agni-V is to meet our present-day threat perceptions, which are determined by our defence forces and other agencies,"* said DRDO spokesman Ravi Gupta.¹¹¹ Kanwal Sibal, former foreign secretary of India also wrote, *"China, in any case, possesses missiles with even longer range. Earlier it was India that was vulnerable to Chinese missiles and*

¹⁰⁸ "India plans major road projects on China, Pak borders," *Rediff*, March 29, 2011, available at <http://www.rediff.com/news/report/the-great-india-china-road-race/20110329.htm>.

¹⁰⁹ "Eyeing China, India to enter ICBM club in 3 months," *Times of India*, November 17, 2011, available at http://articles.timesofindia.indiatimes.com/2011-11-17/india/30409335_1_agni-v-agni-iv-agni-programme-director.

¹¹⁰ See Ibid. India named its ballistic missiles the Agni series. Agni, is the name of the Hindu god of fire. The first missile, Agni-I was tested in 1991.

¹¹¹ "India test launches Agni-V long-range missile," *BBC News*, April 19, 2012, available at [http://m.bbc.co.uk/news/world-asia-india-17765653?%25253FPDA=1&\(none\)&ssfrom=comp](http://m.bbc.co.uk/news/world-asia-india-17765653?%25253FPDA=1&(none)&ssfrom=comp).

now the reverse will be true, creating a better balance in deterrence.”¹¹² Having the confidence that the weight would be held on its side, Chinese media openly dismissed the importance of the Agni-V.¹¹³ Nevertheless, the reaction of the Chinese government was quite restrained. In answering the question about India’s missile test, the spokesman of foreign affairs ministry Liu Weimin said, “*China and India are cooperative partners rather than competitive rivals,*” and the two countries “*should cherish the hard-won sound relations.*”¹¹⁴

Although India and China both insist on the defensive purpose of military build-up, there have been concerns about the escalation of the regional arms race. Paul K. Kerr, a non-proliferation expert said, when China, India and Pakistan fire missiles, it “*has potential ripple effects, and there’s no arms control among the three.*”¹¹⁵ Pakistan also wants to keep a minimum deterrence capability vis-à-vis India. Only six days after India tested Agni-V, the Pakistan military said it successfully tested an improved intermediate-range ballistic missile.¹¹⁶ Professor Zhang Zhaozhong of the National Defense University of China said in a media interview that China would not become involved in an arms race with India and would further follow the policy of being good neighbors and friends, “*but for the*

¹¹² Sibal, Kanwal, “Agni V a positive step on security,” *Dailymail*, April 23, 2012, available at <http://www.dailymail.co.uk/indiahome/indianews/article-2134074/KANWAL-SIBAL-Agni-V-positive-step-security.html>.

¹¹³ See for example “India being swept up by missile delusion,” *Global Times*, April 19, 2012, available at <http://www.globaltimes.cn/NEWS/tabid/99/ID/705627/India-being-swept-up-by-missile-delusion.aspx>.

¹¹⁴ China, Ministry of Foreign Affairs, Foreign Ministry Spokesperson Liu Weimin’s Regular Press Conference on April 19, 2012, available at <http://www.fmprc.gov.cn/eng/xwfw/s2510/t925291.htm>.

¹¹⁵ “Signs of an Asian arms buildup in India’s missile test,” *New York Times*, April 19, 2012, available at http://www.nytimes.com/2012/04/20/world/asia/india-says-it-successfully-tests-nuclear-capable-missile.html?pagewanted=2&_r=4&hp.

¹¹⁶ “Pakistan says it test-fires nuclear-capable missile,” *New York Times*, April 25, 2012, available at http://www.nytimes.com/2012/04/26/world/asia/pakistan-says-it-test-fires-nuclear-capable-missile.html?_r=0.

sake of regional stability, China should continue to develop defence systems against ballistic missile threats.”¹¹⁷ In light of the Agni missiles, we see that the three countries are still trapped in a security dilemma with no end in sight.

4.6.4 Indian Ocean Naval Presence

Recently, the Indian Ocean has gained great importance in the context of military issues between India and China. Maintaining stability in the Indian Ocean belongs to India’s core interests in the region. Given the evolving geo-strategic significance of the Indian Ocean, India has developed an ambitious maritime strategy.¹¹⁸

India has undergone extensive modernization and expansion with an intention to increase its capabilities as a recognized blue-water navy, on the one hand; on the other hand, soft power is another element of India’s strategy. India assumes the role of a formidable guardian in the Indian Ocean region under the banner of cooperative security. It has concluded cooperation agreements with all island states in the Indian Ocean, and reached out to the coastal states of eastern Africa and initiated defence cooperation with the navies of South Africa, Tanzania, Kenya, and Mozambique. India is also very concerned about naval intrusion in the Indian Ocean, rejecting the view that an outside power is needed as “a sea-balancer” for the area. After the British withdrawal, New Delhi opposed the entry of the United States and Russia into the Indian Ocean. Currently, India is concerned about Chinese activities in the Indian Ocean.

With the expansion of its overseas interests, China’s dependence on the Indian Ocean for safe maritime routes has been increasing. Hence, it is also in China’s interests to strengthen cooperation with the Indian Ocean littoral states. Due to historical distrust and practical reasons, China’s economic activities in Myanmar, Pakistan, and Sri Lanka tend to be misinterpreted by India as activities with

¹¹⁷ “India postpones missile test,” *Global Times*, April 19, 2012 available at <http://www.globaltimes.cn/NEWS/tabid/99/ID/705632/India-postpones-missile-test.aspx>.

¹¹⁸ Integrated Headquarters, Ministry of Defence (Navy), *Freedom to Use the Seas: India’s Maritime Military Strategy*, 2007.

military purpose. Fears over China setting up military bases in the Indian Ocean have become heightened after China's naval presence in the region increased following the involvement of its naval vessels in anti-piracy escort missions in 2008.¹¹⁹ There is a so-called China's "string of Pearls" strategy, a term first used in an internal United States Department of Defense report titled "Energy Futures in Asia," which later gained popularity in the international geopolitical discourse.¹²⁰ China denies, however, that there is a "string of pearls" strategy. The so-called string of pearls represents more of a chain of Chinese commercial ventures than military stepping-stones in the Indian Ocean. However, based on the proposition that China is building a 'string of pearls' along vital Sea Lines of Communication (SLOC) in the Indian Ocean, some Indian analysts began to talk of a potential "necklace of diamonds" strategy as India's reaction, suggesting that India's strategic cooperation needs to be strengthened with countries in the eastern section of the Indian Ocean such as Myanmar, Indonesia, Singapore, Vietnam.¹²¹ In the perception of these analysts, China is not only containing India on land, but also on the sea. However, the fears over China setting up military bases in the Indian Ocean are exaggerated, considering that China have not yet had the capabilities to maintain a military base overseas, and the fact that China's policy of not seeking to build any overseas military bases has remained unchanged.

¹¹⁹ The mission in the Gulf of Aden in 2008 was part of a multilateral effort to combat piracy and was backed by the UN Security Council.

¹²⁰ See the origin of the term, "China builds up strategic sea lanes," *The Washington Times*, January 17, 2005, available at <http://www.washingtontimes.com/news/2005/jan/17/20050117-115550-1929r/>. Later on in 2006, an individual report written by Christopher J. Pehrson provides a detailed analysis on this topic, which is available at <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB721.pdf>.

¹²¹ "A vision for the Indian Ocean," *The Hindu*, October 15, 2011, available at <http://www.thehindu.com/opinion/lead/a-vision-for-the-indian-ocean/article2538025.ece>. See also "India counters China's threat by 'necklace of diamonds'," *Rediff*, January 31, 2012, available at <http://www.rediff.com/news/slide-show/slide-show-1-india-to-counter-chinas-threat-by-necklace-of-diamonds/20120131.htm#1>.

China's navy has gained maturity through two decades of reform and military modernisation but it still lacks capabilities for long-distance operations. In addition, Chinese naval efforts have been directed first to concerns in the East and South China Sea because of the Taiwan issue, dispute of Senkaku Islands with Japan, and territorial disputes with several Southeast Asian states. In China, there are voices calling on the government to rethink its policy of not setting up military presence abroad, because the needs to establish a resupplying system for long-distance operations of the Chinese navy have become urgent. One of the contributors of the China's National Defense White Paper, Chen Zhou, a researcher of the Chinese Academy of Military Science acknowledged that the long-standing policy of not establishing military bases overseas would be challenged.¹²² Yet China has always advocated non-interference in the internal affairs of other countries. Refraining from establishing military bases overseas is important for the Chinese government to show that it adheres to this position. Hence, a possible solution in the future is to establish oversea staging posts rather than military bases.¹²³

In China, the Indian Ocean has not been established as an overall strategic research area. Nevertheless, the discussion has begun. In August 2011, China's first Indian Ocean Strategy Symposium was held at Xiamen University. Participants recognized the growing strategic importance of the Indian Ocean to China and expressed their will to promote systematic, comprehensive and scientific study of the Indian Ocean strategy for the needs of the national strategic development. Expert discussions on China's marine time strategy in the Indian Ocean will, without a doubt, lead to policy choices. Since maritime security of China does not terminate at the Strait of Malacca, China's economic lifelines could be cut off at any point at vast waters from the Strait of Hormuz to the Straits of Malacca in the Indian Ocean, it is foreseeable that the Chinese navy in the Indian

¹²² See "Rumors of Chinese overseas military base (中国海外军事基地传闻)," *Phoenix Weekly* (凤凰周刊), February 24, 2012, available at http://news.ifeng.com/shendu/fhzk/detail_2012_02/24/12763667_0.shtml.

¹²³ Ibid.

Ocean will be more active in the future to ensure the safe voyage of its ships. However, it is not China's intention to challenge India's domination on the Indian Ocean.

4.7 Tibet Problem

The Tibet issue has been one of the major open wounds in India-China relations. India recognizes that Tibet Autonomous Region is part of the Chinese territory. The major problem nowadays revolves around the fact that India hosts the 14th Dalai Lama and the Tibetan government-in-exile. Beijing has been consistently accusing the Dalai Lama of carrying on separatist activities from Indian soil and telling New Delhi to take some concrete measures to stop the “anti-China political activities.” The position of the Indian government is that “it is firmly opposed to any attempt and action aimed at splitting China and bringing about ‘independence of Tibet’.”¹²⁴ However, there has been a public sympathy towards Tibetans in India and the Indian government could not prevent pro-Tibetan groups in India from supporting the Tibetan exile government in view of India's democratic structure. Furthermore, through decades of effort by the Dalai Lama and the exile Tibetans, the Tibetan issue has been successfully internationalized, adding more complexities to the matter.

The India government took all precautions to ensure that the sensitive Tibet issue does not affect bilateral ties. For example, in March 2008 a series of riots, protests, and demonstrations broke out in Tibet, followed by a series of anti-China protests in India. Activists stormed Chinese embassy and also attempted to disrupt Olympic torch relay in India. China in turn, sought understanding and support from India for a smooth passage of the Olympic torch. In this context, India took great effort in security and Indian Foreign Minister, Pranab Mukherjee, also sent warnings to Dalai Lama asking him to refrain from political activities that could hurt the relationship with China:

¹²⁴ *Declaration on Principles for Relations and Comprehensive Cooperation*, June 25, 2003.

*Dalai Lama is a religious leader. India will render all the hospitality to him as he is a respectable guest, he will have full freedom to preach religion in India but he cannot conduct any political activities in this country that lead to negative impact on Indo-Sino relations.*¹²⁵

India's effort on this issue was very appreciated by China. Nevertheless, the unrest in Tibet of 2008 did cause some detrimental effects on the Sino-Indian relations, which was later reflected by the media hype about Chinese border incursions in India in August and September 2009. According to B. Raman, former director of the Institute for Topical Studies, Chennai, some Indian strategic analysts saw the Tibet unrest as an opportunity to play the Tibet card against China. Since the border dispute had been inextricably intertwined with the Tibet issue, some analysts believed that by playing the Tibet card India might be able to change the status quo in the western sector and preserve the status quo in the eastern sector (Raman 2009).¹²⁶

New Delhi has been facing two sources of pressure, one from Beijing's request to restrict the activities of the Tibetan government-in-exile in India and one from the domestic criticism over the placement of restrictions on the freedoms of the Tibetan refugees. Generally speaking, India does not want to offend Dalai Lama, yet India does not want to damage India-China relations because of Dalai Lama either. Indian political leaders have so far managed to balance the pressure from Beijing and from within. Recently, the self-immolation protests carried out by Tibetan Buddhist monks and nuns in China have emerged as a new problem zone, creating frictions and tensions.¹²⁷ The reincarnation of the 14th Dalai Lama could

¹²⁵ "Centre's message to China: Dalai Lama must not do politics," *The Economic Times*, April 2, 2008, available at http://articles.economictimes.indiatimes.com/2008-04-02/news/27726857_1_dalai-lama-tibetan-spiritual-leader-chinese-swords.

¹²⁶ B. Raman, "India-China: Dangerous Hysteria," Chennai Centre for China Studies, Paper No.351, September 8, 2009, available at <http://www.c3sindia.org/india/846>.

¹²⁷ "Stepping up pressure, China blames Dharamshala for self-immolations," *The Hindu*, December 6, 2011, available at <http://www.thehindu.com/news/national/article2692628.ece>.

turn as a further source of conflicts between India and China adds more unpredictability of the issue. Although the annoyance related to the Tibet issue will not change the general positive tendency in Sino-Indian relations currently, predicting the nature of future developments on this sensitive issue remains a difficult exercise.

4.8 China-Pakistan-India Triangle

China-Pakistan-India triangle has been one of the protracted problem issues in the Sino-Indian relations. The intimate relationship between China and Pakistan developed in a special historical context, in which China's adversarial relationship with India was one of the most important factors. Today, in the context of China and India's improved relations, the trend of cooperation also has an impact on this issue area. China remains Pakistan's closest friend and strategic ally, but this relationship is no longer mainly aimed at India. However, the distrust in the triangle cannot be easily dismissed in the short run and competition remains as the dominant force in this area. India and Pakistan relations witnessed twists and turns in this period. Yet, some CBMs were established and economics might become the new impetus between them.

Pakistan and China have their own stakes in each other to continue their strategic closeness. Besides their close military relations, economic cooperation has become another main theme in their relationship over the past decades. A comprehensive free trade agreement was signed in 2006, giving each country unprecedented market access to the other.¹²⁸ According to the Chinese Commerce Ministry, by the end of 2010, Chinese enterprises had signed contracts with Pakistan worth a total of 19.87 billion dollars; China's direct investment in

¹²⁸ *Free Trade Agreement between the Government of the Islamic Republic of Pakistan and the Government of People's Republic of China*, November 24, 2006.

Pakistan hit 1.36 billion dollars, while Pakistan's investment in China, 57.38 million dollars.¹²⁹

For China, Pakistan has a unique economic, security and strategic value in today's international environment. First of all, it is the first Islamic country to establish diplomatic relations with China and the bridge for China to the Islamic world. Second, Pakistan's location which connects West Asia and Middle East is significant for China in securing energy routes for its economic development. Third, Chinese efforts against Islamic terrorism need cooperation with Pakistan. After the September 11 attacks in 2001, Pakistan became a key ally against terrorism with the United States. This directly led to a deterioration of Pakistan's domestic security environment and the spill-over of Islamist extremism from Afghanistan and Pakistan into the autonomous regions of western China, forcing Beijing to pay greater attention to the sources of international terrorism in Pakistan. Fourth, Pakistan is an important card to play to keep its strategic influence in South Asia.

For Pakistan, both China and the United States are crucial strategic allies. However, Islamabad places greater value on its relationship with Beijing. On the one hand, Pakistan's special relationship with China has strengthened its strategic importance in the eyes of the US and other western countries; on the other hand, although Pakistan is the "non-NATO ally" of the US in its War on Terror, Pakistan considers China a more reliable ally than the United States because China is an "all-weather" friend whereas the US is a friend only in "good-weather." China's "no-strings attached" economic aid to Pakistan mainly used in Pakistan's infrastructure construction is more appreciated than the aid it receives from the US, which often comes with attached conditions.

The year 2011 marked a turning point of the US-Pakistan alliance. A series of events including the assassination of Osama bin Laden led to the deterioration of their relations and Pakistan was under the pressure of facing diplomatic isolation.

¹²⁹ "Pakistani PM: Pak-China trade to hit US\$15 billion in 2 years," *Xinhuanet*, May 20, 2011, available at http://news.xinhuanet.com/english2010/china/2011-05/20/c_13885809.htm.

Many in Islamabad held the opinion of moving even closer to China so that it could show the international community that Pakistan has an emerging world power standing behind it. Nevertheless, China is no longer simply a regional power that has to cater to Pakistan's interests alone but also sees its ally through the prism of its own global interests (Khokhar 2011: 9). Beijing is dealing with the relationship in a more cautious manner and is unlikely to supplant the United States in Pakistan.¹³⁰ In recent years, growing closeness between India and the US has caused concern in China about US's attempts to encircle China by integrating India into its alliance system. If Pakistan gets closer to China strategically, India would possibly move faster to the US. This is a situation that China will not be willing to see. Hence, China has been trying to court India to keep it from getting closer to the United States.

Currently, there are limits to China-Pakistan ties. Both sides need reconsideration of their cooperation. First, Pakistan has run a substantial trade deficit with China. Excessive import of cheap Chinese products is distorting the market, hurting local industries, though Pakistan has not made anti-dumping complaints against China.¹³¹ Second, Chinese investment has failed to create the expected number of jobs, for example in Balochistan and there are delays in the implementation of agreements (Khokhar 2011: 10). Third, Chinese direct investment is far from reaching its proper scale because of considerations over Pakistan's domestic instability. Chinese workers have become targets of extremists. China also worries Pakistan's inability to curb terrorism. Fourth, cultural relations and people-to-people contacts are still weak fields in Pakistan-China relations. Pakistan's relations with China have been so far dictated by the military, and it is the military which benefits the most from this relationship.

¹³⁰ "Pakistan pulls closer to a reluctant China," *New York Times*, October 6, 2011, available at <http://www.nytimes.com/2011/10/07/world/asia/pakistan-pulls-closer-to-a-reluctant-china.html>.

¹³¹ "Does Pak-China trade reflect mutual benefit?" *The Express Tribune*, October 11, 2010, available at <http://tribune.com.pk/story/60946/does-pak-china-trade-reflect-mutual-benefit/>.

Although current Pakistan-China relations are not without question marks, the basic framework of this strategic partnership will continue. The Chinese steadfast support for Pakistan has been an ongoing source of tensions in the Sino-Indian relationship. However, as the international environment has changed, this understanding has reached its limit to explain new development between them. Given the size and potential of Indian economy, India is the more important actor in South Asia for China to interact with. Over the years, Sino-Indian relationship has acquired an independent dynamism and cannot be easily hamstrung by the all-weather friendship between China and Pakistan. At the same time, China is increasingly reluctant to get trapped in the quagmire of South Asian politics, and Kashmir in particular.

The Pakistan-India relationship has undergone twists and turns over the past years. Some confidence-building measures, such as the 2003 ceasefire agreement and the Delhi-Lahore Bus service, were successful in deescalating tensions between Pakistan and India. However, these efforts have been consistently impeded by terrorist attacks. In 2008, the Mumbai attacks carried out by Pakistani militants gave the bilateral ties a severe blow. The deterioration of US-Pakistan relations in 2011 brought a new opportunity to the normalization between India and Pakistan. Pakistan, with its own confrontation with the US, did not want to fight wars on two fronts. The country's economy was also structurally in deep trouble. All these pressures pushed Pakistan to get closer to India. Pakistan agreed to grant India the most-favored nation (MFN) status in 2011 and to relax visa restrictions as well as discuss trade and the Kashmir issue simultaneously.¹³² Expanded economic engagement between India and Pakistan could alter the dynamic of mutual suspicion and rivalry in South Asia, which would be a positive step towards regional cooperation. China is happy to see continuous improvement of

¹³² "Could the 'China Model' finally improve relations between India and Pakistan?" *Business Insider*, April 9, 2012, available at http://articles.businessinsider.com/2012-04-09/news/31311515_1_india-pakistan-trade-india-china-trade-deals.

Pakistan-India ties, because any confrontation between India and Pakistan would put Beijing in the position of having to choose between the two countries, which is not in China's interest. Moreover, the rapidly deteriorating situation in Pakistan has already jeopardized India and China's own security. Both India and China share the stake to stabilize the situation in Pakistan. In fact, China played a role in facilitating the recent warming up between Pakistan and India. *"Our best friend China... has advised us to promote trade relations with India,"* said Pakistan Prime Minister Yousuf Raza Gilani.¹³³ Since Pakistan reposes its full trust in China, China could play a bridge-building role between Pakistan and India. Yet, India traditionally views the India-Pakistan and India-China relationships as separate issues, connected by China's support for India's enemy. It still remains to be seen whether India can accept China to play such a role, and to what extent India-Pakistan relations can be improved. A better India-Pakistan relationship is expected to neutralize the China factor in the triangle.

4.9 Conclusion

The development of India-China relations in this period should be first understood in the global context that economic development has become the main theme instead of the security-centric point of view. The economic liberalization of India launched in the 1990s has strengthened India's economic ties with China and paved the way for the idea of deepening synergies between them; the economic impetus has become self-sustaining. This mitigates conflict potentials and lays the ground for cooperation in this period. The 2003 and 2005 bilateral documents signed by the two governments provided a road map for the development of relations and bilateral ties began to branch into other levels.

If we frame the relationship within a spectrum that goes from pure cooperation to pure competition, we can observe that in this period, the relationship reaches to a

¹³³ "Pakistan acted on China's advice: PM," *The Nation*, April 9, 2012, available at <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/national/09-Apr-2012/pakistan-acted-on-china-s-advice-pm>.

state that is hard to recognize which kind of forces is stronger, cooperation or competition. At the government level, from both sides cooperation has become the dominant theme in government rhetoric towards each other. Yet, if we look at concrete issue-areas, different issue-areas have shown different pictures.

In economic relations, in cultural and educational issues, cooperation has been the major trend; in multilateral settings, though both countries have adopted the norm of multilateral cooperation; however, cooperation has been easier to be achieved in the international regimes rather than regional regimes because of the competition mindset of keeping their traditional sphere of influence in the region. On energy-related issues, the initial driver was competition, but it then fostered a sense of interdependence that led to cooperation. There have been some hard-core issues that constrain India-China relations and have been the sources of conflicts and competition. This ground reality has not changed, though cooperation and mitigation of conflicts are observable. The Tibet issue has remained a source of political conflicts between India and China, mainly because the exile Tibetan government and the Dalai Lama are welcomed in India. The China-Pakistan-India triangle is another one point of friction, unless India and Pakistan manage to alter the dynamic of mutual suspicion and rivalry in South Asia. With regards to the military and security issues, military conflicts are not an interest for both sides, therefore military and security cooperation are necessary in terms of conflict prevention. In this period, India and China continue to work together to enhance mutual trust in the security field and to maintain peace and tranquillity in India-China border areas through various CBMs. Military ties between India and China have increased alongside with intensified exchanges in other areas of bilateral relations, though there was a period of stagnation from 2009 to 2010. Meanwhile, security dilemma is persistent. Both are carefully watching each other and seek to maintain a military balance between them. This is the case with the military infrastructure in the border area, where development and construction goes hand in hand with the establishment of various communication channels to react flexibly on security challenges; with nuclear arms, where a minimal

deterrence is aimed for defensive purpose. In the Indian Ocean, China has currently no intention and capability to challenge India's domination. However, China is strengthening its navy, for its ocean disputes and for its secure SLOCs. Concerning the China-India-Pakistan triangle, China and Pakistan will continue their intimate relationship. However, China is also willing to see a better Pakistan-India relationship, while having good relations with India. And whether the China factor can be neutralized in the triangle to a large extent depends on the dynamics between India and Pakistan.

In sum, India-China relations have shown a mixed nature and gained a multifaceted character in this period oscillating between competition and cooperation. Sometimes one side is stronger, and sometimes they are equal in power and influence. The following chapters will try to explain this reality by examining how national identity and interest of one state affect its foreign policy towards the other. Below, I begin by an analysis of China's national identity and national interest.

5 China's National Identity and National Interest

Broadly understood, a constructivist approach would base its explanation of a state's foreign policy on the state political elites' understanding about national identity and interest rather than on a straightforward *realpolitik* calculation. National identity and national interest are both umbrella terms, including many identities and interests. In a period of time, some components are more powerful thus forming dominant identities and interests. There is also an objective and subjective distinction between various national identities and national interests, as I have elaborated in the theoretical part of this thesis. For operational convenience I will mainly focus on the objective attributes. In this chapter I will first examine China's objective identities which are apparent and dominant in the period I study, including "civilization state," "nation state," "developing country," "rising power"

and “regional power.” These are objective identities generally agreed by other state actors in the international system without dispute. Following this, I will examine China’s objective national interests, including economic development, security, and status.

5.1 China’s National Identity

5.1.1 *China from Civilization State to Nation State*

In order to understand China’s international role and status in the international politics, it is important to have an idea about how China is perceived by Chinese themselves. In general, China’s self-conception is first based on a positive self-identification as a civilization state, as well as a nation state with an ambivalent mix of a negative historical experience due to the foreign aggression in the 19th and the first half of 20th century.

In Chinese perception, China’s history is written by dynasties. Although China has been divided in the past because of the fall of dynasties or foreign conquest, there has always been a driving force to reunify China, which can be largely attributed to Chinese culture. One of the crucial factors which contribute to this continuity of Chinese culture is that the Chinese have an early and sustained interest in history and chronology, which sets Chinese civilization apart from other civilizations. Indian civilization, for example, is also highly sophisticated, but it was relatively little concerned with chronology (Dreyer 2008: 24). Another crucial factor is the Chinese written language. Chinese developed a sophisticated written language at an early date and this script has been used continuously without break. Through the written language, Chinese inherited one common cultural heritage and share a common perception of their history, which in turn gives them the identification as Chinese. Chinese characters evolved over time from earlier forms of hieroglyphs. In the Chinese language, there is much less need for a uniform speech-and-writing continuum. This is an advantage to connect a great variance of people within its territory, because there is no problem of understanding each other

between various peoples with different spoken varieties of Chinese, so long as they can understand the written language. There are lots of spoken varieties of Chinese language, and the pronunciations of them could be totally different from each other. Internal divisions of Chinese are usually perceived by their native speakers as dialects of a single Chinese language, rather than separate languages, although this identification is considered inappropriate by some linguists and Sinologists (Mair 1991).

Chinese civilization originally developed from tribe civilization of a core group which inhabit in the Yellow River (Huang He) basin in north China. This group of ancient people formed the nucleus of what later became the Han ethnic group in China. Over time, this core group gradually spread out, generally southwards along cultivable river banks. This major ethnicity had extensive contacts and exchanges with other ethnic groups in its periphery and continuously assimilated them into the dominant Han culture, thus forming a multi-ethnic based mono-group. Hence, the Han Chinese is in fact not one ethnic group but internally very diverse. In the core lands of North, Central and South China, the Han Chinese have always been the majority. The periphery regions have been alternately inside and outside the borders of Chinese empires, but have been regarded as integral parts of the ebb and flow of Chinese history, and their peoples either confirmed the Han cultural heritage thus become parts of Han-Chinese or shared parts of this cultural heritage. On occasion, China was ruled over all or in parts of the core lands by powerful non-Han Chinese groups from its periphery such as Uygurs, Mongols and Manchus. Some were later assimilated themselves to Chinese culture, some were not.¹³⁴ The Dynasties they established are also regarded as Chinese. Rather than origin, in Chinese perception, one's willingness to accept Chinese cultural

¹³⁴ For example, the Yuan dynasty, founded by Mongols who resisted adapting to the existing system, was short-lived. In contrast, the Qing dynasty, founded by Manchus, accepted the Confucian precepts, ruled China for more than 260 years.

norms, such as ethics, behaviour, language, is the main determinant of being a Chinese.

Chinese have a great pride in their ancient and continuous civilization. For many centuries, they felt secure in the image of a central kingdom, and the physical and cultural strength that China possessed did sustain this image. However, this image was broken by the Westerners who desired trade and wanted to spread their religious beliefs in China. Beginning with the Opium War of 1839-1842, the Chinese were defeated in this confrontation and was cut deeply by the outside powers until the mid-20th century. This defeat induced the sense of humility and inferiority in the Chinese and haunted their elites for generations. At the same time, through contact with the Western countries, the Chinese gradually developed the consciousness of a nation state. In October 1949, the CCP won state power and established PRC as one of the members of the Westphalian state system, which prescribes territory, sovereignty, and international legitimacy as the basic constitutive dimensions of a modern nation state. The leadership of the CCP regarded this historical event as a break with a humiliating past and felt the need to *“fashion a sociocultural ethos that is distinctively Chinese, traditionally superior to and contemporarily distinct from the values and behaviours of foreign societies”* (Whiting 1992: 240). This perception of victimhood has great influence on China’s policy making and it is an important factor to be taken into account in understanding China’s foreign policy behaviour and in dealing with China.

However, under the leadership of Mao, China did not gain prosperity and was isolated in international society. This situation was changed by Deng Xiaoping, who assumed the political power after the death of Mao. In 1978, the Third Plenum of the Eleventh Central Committee of the Chinese Communist Party decided on a policy direction of “reform and opening-up.” This began first with rural reform, spreading later to other fields. The result of the Chinese opening-up policy is significant, since it paved the way for steady high economic growth rates. In turn, the growing economic and political influence in the globe has brought new confidence in China as a nation state.

5.1.2 China as Developing Country

According to the World Bank Country Classification, China belongs to the group of Lower-middle-income economies. China's per capita GDP in 2009 stood at US\$3,687 a year, ranking 103 worldwide.¹³⁵ According to the country classification of the IMF, China falls into the category of emerging and developing economies.¹³⁶ China's Human Development Index (HDI) was 0.699 in 2012, which gave the country a rank of 101 out of 187 countries with comparable data.¹³⁷ Such indicators consolidate China as a developing country. In terms of its material reality, most Chinese also perceive China as a developing country.¹³⁸ China at the same time is the most populous country in the world, with a population of 1.34 billion by 2010. More economic growth will be needed to create jobs and for the welfare of the population.

According to Dittmer and Kim (Dittmer & Kim 1993: 16), an international reference group contributes to national self-definition in two ways: first, it provides domestic legitimacy to a regime to maintain its governance; second, it provides leadership in pursuing joint international objectives. The identification of China as a developing country not only reflects its historical experiences and its material reality, but also defines its positions in diplomacy and its relations with other countries. Identifying itself as a developing country, Chinese foreign policy has been dominated by the “*tao guang yang hui* (韬光养晦), *you suo zuo wei* (有所作

¹³⁵ Gross National Income (GNI) per capita is the World Bank's main criterion of classifying countries. The World Bank considers all low- and middle- income countries as “developing.” In its most recent classification, countries with GNI per capita below US\$11,905 were considered developing. See The World Bank Data, Country Classification, available at <http://data.worldbank.org/about/country-classifications>.

¹³⁶ See IMF Classification: World Economic Outlook, Database – WEO Groups and Aggregates Information, October 2009, available at <http://www.imf.org/external/pubs/ft/weo/2009/02/weodata/groups.htm#oem>.

¹³⁷ United Nation Development Programme, International Human Development Indicators, Countries, China, available at <http://hdrstats.undp.org/en/countries/profiles/CHN.html>.

¹³⁸ “China still developing country, finds poll,” *Global Times*, August 6, 2012, available at <http://www.globaltimes.cn/NEWS/tabid/99/ID/725327/China-still-developing-country-finds-poll.aspx>.

为)” strategy, which is a series of foreign policy thoughts formulated by Deng Xiaoping in the context of the upheavals in Eastern Europe from 1989 to 1991. Literally “*tao guang* (韬光)” means to “hide brightness,” “*yang hui* (养晦)” means to “nourish obscurity,” “*you suo zuo wei* (有所作为)” means “do something,” or “modest operations.” Many English speakers translate “*tao guang yang hui*” as “hide our brightness and bide our time.” However, the English translation is not entirely correct. The phrase has nothing to do with “biding time.”¹³⁹ Considering the context of when Deng used the phrase, a more accurate interpretation would be that China should keep a low profile and should not seek to play a leadership role on the international stage, while doing something and making its own contribution to the world.

*Some developing countries would like China to become the leader of the Third World. But we absolutely cannot do that – this is one of our basic state policies. We can’t afford to do it and besides, we aren’t strong enough. There is nothing to be gained by playing that role; we would only lose most of our initiative. China will always side with the Third World countries, but we shall never seek hegemony over them or serve as their leader. Nevertheless, we cannot simply do nothing in international affairs; we have to make our contribution. In what respect? I think we should help promote the establishment of a new international political and economic order.*¹⁴⁰

For Deng Xiaoping, the greatest threat of Chinese state was not war, but its own lack of economic development. Thus, China, as a poor and weak country, should avoid conflict and concentrate on its development.

¹³⁹ “Foreign analysts misread China’s strategic golden rule,” *Global Times*, June 06, 2012, available at <http://www.globaltimes.cn/opinion/commentary/2010-06/539172.html>.

¹⁴⁰ “Seize the opportunity to develop the economy,” December 24, 1990, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

*The crucial thing for us is to avoid unrest. ... We should be calm, calm and again calm, and quietly immerse ourselves in practical work to accomplish something – something for China.*¹⁴¹

Although China has achieved a robust economic growth since three decades, the basic reality about China – a populous country with a weak economic foundation and uneven development – has not changed. In an interview to the *Washington Post* in November 21, 2003, Chinese Prime Minister Wen Jiabao said:

*China is a big country with 1.3 billion people. ... But the problem can only be resolved through continued development. ... So if we use multiplication, any small problem multiplied by 1.3 billion will end up being a very big problem. For a very big aggregate divided by 1.3 billion, it will come to a very tiny figure.*¹⁴²

This indicates that China's overwhelming priority is a domestic one and its leaders are clearly aware of this.

5.1.3 China as Rising Power

In the past 20 years, China has undergone a profound transformation not only in its economic power, but also in how it views itself and the world. It no longer views itself as a third world country, but as a rising power, with limited but increasingly significant capacity in shaping its environment.

The CCP's leadership has regarded the restoration of China's rightful place in the world as their mission. Since power is an essential determinant of its international status, the power factor plays a critical role in China's self-identification. In matters of power, China has long recognized the importance of enhancing its economic and military strength, and a powerful national economy

¹⁴¹ "With stable policies of reform and opening to the outside world, China can have great hopes for the future," September 4, 1989, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

¹⁴² "Washington Post interview with Premier Wen Jiabao," *People's Daily*, November 24, 2003, available at http://english.peopledaily.com.cn/200311/23/eng20031123_128838.shtml.

would support its military strength. Although during the first 30 years of PRC, its leaders were heavily concerned with ideology and class struggle and failed in economic construction, this does not mean that they did not attempt to pursue the latter. Although the Great Leap Forward launched by Mao in the late 1950s ended as a national disaster, it did reflect the political elite's urgent desire at that time of making China a powerful nation in the world. However, only until the late 1970s China seemed to have found its right way to enhance its power by launching liberalising economic reforms.

China's rising power had remained a delicate topic inside China because of Deng's "*tao guang yang hui*" strategy. Chinese officials were cautious about talking the rising Chinese power slogan because the government would not like the world to see its rise as a threat. This was changed when the fourth generation of leaders, of whom Hu Jintao was the core figure, took over. When Hu Jintao assumed office in 2002, China had become the world's sixth largest economy. Chinese leadership found out that it was becoming more and more difficult to hide brightness and nourish obscurity. Like it or not, China's rise had become a reality. Rise was no longer something they wanted to be hidden and national confidence reached an unprecedented height. Public reports of the two collective studies of the Central Politburo of the Communist Party of China showed the signs of China's new identification as a rising power.¹⁴³ In November 2003 and February 2004, two continuous collective studies were both about rising powers. The topic of the collective study in November 2003 was about the history of the world major powers since the 15th century and the one in February 2004 was about international structure and China's security environment. The former was in a "vertical"

¹⁴³ After the 16th National Congress of the CPC in November 2002, the Central Politburo of the Communist Party of China established an institution of collective study. The collective studies have been held regularly. Experts of Chinese think tanks have been invited to the collective studies to give lectures to the leadership. The objective of the institution is to reach consensus and to reduce differences in policy making. Most topics selected by the collective studies are relevant to the current focus of the leadership. Since the establishment of this institution, it has provided an important window to political observers to understand recent political development in China.

direction, discussing the major powers' ups and downs since the fifteenth century; the latter was in a "horizontal" direction, discussing the current interaction between China and the world.¹⁴⁴ These studies revealed that Chinese top leadership began to consider the relationship between China and the world from a new angle. Based on history and reality, they asked questions such as: a) would China be able to find a different development path – which is more peaceful comparing to the rise of major powers in the past? b) what kind of impact would China's rise bring to the world? The result of this kind of discussions gave shape to China's new foreign policy doctrine in Hu Jintao's era based on China as a rising power.

In contemporary Chinese political thought, the main goal of the Chinese state is to maximize China's Comprehensive National Power (CNP).¹⁴⁵ CNP stresses economic and military power, namely hard power, as well as soft power. The concept of soft power was coined by the American political scientist Joseph Nye in 1990. Unlike its antithesis "hard power," which is about using military or economic might to force other countries to act in a particular fashion, "soft power" refers to the ability to get others to do what you want. It depends on the attractiveness of your culture and ideas, your legitimacy in the eyes of others, and your ability to set the rules in international organizations (Leonard 2008: 94). Joseph Nye (1990) also argued, *"if it [a state] can establish international norms consistent with its society, it is less likely to have to change. If it can support institutions that make other states wish to channel or limit their activities in ways the dominant state prefers, it may be spared the costly exercise of coercive or hard power."* This power concept is consistent with Chinese traditional understanding of power, that *"wang dao (王道)"*, that is "kingcraft," has a higher value than *"ba dao (霸道)"*, which is "rule by

¹⁴⁴ The content of the two collective studies see "16th Politburo Collective Studies (第十六届中共中央政治局集体学习)," available at http://news.xinhuanet.com/ziliao/2005-11/29/content_3849521.htm.

¹⁴⁵ CNP is an original Chinese political concept; it is used to measure the general power of a nation-state. In 1996, the Chinese Academy of Social Sciences (CASS) devised an index with sixty-four indicators of power. Since then, there have been several indices of CNP devised by major Chinese foreign policy think tanks.

force.” Currently, China’s government promotes soft power with great zeal. The most well-known example is the establishment of Confucius Institutes overseas to teach Chinese and promote Chinese culture. China Central Television (CCTV)’s English news channel CCTV-9 was also designed to upgrade to a global news channel to rival CNN, and to voice more perspectives from China.

5.1.4 *China as Regional Power*

Because of its size and central location, China physically dominates Asia. It borders with countries in South Asia, Southeast Asia, Northeast Asia and Central Asia, thus can exert influence on all these Asian sub-regions. In the history of Asia, particularly the history of East Asia (here including Northeast and Southeast Asia), China deeply influenced the culture of the peripheral countries and drew them into a Sino-centric international order by the imperial tribute system. However, Chinese tribute system ended in the 19th century by Chinese military confrontation with the West and the decaying of the Chinese empire itself. China lost its long-standing position as the dominant regional power. Instead, Japanese Empire emerged as the dominant power in Asia and promoted its interests with the concept “Greater East Asia Co-Prosperty Sphere” in the 1930s until the end of the World War II. After the Japanese rule in East Asia, the US established its de facto hegemony in the region during the Cold War period by establishing military alliances.

After a century of exerting only modest influence in Asia, China has now become an active and important regional actor. In the late 1990s and early 2000s, ties with neighboring countries gained increasing importance in China’s diplomacy, because a stable and prosperous surrounding will help China focus on its economic development. In this context, China implemented a new regional policy to win over its East Asian neighbors. China resorted to regionalism, which is proved to be successful to enhance China’s economic, political and security interests in the region.

China’s experience with regionalism started first with APEC in the early 1990s, which at that time was perceived to serve China’s economic development agenda,

and the formation of APEC also helped develop an “Asian-Pacific” regional identity in China. A tougher test for China’s approach to regionalism came with the establishment of the ASEAN Regional Forum (ARF) in 1994, which is a mechanism aimed at promoting regional security cooperation (Wu 2009: 56). At the beginning, China viewed such organization as a potential tool of the United States that could be used to contain it. However, Beijing soon found out that the US did not control it and ARF was a useful forum to promote security dialogue and cooperation among member countries. The ARF experience made Beijing feel more comfortable with regional security cooperation. Another critical turning point is the Asian Financial Crisis of 1997-98. The Chinese Government acted responsibly by not devaluing its currency and by offering aid packages and low-interest loans to several Southeast Asian states. These actions were appreciated and helped to turn China’s image from threat to a responsible power in the region. The success of its policies in the financial crisis boosted the confidence of China in regional affairs. In the years that followed, China began to play an active role in the ASEAN Plus Three (APT) and the mechanisms of ASEAN Plus China. China also founded the Shanghai Cooperation Organization (SCO) as a means of combating terrorism and expanding its influence in Central Asia in 2001. It recognized that regional cooperation is the trend in the post-Cold War era, and China needs to be an active part of this trend for a more desirable regional order.

In addition to active participation in regional multilateral organizations, China has taken concrete measures to reduce distrust and anxiety in the security sphere, including participation in the UN peacekeeping missions and in bilateral and multilateral military exercises with neighboring countries, increasing transparency of military issues, publishing biannual white papers on national defense, and participation in non-traditional security issues such as disaster relief, counter-piracy. China has also resolved most of its land border disputes with its neighbors, except with India. This has paved way for cross-border cooperation against terrorism and cross-border crime and has eased concerns of potential border conflicts.

In the economic sphere, China has expanded its economic ties with its neighbors. Asian FDI, mainly from East Asia, played a critical role in fueling China's economic take-off. Asia now serves as an important source of energy and raw materials for China, a market for finished Chinese products as well as Chinese investment. In its rhetoric, China emphasizes "win-win" and "mutual benefit" to persuade its neighbors that they will benefit from China's growth. Meanwhile, China has been keen on negotiating regional and bilateral free trade agreements (FTAs) in China's economic diplomacy. The most significant example is the China-ASEAN FTA. Other concluded negotiations are China-Pakistan FTA, China-Singapore FTA. Some FTAs are under discussions, such as China-India FTA and China-Japan-Korea FTA.¹⁴⁶ Thus, with their deepening economic ties with China, Asian countries have a huge stake in China's continued economic development and stability.

Despite the significance of China's regional rise, China is far from being the only consequential power in Asia. China shares the regional stage with the US, Japan, Russia, ASEAN and increasingly India, and the US remains as the most powerful actor in the region. Undoubtedly, China and the US are the two biggest powers in Asia. China's regional rise automatically brought about the questions of the US's role in Asia. The US has its alliance system in the Asia-Pacific (e.g., those between the United States and Australia, Japan, the Philippines, the Republic of Korea, and Thailand), which lays the ground for the East Asian security structure. China has been uneasy at the prospect of an enduring American security role in its neighborhood. Many of its South Asian neighbors tend to cooperate increasingly with China in areas of common concern, while strengthening relations with the US or other major powers in Asia such as Russia, Japan, India to preserve freedom of action and other interests in the face of China's rise. Hence, China has become a focal point of regional hedging in its neighborhood. China's logic is to maintain a

¹⁴⁶ See "China FTA Network," available at <http://fta.mofcom.gov.cn/topic/chinarh.shtml>.

stable external environment for China to concentrate on economic growth and accumulate relative power, without provoking the US or destabilizing the region.

5.2 China's National Interest

5.2.1 Economic Development

In the late 1970s, China under Deng Xiaoping launched economic reform and open up to the outside world. Since then economic development has been the central task of Chinese government. Deng Xiaoping made the remark on December 6, 1979 when he met Japanese guests that China's Four Modernizations were aimed at realizing the *xiao-kang* level of living for the Chinese people by the end of this century.¹⁴⁷ “*Xiao-kang* (小康)” is a Confucian term which describes a society in which most of the population are of modest means have achieved a comfortable standard of living. This concept rapidly gained prominence in China and has been heavily promoted by China's leaders as the goal for China's socio-economic development. Moreover, Deng also realized the importance of peace for China's development. As Deng said:

*Only by constantly developing the productive forces can a country gradually become strong and prosperous, with a rising standard of living. Only in a peaceful environment can we develop smoothly.*¹⁴⁸

Hence, the goal of China's diplomacy was set to create a favorable international environment for domestic economic construction. Deng also made clear that China's development cannot be accomplished if China isolates itself from the world:

Reviewing our history, we have concluded that one of the most important reasons for China's long years of stagnation and backwardness was its policy

¹⁴⁷ See “China's goal is to achieve comparative prosperity by the end of the century,” December 6, 1979, in *Selected Works of Deng Xiaoping*, vol. 2, Beijing: Foreign Languages Press, 1994. Here “*xiao-kang*” is translated as “comparative prosperity.”

¹⁴⁸ “No one can shake socialist China,” October 26, 1989, *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

*of closing the country to outside contact. Our experience shows that China cannot rebuild itself behind closed doors and that it cannot develop in isolation from the rest of the world.*¹⁴⁹

Economic development is also related to the legitimacy of the CCP's rule. In Chinese classical political tradition, a government's legitimacy is essentially defined by the substance and outcomes of its policies. If the rulers do not care for peoples and promote welfare, they will lose the legitimacy to rule the people. When the Chinese Communist elites established PRC in 1949, they promised they would bring Chinese people prosperity and dignity in the world. However, in Mao's era political considerations were over economic considerations and China did not achieve prosperity but was immersed in poverty and underdevelopment. As Deng concluded:

*One of our shortcomings after the founding of the People's Republic was that we didn't pay enough attention to developing the productive forces. Socialism means eliminating poverty. Pauperism is not socialism, still less communism.*¹⁵⁰

Hence, since Deng Xiaoping, Chinese leaders have viewed economic prosperity not only as a key to realization of the century-old dream of rejuvenating the Chinese nation and Chinese civilization, but also a way to the political preservation of the Communist Party.

The result of the economic opening up is obvious. China has achieved a higher economic growth rate over the past thirty years and cultural life of Chinese people has also constantly improved. In this way China has justified its political system to millions of Chinese, especially the new elite class. However, the fruits of economic growth have not been distributed evenly in China. The persistent widening of development and income gaps has contributed to increased tensions and unrests in the society. At the same time, China faces serious degradation of natural

¹⁴⁹ "Our magnificent goal and basic policies," October 6, 1984, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

¹⁵⁰ "Building a socialism with a specifically Chinese character," June 30, 1984, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

environment. In this context, China's development strategy has witnessed the shift from emphasizing high economic growth rate to quality, balance and sustainability of economic growth, from "getting rich first" to "common prosperity." This shift was clearly indicated in China's 11th Five Year Plan (2006-2010) and 12th Five Year Plan (2011-2015). In other words, although economic development is still "the absolute principle," in Chinese, "*fa zhang shi ying dao li* (发展是硬道理)," economic development is now understood in broader terms. Economic growth is not the equivalent of economic development.

5.2.2 Security

China's National Defense White Paper of 2004 could give us an idea about what China perceives as prior national security interests. According to the White Paper, the first sentence of China's basic goals and tasks in maintaining national security is, "*to stop separation and promote reunification, guard against and resist aggression, and defend national sovereignty, territorial integrity and maritime rights and interests.*"¹⁵¹

Modern international system rests on the notion of sovereignty, that sovereign state is the sole legitimate claimant of its territory. Security is traditionally understood as to meet the need of survival of states, in which preservation of territory integrity of a sovereign state is the ground and the primary. China is a strong adherent of these Westphalia principles, though China has realized that in an era of globalization, sovereignty is no longer absolute, and it could be undermined by the forces of economic interdependence and global information flow due to the rapid development of communication technology. For China, a country that has the memory of victimization by foreign powers, protection of its sovereignty and territorial integrity has heavily defined Chinese foreign policy since the People's Republic of China (PRC) was established. Moreover, China also put value on

¹⁵¹ White Paper, "China's National Defense in 2004," Chapter 2, available at http://english.gov.cn/official/2005-07/28/content_18078.htm.

independence and self-reliance, yet due to the practical concern of Cold War situation China deviated from its independent foreign policy, playing between the Soviet Union and the United States. After the Third Plenary Session of the 11th CPC Central Committee in 1978, Deng Xiaoping made some major adjustments to the country's foreign policy to safeguard independence and self-determination and reemphasized the Five Principles of Peaceful Coexistence. In the post-Mao era a rigid definition of sovereignty continues to be a central concern. As Deng made this point very clear:

*We are more keenly aware that first priority should always be given to national sovereignty and security. Some Western countries, on the pretext that China has an unsatisfactory human rights record and an irrational and illegitimate socialist system, attempt to jeopardise our national sovereignty.*¹⁵²

In another talk he continued to elaborate this point:

*Actually, national sovereignty is far more important than human rights, but they often infringe upon the sovereignty of poor, weak countries of the Third World. Their talk about human rights, freedom and democracy is only designed to safeguard the interests of the strong, rich countries, which take advantage of their strength to bully weak countries, and which pursue hegemony and practise power politics. We never listen to such stuff.*¹⁵³

Owing to this insistence on sovereignty and territory integrity, China in the 1990s took back the sovereignty of Hong Kong and Macau. However, China still has other unresolved territorial issues and has been challenged by Tibetan and Uyghur separatists. With regard to the Taiwan issue, the pro Independence leader Chen Shuibian was reelected as Taiwan's new president in 2004. Chen promoted a new Taiwanese identity that caused a great deal of alarm in Beijing. It is under this context that the Anti-Secession Law was passed by the third conference of the 10th

¹⁵² "First priority should always be given to national sovereignty and security," December 1, 1989, in *Selected Works of Deng Xiaoping*, vol.3, Beijing: Foreign Languages Press, 1994.

¹⁵³, "We must adhere to socialism and prevent peaceful evolution towards capitalism," November 23, 1989, in *Selected Works of Deng Xiaoping*, vol.3, Beijing: Foreign Languages Press, 1994.

National People's Congress of China and went into effect on March 14, 2005. The Anti-Secession Law is aimed at preventing eventual Taiwan independence by formalizing the use of "non-peaceful" actions under several conditions which can lead to separation of Taiwan from China. This is a strong case in the contemporary era showing China's insistence and determination to its sovereignty and territorial integrity.

5.2.3 Status

A state needs to feel good about itself. The self-confidence of the Chinese empire was shaken when the western powers came to China and enforced China unequal treaties in the 19th century. Since the founding of the PRC, rejuvenation of the Chinese nation has been a primary strategic goal of which a great power status is the crucial indicator. Since Deng Xiaoping's economic reforms in the late 1970s, China's economy has kept a high growth rate and China growing power and its engagement with the world has brought new confidence to itself.

Chinese political elites have witnessed China's comprehensive power have been growing, including military and economic capabilities. Generally, they hold confidence that China will continue to rise. However, they have been not satisfied with China's international status. China's rise has challenged other established great powers in the world, fuel the "China threat" perception of these great powers and of Chinese neighbors. The existing world order has been dominated by the Western powers led by the United States. China is an out-group member and even its material capabilities have caught up. Furthermore, the undemocratic polity of China makes the identification with the Western powers difficult, from the Chinese side, as well as from the side of the great power club. This out-group status is certainly disadvantageous for China in terms of its overall security interests (Deng 2005). Hence, it is China's intention to ensure the Others in the international system that China is not aggressive and not a revisionist power so that it can create a favorable international environment for its development and national rejuvenation. As a result, China has turned to multilateralism for international acceptance and

reassurance, advocating Chinese identification as a responsible and cooperative member in the regional and global communities, because, as Wendt noted, a state's positive self-image will partly depend on relationships to significant Others, and positive self-images tend to emerge from mutual respect and cooperation (Wendt 1999: 237).

With its growing power, the Chinese government has been in fact under great pressure which stems from an international expectation that China must do more constructively to deal with regional and global problems. This has brought the idea of international responsibility to China's foreign policy. It has attempted to improve its social standing and image in the international community by promoting an image of a responsible and non-threatening power. Since the mid-1990s, China has attached great importance to cultivating an international image of a responsible cooperative power. Phrases such as "*responsible big nation*", "*big responsible country*" or "*responsible great power*" have emerged frequently in official talks. However, the existing international laws, rules and norms are very much the product of Western experiences. China's commitment to *being responsible* in fact indicates China's acceptance of these rules and norms and China's willingness to integrate to the current system.

5.3 Conclusion

In this chapter, I examine the objective attributes of China's national identities and interests in the contemporary era. These are reflected in China's self-perception in decision-making and thus have impact on China's foreign policy strategy and its behaviour.

China's identity is based on the following objective attributes: (1) a civilization state that maintains its cultural continuity, though divided in the past with the fall of dynasties or foreign conquests; (2) a nation state with a negative historical experience due to the foreign aggression in the 19th and the first half of 20th century; (3) a developing country with the largest population in the world and uneven development; (4) a rising power with growing material strength; (5) an active and

important regional actor re-established since the late 1990s, yet constrained by the US in its own region. Among all these identities, China as a civilization state is a fundamental building block for understanding China in its own terms. China today is a civilization state in a form of a nation state. It remains essentially a civilization state in terms of history, culture, identity and ways of thinking.

According to constructivism, China's national interest has its root in its national identity. My intention above has not necessarily to establish causal links between national identities and national interests in detail, but to paint a general picture in terms of some obvious causal links: first, China's identity as a developing country prescribes the importance of socio-economic development; second, as a rising power, China's current status is to maximize China's comprehensive national power and to improve its standing in the international community; third, as a nation state and a regional power implies that in its way of dealing with security issues, Chinese leaders firmly uphold Westphalia principles in foreign policy making, such as sovereignty, territorial integrity, and national unification, value China's independence and autonomy, and care about China's influence in the region in which it dominates. Among all these interests, economic development is the anchor of the other interests. This priority is given by the domestic structure as well as the international structure in the contemporary era.

6 India's National Identity and National Interest

After examining China's national identity and national interest, this chapter is aimed to look at India's national identity and national interest. As I have done in the last chapter, I will focus on the dominant objective attributes of India's national identity: India as a civilization state and nation state, India as a developing country, as an emerging power and as a regional power. On India's national interest, I will look at the three objective aspects, economic development, security and status.

6.1 India's National Identity

6.1.1 India from Civilization State to Nation State

India, like China, is a modern state which embodies a major civilization. The question of India's national interest and national identity is embedded in the broad context of Indian civilization. By looking back, we can derive some clearer perspectives that could link India's past with its future as a global power.

Historians often divide Indian history into three distinct periods: Hindu, Muslim, and British. Each of these periods has left its imprint in the cultural and socio-political structure of the country. Despite the confluence of the various cultures that have affected the Indian people, the Hindu worldview constitutes the dominant cultural force that deeply influences the Indian society. The Hindu period was the formative period of Indian civilization, which laid down the foundations of Indian social and philosophical thought. Over centuries Hinduism developed as the predominant religion of the Indian subcontinent. At one time, there were challenges from Buddhism and Jainism. However, Hinduism was able to reassert its domination (Baxter et al. 2002: 24). The Hindus developed a complex social structure based on the caste system. In the most of Hindu period, the sub-continent was ruled by various Hindu kingdoms. They were mainly regional in nature and only a few of them were able to establish their control over the most of subcontinent. The most famous one is the Mauryas. The empire was once thought to have controlled most of the subcontinent excepting the far south (Stein 1998). The vision of an imperial India was defined at this time. The Mauryans replaced traditional military-tribal patterns of governance with a bureaucratic system. By 185 B.C. Mauryan Empire had collapsed into a series of rival Buddhist and Hindu kingdoms. Other empires in later centuries never enjoyed quite the same conditions, particularly the same degree of central control (Thapar 1996: 91).

By the end of the tenth century A.D., Hindu civilization had lost its dynamism and creativity (Baxter et al. 2002: 24). The Muslim invaders from the northwest gradually conquered parts of western and northern India and founded their own

kingdoms. In the 16th century, the Mughal rulers conquered most of India and established the Mughal Empire. The rise of the Mughals led to a major change in the political integration of India. Under the emperor Akbar, it reintroduced bureaucracies, which did not stamp out the Hindu societies, but rather balanced and pacified local leaders through new administrative practices (Asher & Talbot 2008: 115). During his reign, India enjoyed much cultural and economic progress as well as progress in architecture, arts and literature. Some progress was made during the Mughal period to unite Hindus and Muslims in a composite Indian culture. Islam in India was powerfully influenced by Hinduism and transformed Hinduism as well. Yet, the deep gulf between Hindus and Muslims was unable to be bridged and the Hindu-Muslim division has remained a reality of Indian society. There have been two contradictory attitudes toward the Muslim period in contemporary India. The Hindu nationalists regard the Muslim period of Indian history as a period of alien rule and subjugation, while secularist Hindus and nationalist Indian Muslims emphasize the positive side of the Muslim rule (Baxter et al. 2002: 26-27)

From the early 18th century onwards, India was gradually brought under the administration of the British East India Company. Over time, disaffection with the Company grew and set off the Indian Rebellion of 1857. The rebellion led to the end of the Company rule. In 1858, the British government took over the direct administration of India and the British rule was firmly established. The confrontation with the British brought a new dynamism to Indian civilization. The British displayed superior organizational skills. They founded a centralized administration and a merit-based system of recruitment to bureaucracy. Local and provincial administrator acted as the agents of the central government. The British administration system is one of the most important legacies inherited by India from this period. The territorial and economic integration of the country was strengthened by construction of highways, railroads, and post and telegraph systems. This fostered mobility and trade within India. The introduction of the Western system of education had also impacted the Indian elites. They received their training in English and were exposed by English to the democratic ideals of

liberty, equality, and social justice, which gradually transformed their value structures and behaviour patterns.

In the British period of Indian history, a national sense of unity developed among the Indian elites. The average British ruler looked down on the native culture. Not only common people, but also Indian elites were the victims of racial discrimination. The sense of humiliation and status deprivation brought them together, despite their different ethnic and religious backgrounds, to think about the political issues in all-India terms, leading to the founding of the Indian National Congress in 1885, which took the lead of the nationalist movement in the country. The end of World War I, marked the beginning of a new period of nationalist movement. The British government introduced some reforms to increase self-government while continuing the repressive policies that the government adopted during the war. Indians gained experience of electoral policies and parliamentary government through the new measures, yet the alienation was increased because of repressive policies. More and more, Indians called for self-rule. Under the leadership of Mahatma Gandhi, by applying his concept of *satyagraha* and the technique of civil disobedience, the elitist nationalist movement became a mass movement and began to press for complete independence. However, there were several sub-movements representing the aspirations of the minorities that could not be absorbed by the nationalist group led by Gandhi. The Muslim League, for example, became a powerful rival of the Indian National Congress and emerged as the representative body of the Muslims of India. The Muslim League pressed its demand for the division of the country and was successful. On August 15, 1947, India gained its independence but with the bloody partition of the subcontinent into two states: India and Pakistan. The Indian people today still suffer the bitter memories of the partition and the consequences it has brought about.

Through the interaction with the British, and based on their own cultural traditions, Indian elites already came to their own understandings of India by the time of independence. Although there are divergent conceptions of India, there

have been several basic themes which gain consensus and construct the founding idea of India. These themes are: India is a great civilization; India is an ancient nation defined by its timeless existence and space; India is a state with diversity and multiculturalism; Indian nation is conceived as tolerant and non-violent as well as non-materialistic and spiritual; India is a victim of invasions from outsiders.

The reality of Indian history is that India is a melting pot. Sub-continent is an area of intense cultural encounters, foreign influences poured in, were absorbed and new synthesis were generated. In India as in elsewhere, present politics are shaped by conceptions of the past. Broadly speaking, there have been two narratives of Indian history. One views India as victims of recurring invasions, and the other views India as an arena of cultural encounters which have produced unique and splendid cultural forms (Khilnani 1997: xiv). The first sees India's history as a series of rude interruptions. Its adherents want to end such interruptions and to be back to an original purity which is Hindu. The second aims for breaking the narrations of a pure homogenous identity, sees the moments of mixture as the most creative and imaginative ones, insists that distinctiveness was its ability to transform invasion into accommodation, rupture into continuity, and division into diversity (Khilnani 1997: xiv). In terms of these two narratives, two discourses of India's national identity were constructed – to be more precisely, India's internal identity – one is the religious-cultural discourse and one is the secular discourse (Commuri 2010).

In India, diversity is of caste, of language, of region and religion. “*Every Indian is also a Gujarati, a Bengali or a Punjabi, a Sikh, a Muslim, a Christian or a Hindu, and so on*” (Parekh 2010: 147). While Indians see complexity and diversity a source of national greatness, they also set value in unity. Unity in diversity is practically a national motto in contemporary India. The unity of India was understood by Nehru as being already there at the very beginning. In his book *Discovery of India*, Nehru (1956: 63) wrote:

Some kind of a dream of unity has occupied the mind of India since the dawn of civilization. That unity was not conceived as something imposed from outside, a

standardization of externals or even of beliefs. It was something deeper and, within its fold, the widest tolerance of belief and custom was practised and every variety acknowledged and even encouraged.

In countries like China and India, unity in diversity is a social reality. Yet, Indians emphasize diversity with greater frequency than in China. The specificity in India's diversity is that different groups categorized by religions and castes tend to distinguish themselves from others by emphasizing difference and distinction in order to keep their relative independence. The identities claimed by different groups are in fact the creation of democracy, not the intrusion of the primordial. In the language of democratic politics, there are appeals and claims for recognition and fair treatment. In this sense, India is a "salad bowl" rather than a "melting pot" that allows distinct ingredients to retain their individuality (Khilnani 2010: 202). Here, there is a danger in terms of the logic of the self-fulfilling prophecy. If people form a shared representation of themselves and the world, then it becomes that way for them (Wendt 1999: 347). India's emphasis on diversity has brought about more diversities in society challenging India in its unity. This situation is described by Saighal as unity in diversity in juxtaposition to increasing disunity: "*the more the diversity, the greater the disunity; national integration opposed by national dis-aggregation; cultural plurality yielding place to cultural segregation; multi-ethnicities leading to multitudinous divisions*" (Saighal 2004: 170).

Nevertheless, the Indian government has so far managed to keep the unity going in the form of democratic politics. The idea of democracy has penetrated in India's conception as a nation state and democracy has become the asset that Indians feel proud of. Though India has a mixed record of democracy with both success and failures, Indian democracy has become self-sustaining (Mitra 2011). India's democratic framework has been relatively effective in addressing challenges from India's diversity by transforming various groups into legitimate political actors and self-correcting in the moment when diversity has been devalued (Khilani 2010: 193).

6.1.2 India as Developing Country

The objective indicators show India is still a developing country with many internal problems to concentrate on. The label “developing country” is internalized as part of India’s belief system and help India to define its position and interests.

Like China, India situates in the group of lower-middle-income countries in the World Bank’s classification system.¹⁵⁴ India’s Human Development Index (HDI) is 0.554 in 2012, which gives the country a rank of 136 out of 187 countries.¹⁵⁵ India is the second most populous country. By 2010, it has a population of 1.21 billion. India’s population growth rate from 2005-2010 is 1.43%, much higher than that of China, which is 0.51% in the same period.¹⁵⁶ Currently, India’s population is very young.¹⁵⁷ According to the theory of demographic dividend, this will add advantages to India’s future economic growth. Yet the rapidly expanding population is also one of the most potent social changes in India. The demands of the expanding population for education, housing, jobs, natural resources etc. will place an increasingly heavy burden on India’s limited capacity. Furthermore, due to its relatively rapid population growth, the net increase in per-capita income has been modest, despite India’s good economic performance since the 1990s. Slow growth of per-capita income has failed to transform the basic economic structure of Indian society, and a large portion of the population continues to live below the poverty line.

Energy scarcity is one of the challenges faced by India. Despite enormously expanded production of electricity, India’s generating capacity is still hindered by inefficiency and strained by rapidly increasing demands. The inadequate power supply remains a serious bottleneck to India’s development. The Indian electrical

¹⁵⁴ See the World Bank Data, India, available at <http://data.worldbank.org/country/india>.

¹⁵⁵ United Nation Development Programme, International Human Development Indicators, Countries, India, available at <http://hdrstats.undp.org/en/countries/profiles/IND.html>.

¹⁵⁶ Data from United Nations, Department of Economic and Social Affairs, Population Division, available at <http://esa.un.org/unpd/wpp/index.htm>.

¹⁵⁷ Ibid.

infrastructure is generally considered unreliable. The nation suffers from frequent power outages. In July 2012 India suffered the largest power outage in history, occurring as two separate events on 30 and 31 July 2012. The outage affected over 700 million people in the country. Twenty of India's 28 states were hit by power cuts, along with the capital, New Delhi.¹⁵⁸ For its development, India's energy resources are limited in terms of the demands upon them. With less reserve of oil and gas, India has no other option except to import. This in turn has a heavy cost on economic development efforts. Furthermore, water supply also remains a major problem in India.

India's industrial progress is hindered by its infrastructure. In the past, development of infrastructure was completely in the hands of the public sector. The government has opened up infrastructure to the private sector allowing foreign investment. Today, most public infrastructure is constructed and maintained by private contractors, in exchange for tax and other concessions from the government. However, the progress is not enough and this will prevent India from sustaining higher growth rates.

On the growth front, reforms have indeed delivered beyond expectations. India has become one of the fastest-growing economies in the world. Yet, the growth has had a fairly limited impact on poverty reduction and employment generation. While both interpersonal and interregional inequality has been aggravated, agrarian distress is increasingly becoming an important cause of social concern (Nachane 2011: 21). India is currently in a dilemma of a so-called "revolution of rising frustrations," as the gap between aspiration and achievement has widened (Hardgrave & Kochanek 2008: 13). Like China, the challenge for India is to transform one of the oldest, most complex, continuous civilizations and one of the most populous countries in the world into a modern nation state. When India gained its independence, its political elites were clear that one of the major goals of

¹⁵⁸ "India blackouts leave 700 million without power," *The Guardian*, July 31, 2012, available at <http://www.guardian.co.uk/world/2012/jul/31/india-blackout-electricity-power-cuts>.

India is to catch up with the industrialized world and to improve the living conditions of the people. The leadership of India has succeeded to a considerable degree yet far below expectations. There are two contrasting images of India with its economic growth. On one hand is the aspiration and expectation of its elites and, on the other hand, the state has failed to reduce major disparities in the society. As Nayyar (2008: 399) commented: *“The perceptions, as also the realities, depend on who you are, what you do and where you live,”* and *“There is an India that is global and there is a Bharat that is local.”* Managers of industry, editors of newspapers, ministers of governments, or software engineers in Bangalore see one India, which shapes thinking about India 2025 in the world. However, there are also poor tribals in Orissa or Madhya Pradesh, landless laborers in Bihar, Dalits in Uttar Pradesh, which construct a different image of India (Ibid.). In the process of transformation and within India’s competitive political framework, new groups have become political participants, asking for more equal distributions. Meanwhile, the diversities of India based on language, religion, caste, etc. are compounded by the chasm between the rich and poor, between the English-speaking elite and the vernacular mass, and between the city and the village. All these have brought high conflict potentials to the society, complicating the development process.

6.1.3 India as Emerging Power

There is a widespread belief among India’s elites of its destiny to play a major role in the world stage. India’s first Prime Minister, Jawaharlal Nehru firmly believed that India’s size, geostrategic location and historical traditions entitled her to a leading role in Asian and world affairs (Nehru 1956: 57):

India, constituted as she is, cannot play a secondary part in the world. She will either count for a great deal or not count at all. No middle position attracted me. Nor did I think any intermediate position feasible.

Realization of elite visions largely depends on material resources being at their demand. India is endowed with many of the attributes of a great power, yet India failed to achieve the great power status. It had long been considered as a state with

large population and slow economic growth, and as a regional power of South Asia.

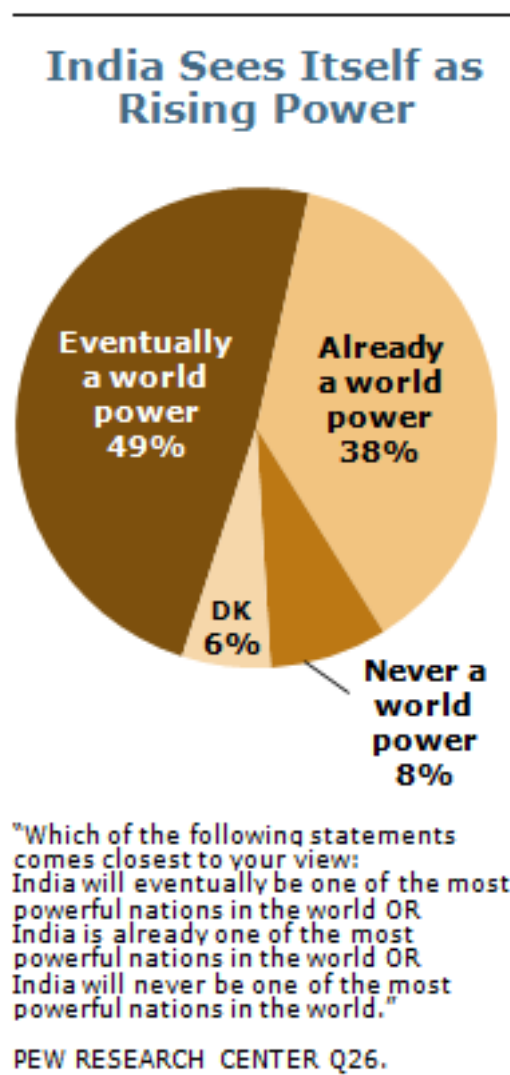


Figure 6-1 India as rising power (Source: fastest growth over the next 30 and 50 years.¹⁵⁹ In both academic and political

Its emergence as a power of global significance has been largely driven by its remarkable economic growth over the past two decades. In 1991, the Indian government introduced neo-liberal economic reforms in India initiating the opening up of the economy for international trade and investment, deregulation, initiation of privatization, tax reforms, and inflation-controlling measures. The economic events of 1991 triggered a new phase for India's economic rise and consequently international notice. According to the 2003 Goldman Sachs's report about BRICs states, India has the potential to show the

circle, it has become standard practice to label India as an emerging power. This change in expectations about India received resonance in India's media and public discussions, and the communication of the idea of an 'emerging India' from the world outside leading to internalization of the rhetoric as part of India's current identity. As Stephen Cohen (2001: 17) described: "*Most Indians, especially those in the Delhi-centered strategic and political community, strongly believe that their*

¹⁵⁹ "Dreaming With BRICs: The Path to 2050," Goldman Sachs Global Economics Paper No. 99, available at <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/brics-dream.pdf>.

country is once again destined to become a great state, one that matches the historical and civilizational accomplishments of the Indian people. This view is encountered at nearly all points along the Indian political spectrum.” Indian Prime Minister Manmohan Singh also put it:

*Today, India is at a historical point in its development trajectory. ... The world is today looking at India with great interest as the saga of our development and rise to prominence on the international stage unfolds. Rare are such moments in history when a nation suddenly captures the imagination of the world.*¹⁶⁰

Survey data of the Pew Research Center also shows that Indians have become confident about India’s power. According to its survey in 2010, almost four-in-ten Indians (38%) thought India is already one of the world’s leading powers and roughly half (49%) said it will be one eventually.¹⁶¹

The change of world’s perception of India has also been driven by major transformation in Indian strategic behaviour, for example, in its nuclear policy. Indian leaders treated India’s nuclear-weapons program as a way to enhance prestige and autonomy in the international stage. The impact of the 1998 nuclear tests on India’s desire for great power status was immense. Since then, India has entered into the global political, economic and strategic mainstream and has transformed much of its foreign diplomacy.

India’s decision to go nuclear is the interplay between security concerns on one hand, and the rationale and dynamics behind India’s struggle for international recognition on the other (Frey 2006: 5). Several events such as the Indo-Chinese war of 1962, the Indo-Pakistani war of 1965 and, above all, the first Chinese nuclear test of 1964, seriously deteriorated India’s strategic environment. Although

¹⁶⁰ See Prime Minister’s speech, “Closing Remarks at the National Development Council (NDC) Meeting,” June 28, 2005, New Delhi, available at <http://pmindia.nic.in/speech-details.php?nodeid=137>.

¹⁶¹ See Pew Research Center, “Indians See Threat From Pakistan, Extremist Groups: America’s Image Remains Strong,” October 20, 2010, available at <http://www.pewglobal.org/files/2010/10/Pew-Global-Attitudes-India-Report-FINAL-October-20-2010.pdf>.

India, with enough nuclear material and the necessary technology had the option of “going nuclear,” India’s strategic elite remained rather dismissive towards the bomb. No clear policy evolved during this period. In 1968, the Nuclear Non-Proliferation Treaty (NPT) was concluded. This treaty established the unequal international nuclear order which divided the world into nuclear “haves” and “have-nots.” India’s strategic elites began to struggle for an equity-based international nuclear order in the 1970s and tested a “peaceful nuclear device” in 1974. Yet India’s nuclear programme was still in a state of indecision. India’s behaviour towards nuclear programme in the 1960s and 1970s was mainly constrained by the norms developed by Nehru which emphasize moral superiority and negation of military power to acquire recognition in international system. Only in the 1980s, this orientation of India’s strategic elites began to change and the external pressures also mounted to a point for such change, leading to the nuclear tests in 1998. Behind India’s change in its nuclear policy, it is India’s quest for military power and the elite understanding that India, due to its size and achievements, has a natural right to have nuclear weapons. This nationalistic element had been inherent to India’s nuclear debate at the beginning though largely hidden behind the morally defined normative values attributed to the nuclear issue prior to 1998 (Frey 2006: 205).

India’s rapid economic growth in recent years is also being translated into expanded military capabilities. India’s military expenditure has increased significantly from US\$16.4 billion (Rs199 billion) in 1991 to US\$44.2 billion (Rs2,330 billion) in 2011, ranked 7th in the world in 2011.¹⁶² The increase in India’s defence expenditure is mainly due to military force modernization of the army and air force and the strong focus on the development of a blue-water navy. India’s relatively high and rising level of military spending is controversial to

¹⁶² See SIPRI military expenditure database, available at <http://milexdata.sipri.org/result.php4>, and Background paper on SIPRI military expenditure data, 2011, available at <http://www.sipri.org/research/armaments/milex/sipri-factsheet-on-military-expenditure-2011.pdf>.

India's reality of its underdevelopment in many areas. Notwithstanding, high levels of military expenditure are not necessarily contrary to Indian public opinion. The Survey data of the Pew Research Center in 2010 showed that most Indians have a positive view of the Indian military and believe it is having a good influence on the nation.¹⁶³ India also sees its military forces, especially its navy, as a key component of its power projection in the region (Gilboy and Heginbotham 2012: 205).

There is a significant gap between India's self-perception and the evaluation by others in the international system (Mitra 2003; Brewster 2012; Nayar and Paul 2003) In others' eyes, India is often regarded as a country which has great potential, possessing part of great power capabilities such as nuclear weapons, a large population and military but one that has not yet achieved great power status. However, many in New Delhi believe that India is unfairly denied recognition of its global importance, or in other words, they perceive an entitlement to international status based on India's potential rather than its actual capabilities (Brewster 2012: 3). This gap between India's ambition and its capabilities is an important feature to a proper understanding of India's behavior, as commented by Mitra (2003: 404):

This hiatus between the perception of India and its self-perception also causes it to shuttle uneasily between grandstanding on the one hand, and inexplicable acquiescence with situations that are contrary to its interests or declared principles on the other, lowering, in the process, its credibility even further.

Though there is a lot of enthusiasm for the idea of India as a major power among the middle class, the political leadership has been much more cautious.¹⁶⁴ In fact,

¹⁶³ See Pew Research Center, "Indians See Threat From Pakistan, Extremist Groups: America's Image Remains Strong," October 20, 2010, available at <http://www.pewglobal.org/files/2010/10/Pew-Global-Attitudes-India-Report-FINAL-October-20-2010.pdf>.

¹⁶⁴ "Rising India's Great Power Burden," The Sigur Center for Asian Studies, Asia Report, Issue No.7, January, 2010, available at http://www.gwu.edu/~sigur/assets/docs/asia_report/11.16.09RisingIndia.pdf.

economic strength is the foundation of power projections. If its growth continues, India will become one of the largest economies in the world and consequently no one can deny its status. As C. Raja Mohan pointed out, it is not a question of whether India wants to be or India should be a great power. Instead, if the logic of its current economic growth continues, its relations with the world will also be fundamentally altered. It follows, that India's weight in the global system will inevitably increase making it become a major power.¹⁶⁵

The notion of an emerging power implies movement upward in a hierarchical or class system. To make such a move, a state must acquire the capabilities to change its rank (Cohen 2001: 31). In an assessment of India as an emerging power, Mistry (2004: 81-82) summarized that the pace of India's rise will depend on two main factors. One is India's economic and military capabilities, which are likely to steadily expand, barring an economic crisis. The other is its relations with other states. He suggested India to normalize ties with Pakistan, China, and other key Asian countries, and develop a strategic partnership with the United States. By doing so, India can offset its strategic disadvantage versus its potential rivals. Thus, it will be better able to shape regional and world affairs, and thereby emerge as a great power in the world system in the coming decade.

6.1.4 India as Regional Power

India is located in the centre of South Asia. It borders other states in South Asia, while none of these neighbors border another, and its dominance is further underlined by the size of its population, resources and military capacities compared to its neighbors.

For much of the past sixty years, India's relations with its South Asian neighbors have been largely unilateralist and hegemonic. India inherited the notion of security from the British Raj as the paramount power in South Asia. This was evident in the early years after the independence, especially in the relations with

¹⁶⁵ Ibid.

the Himalayan kingdoms. Through the 1949 Indo-Bhutan Treaty of Friendship Bhutan became a protectorate of India. Similarly, the 1950 Treaty of Peace and Friendship between India and Nepal made India responsible for Nepal's defence and foreign policy. In addition to these treaties, India successfully annexed Sikkim in 1975.

In the Nehru period, India's South Asia policy was characterised by a differentiated approach that was shaped by India's bilateral interests and conflicts and not necessarily by a regional perspective (Wagner 2005: 3). After Nehru's death, India faced multiple crises of enormous severity. In the sphere of foreign policy, the United States called forth its military aid to Pakistan as a means to secure the regional containment of India. The conflict with China in 1962 strengthened the alliance relationship between China and Pakistan. Facing such situation, India was forced to depend on the Soviet Union for arms. Under Indira Gandhi's rule a more coherent concept of regional policy was applied, which is widely described as the "Indira Doctrine," and is characterized by using hard power to consolidate India's position in South Asia. Her approach was also continued by her son, Rajiv Gandhi. Mrs. Gandhi insisted that other South Asian countries should resolve problems bilaterally with India and that external powers, such as the US and China, should have no role in the region. These ideas laid the ground for India's military interventions in East Pakistan in 1971 (which created Bangladesh), the 1987 to 1990 intervention in Sri Lanka, and the one in the Maldives in 1988. However, India's unilateralism and hegemony was not successful (Wagner 2005; Burgess 2009). India was perceived as a regional bully among its small neighbors and its antagonistic relations with Pakistan led to a further worsening of situation in South Asia. The development of the region is burdened by inter-state disputes as well as intra-state conflicts. By the beginning of 1990, the Indian peace-making mission in Sri Lanka failed and Indian troops withdrew. Except for Nepal and Bhutan, India was not in a position to shape or control a country in South Asia by political or military means.

The loosening of the Cold War constraints and the economic performance with a stable growth rate in the 1990s gave India's foreign policy new impetus, both at regional and global level. In 1991, Narasimha Rao assumed the Prime Minister's Office. In the realm of foreign policy, he developed India's "Look East" policy, which marked a strategic shift in India's perspective of the world. Through "Look East" policy, India has not only expanded trade and investment in Southeast Asia and strengthened strategic relations with countries in the region, but also carved out a relatively larger regional role for itself. An unspoken element in India's "Look East" policy is India's strategic goal to limit China's influence in Southeast Asia. To varying degrees, various nations in Southeast Asia also see India as a potential balancing actor or counter-weight to growing Chinese power in the region (Ganguly 2008, in Shambaugh & Yahuda: 160). Comparing to China, ASEAN did not have suspicions that India had ulterior ambitions of its own in this region. This line of thinking led to the continuous upgrading of the relationship between ASEAN and India (Gupta, in Sinha & Mohta 2007: 361). In 1996, India became a "dialogue partner" in the ASEAN Regional Forum and was accepted as a summit level partner (on par with China, Japan and South Korea) in 2002.

On the South Asian stage, Indian unilateralism and hegemony receded in the 1990s. The malign hegemon of the 1980s was trying to become a benign hegemon (Wagner 2005). This turn was reflected in the "Gujral Doctrine," authored by Inder Kumar Gujral who became Indian Foreign Minister in 1996 and later Prime Minister from April 1997 to March 1998. The "Gujral Doctrine" is a set of principles to guide the conduct of foreign relations with India's immediate neighbors. This policy was based on two basic assumptions: Firstly, India being the most powerful country in the region, should not insist on strict and immediate reciprocity from its smaller neighbors for its goodwill gestures. Secondly, Indo-Pakistan relations being a very complex one should be regarded as a separate category, and first priority should be given to improving less problematic relations with neighbors like Bangladesh, Nepal and Sri Lanka (Mishra 2000). This policy signified that India's interests had extended beyond South Asia, and its relatively

more generous approach to neighbors within the region, while dealing with Pakistan separately.

At the same time, regional cooperation in South Asia gained new momentum. The SAARC came into existence in 1985. However, the progress of SAARC was modest until the early 1990s. In the 1990s, India's economic reform created the opportunity to engage in trade with its neighbors and India came to use SAARC as an instrument for confidence-building in South Asia. A free trade framework was negotiated among member states. In January 2004, the South Asia Free Trade Agreement (SAFTA) was signed during 12th SAARC Summit held in Islamabad, Pakistan. India's activities in SAARC signified that India now prefers soft power strategies rather than hard power strategies for its hegemony in South Asia. The use of military power is viewed by New Delhi as necessary only as a measure of last resort (Bajpai 2008).

6.2 India's National Interest

6.2.1 Economic Development

As a developing country with the second largest population in the world, India faces lots of domestic challenges, which include reduction in poverty, inequality, and unemployment, better provision of education, health, housing, and food to its citizens, the broadening of economic and social opportunities, internal security and the forging of a cohesive nation-state. Currently, the most vital national interest for India would be continued economic progress and well-being of the country to meet the demand of development. As Prime Minister Manmohan Singh said:

*Our government believes that processes of wealth creation are essential for us to meet our commitment to eradicating poverty, and to realize the latter, we are dedicated to supporting the former.*¹⁶⁶

¹⁶⁶ Speech by Manmohan Singh, "PM's address at ASSOCHAM's JRD Tata birth centenary celebration," August 24, 2004, New Delhi, available at <http://pmindia.nic.in/speech-details.php?nodeid=7>.

*We need faster growth because, at our level of incomes, there can be no doubt that we must expand the production base of the economy if we want to provide broad-based improvement in the material conditions of living of our population, and if we are to meet effectively the rising aspirations of our youth.*¹⁶⁷

However Mr. Manmohan Singh also realized:

*But growth alone is not enough if it does not produce a flow of benefits that is sufficiently wide-spread. We, therefore, need a growth process that is much more inclusive, a growth process that raises incomes of the poor to bring about a much faster reduction in poverty, a growth process which generates expansion in good quality employment, and which also ensures access to essential services such as health and education for all sections of the community.*¹⁶⁸

Economic development cannot alone solve all these problems but it is at least a key, to make a bigger pie for distribution. Thus, economic well-being has become an ends and means in itself. By focusing on growth to address the challenge of development, Manmohan Singh also talked about the relationship between India's foreign policy and its domestic goal:

As we strive to realize our due place in the comity of Nations, any policy must stand the test of one simple question: how will it affect our quest for development and our need to provide a secure environment for government to deliver to our people. For this, it goes without saying that the realization of our goal lies in widening, deepening and expanding our interaction with all our economic partners, with all our neighbours, with all Major Powers. As a

¹⁶⁷ Speech by Manmohan Singh, "PM's address at the Meeting of National Development Council 2006," December 9, 2006, New Delhi, available at <http://pmindia.nic.in/speech-details.php?nodeid=482>.

¹⁶⁸ Ibid.

*confident nation, we will interact with the world as a confident equal partner, seeking mutuality of benefit for all.*¹⁶⁹

Singh's speech clearly conveyed the message that current India's foreign policy should serve the development goal of the nation.

6.2.2 Security

Defined by the Westphalian state system which makes up the world today, a state's security interests should first of all meet the needs of survival, of which ideas of sovereignty and territorial integrity is at the centre. As a member within this system, India's understanding of security is also conformed to this basic framework. In security terms, India's national interests can be divided into external and internal security domains. Issues discussed in international relations and foreign policy are mainly related to interests in external security domains, yet they cannot be separated from the internal security domain. In terms of external security, India's national interests mainly include: protection of sovereignty and territorial integrity; the protection of citizens against external aggression and terrorism; military deterrence; ensuring peace and stability in its immediate neighborhood; maritime security (Dahiya 2012: 75). It is in the context of these interests that threats and challenges to India's security are examined and will be reflected at the level of foreign policy. Furthermore, India's understanding of its security interest has a strong regional focus. For India, as a successor state to the Raj, the whole of South Asia constitutes a strategic entity and is its natural and rightful sphere of influence. Hence, India regards any external intervention and great power presence in the region both as a threat to regional security and as a challenge to its own preeminent position.

India's security conception is also influenced by the concept of "balance of power." Whether the idea of "balance of power" will be a time tested truth we do

¹⁶⁹ By Manmohan Singh, "Speech at the Function to release the Indian Foreign Affairs Journal," New Delhi, February 15, 2006, available at <http://pmindia.nic.in/speech-details.php?nodeid=267>.

not know yet, but it is a part of the reality that any politicians in the world would face. Ideas have power and can turn into reality. The most obvious consequence of this idea is the military build-up. As Prime Minister Manmohan Singh clearly indicated:

*But the reality is that we live in a world of unequal power relations. We live in an uncertain international security environment. We are therefore obliged to create adequate defence preparedness to manage any potential challenge to our security and vital national interests.*¹⁷⁰

In the Indian case, focus is being given to defence modernisation, with an inclusive nuclear doctrine based on minimum deterrence and a “No First Use” policy.

For India, security also closely connects to independence and autonomy, which was the major goal of India’s nationalists struggle before 1947. This security concern was manifested in India’s adherence to strategic autonomy in its foreign policy to avoid dependence on western powers and to increase policy options in the Cold War, while in the domestic sphere it reflected in the emphasis on “self-reliance.” During the Cold War India’s strategic autonomy took the form of non-alignment, which was based on a view that India as a weak country was unable to resist outside forces and thus was reliant on the principle of autonomy to preserve itself. The success of the Non-aligned Movement at one time did make India achieve its aspiration of leadership and status among the Third World countries. Non-aligned Movement was diluted with the end of the Cold War, but that does not mean that strategic autonomy has lost its importance in India. Strategic autonomy is still inextricably linked in Indian strategic thinking, regardless of the government in power in New Delhi. India “*will not abandon its tradition of prickly independence,*” and this drive for autonomy “*is deeply rooted in India’s political culture and is unlikely to dissipate easily. Any major state seeking*

¹⁷⁰ Speech by Manmohan Singh, “PM asks DRDO to strive for the highest standards of performance and delivery of weapon systems,” New Delhi, July 7, 2007, available at <http://pmindia.nic.in/speech-details.php?nodeid=541>.

to work with India will have to take account of this deep-seated proclivity in India's decision-making apparatus" (Ganguly 2008: 164). Thus, nonalignment as the embodiment of India's quest for autonomy remains officially the foundation of India's foreign policy in a modified form, that "*the contents have been reshuffled, repacked, enriched and, occasionally jettisoned by India's current leaders*" (Mitra 2009: 32). It should be considered as India's rational instrument to protect its security interests and enhance its strategic position in the world politics.

6.2.3 Status

India's quest for great-power status remains in the new global environment and it is fuelled by the global acceptance of India's rise. India is an extraordinarily status conscious power and India's evolution into a modern nation state has been marked by an inordinate quest for international recognition of its status (Mehta 2009: 217). However, the achievement of great power status has been inadequate and incomplete due to its lack of capabilities. India's positive economic performance since the mid-1990s and its nuclear status in 1998 shifted international perceptions of its potential and gave India confidence. In this context, India began to talk about participation and take responsibilities in the global stage. Indeed, with its rising power status, India will be increasingly called upon to undertake more responsibilities. Here, again economic interest is on the foreground. Moreover, the previous bipolar structure of the international system which emphasizes ideology tended to provide opportunities for states like India and China to play bigger roles than their material capabilities can actually allow them to play (Norbu 1998: 313). In the current unipolar world system, which is dominated by an economic order created by the USA and other western powers, their opportunities for playing bigger roles and achieving higher status tend to be more dependent on their actual power. Hence, in order to secure its current status and possibly achieve higher ranking in the future, India needs to enhance its comprehensive national power too. Without a strong domestic base, the role of leadership in world affairs will be constricted. Hence, there is a near unanimity that, in the medium term, it is India's

economic well-being and ability to meet domestic challenges that will drive its quest for strategic autonomy.¹⁷¹

6.3 Conclusion

With regards to India's objective national identity and interest, my arguments here are similar with the arguments presented on chapter 5. Like China, India is a modern state which embodies a major civilization. The civilization state identity captures the sense of India's greatness and the themes that construct the founding idea of India. The historical and cultural reality of India is of a "melting pot" society, yet its emphasis on diversity brings about more diversities in society challenging India as a unity, which leads to a "salad bowl" situation. India also perceives itself as a victim of invasions from outsiders. In terms of this, its narratives of history are constructed and strategic autonomy is given its place in its strategic and security considerations. Though the Non-aligned Movement was diluted with the end of the Cold War, this does not mean that strategic autonomy has lost its importance in India. As a modern nation state, its nation-building and national integration process has not finished yet, hence, sovereignty and territorial integrity are equally important to India vis-à-vis national security.

As a developing country, India's priority is primary domestic. Economic well-being gained momentum in political elite's perception of India's interests in the current domestic and international settings. Trade and bilateral economic cooperation have become the cornerstones of India's relations with the world. In an article about India's foreign policy priorities, Indian Minister of External Affairs, S.M. Krishna (2009: 349) wrote:

India's economic engagement with the world has deepened and our global trade has grown. In fact, with many countries, bilateral economic and commercial relations have become the driving force of a more intensive

¹⁷¹ "Non-Alignment 2.0," *Times of India*, March 27, 2012, available at http://articles.timesofindia.indiatimes.com/2012-03-27/edit-page/31240813_1_autonomy-multi-polar-world-strategic-community

engagement. Our Missions abroad, in addition to liaising with local counterpart ministries on traditional issues, are now expected to actively promote our commercial interests.

India is an extraordinarily status conscious power due to its past greatness in civilization, yet the achievement of great power status has been inadequate and incomplete in the post-independence time. India's emerging status in the 21st century has triggered a new self-definition of its own image leading to an increasingly confidence on its new political role in international affairs. India is now willing to take more responsibility on the international stage, actively participating in international organizations and treaties, and no longer relying solely on an argument of autonomy to protect India from outside influence.

As a regional power, India has consolidated its influence in South Asia and would like to continue its dominance in the region in the 21st century, though India's growing influence has gone beyond the region with its growing power. Nevertheless, India now prefers soft power strategies rather than hard ones for its hegemony in South Asia.

Chapter 5 and Chapter 6 have examined India's and China's national identities and national interests, which are important for understanding India's and China's foreign policies and their behaviors in the international politics. In the following two Chapters, I will explore how their identities and interests affect their foreign policies towards each other, which determine the trends and dynamics of the India-China relations.

7 China's India Policy

In this chapter, China's India policy will be explored from the foreign policy decision-making in China, from China's foreign policy strategy in general and China's perception of India. These three aspects belong to situational definition of a state's behaviour, in which national identity and national interest will find their expression. All these three aspects will have impact on China's strategy towards

India. To begin with, I will first give a brief overview of foreign decision-making in China, because it provides the background information for the other two aspects.

7.1 Foreign Policy Decision-making in China

China's international relations today are no longer only being decided by a very centralised and cloistered political elite in Beijing. The number of actors that take part in the formation of the country's foreign policy has grown within the Chinese government as well as increasingly outside it. Non-governmental actors, including enterprises, financial institutions, local governments, research institutes, NGOs, media and even frequent users of the Internet have been transformed from irrelevant actors to stronger players in Chinese foreign policy. In short, the CCP still commands foreign policy, but the circle of foreign policy actors has become more diversified.

China is a party-state. The Party is the paramount political actor within the country and there is negligible separation between the apparatus of government and the structure of the CCP. Inner-party rules for decision-making are based on the Leninist principle of democratic centralism, which is also the decision-making rule of the state organs in China. The governing structure of China is very hierarchical. According to democratic centralism, there is the freedom of members of the political party to propose, discuss, debate and criticize in the process of decision making, but once the decision of the party is made by a majority vote, all members are expected to uphold that decision. This means that an individual is subordinate to the organization and the lower levels are subordinate to the higher levels of the Party and of the state organs.

The Politburo Standing Committee (PSC) acts as the *de facto* highest and most powerful decision-making body in contemporary China, exercises centralized control over the whole political system. The members of PSC are the top leaders of China. Over the past thirty years, China has gradually completed the transition from strongman politics to collective leadership. The collective leadership has been implemented since the third generation of leadership led by Jiang Zemin. The

supreme leader (who usually holds the positions of the President, the Secretary of CCP, and Chairman of the Central Military Commission at the same time) does not have absolute power, but functions usually as a convener and chairs meetings. Decisions are reached through consensus-building. Collective leadership is considered a way to prevent autocracy, but may result in reducing the efficiency of decision-making. Moreover, collective leadership inherently involves more factional competition and coalition-building within the Party in the absence of strongman politics.

In the PSC, Leading Small Groups (LSGs) are important decision-making consulting bodies and make supra-ministerial coordination to build consensus on issues that cut across the government, party, and military systems when the existing bureaucratic structure is unable to do so. They are headed by PSC members, composed of leading members of the relevant government, party, and military ministerial ranking agencies.¹⁷² The most critical foreign policy decisions are made in the Foreign Affairs Leading Small Group (FALSG), also known as the National Security Leading Small Group (NSLSG).¹⁷³ Although the supreme leader is consistently portrayed as “first among equals” of the PSC members, he does have more authority than the rest as the convener by summarizing and unifying the views of members. Since foreign affairs have long been considered of the most sensitive areas, usually the supreme leader heads the FALSG/NSLSG, as well as the Taiwan Affairs LSG. The FALSG provides a forum for the members of the central leadership in charge of foreign affairs to meet face to face with foreign policy specialists, including the leading officials of relevant government, and military establishments, academic specialists, and even influential journalists. Attached to the FALSG is the Central Foreign Affairs Office (CFAO) as the executive body of

¹⁷² Not all LSGs are of equal rank; some are made up of ministerial-ranking officials, whereas others are made up of vice-ministerial officials. See (Lu 2001: 47).

¹⁷³ It is literally the “same organization with two titles (一个机构两块牌子).” The “same organization with two or more titles” is a unique way of organization in the PRC’s government agencies.

the FALSG/NSLSG for staff work and to exercise overall sectoral coordination (Lu 2001; Sun 2013). During the period which this writing focuses, President Hu Jintao is the head of the Foreign Affairs LSG and he was assisted by the Dai Bingguo,¹⁷⁴ who charged the CFAO since 2005. Dai is a professional diplomat, his role was equivalent to the national security advisor to the President. Dai and CFAO occupied a central position in advising Hu on routine foreign affairs issues and eased the burden of Hu. The decision-making process was described by a senior Chinese official like this: most of the procedural issues were managed within the ministries. For those that reached the CFAO, Dai and the CFAO had a large authority to make decisions. *“Only those that Dai could not decide with certainty will be brought to Hu, and only those that Hu could not decide alone will be pushed to PSC”* (Sun 2013: 7). This means that on strategic issues such as setting of broad agendas, or issues with emergency such as crisis management, the supreme leader has to rely on the collective leadership of the Politburo Standing Committee to build consensus by discussions and occasional voting around the final decision. Hence, with regards to major strategic issues, it is difficult to evaluate the degree of influence that a specific person, agency or factor has on any given PSC decision, without knowing the arena in which decisions are made and who sits at the table.

Consensus-building is now a crucial part of day-to-day governance in China. The pluralization of the Chinese society put enormous pressure on the Party. Hence, consensus-building is imperative for the Party to keep unity and political stability. In the PSC, no leader today wishes to carry sole responsibility for a major, critical policy decision in case the decision fails and backfires, jeopardizing his own career and, in a worst case scenario, the legitimacy of the whole system (Sun 2013: 6). For decisions on strategic issues, expanded meetings will be convened in PSC including representatives of related government ministries, the military, Party

¹⁷⁴ In March 2008, he was appointed State Councillor. Dai was the Special Representative of China in the India-China border talks.

departments and some retired senior officials to hold broad discussion in order to achieve a widely accepted decision. This decision making model is best summarized as “*collective leadership, democratic centralism, individual consultations, and decision by meetings*” (集体领导，民主集中，个别酝酿，会议决定).¹⁷⁵ However, consensus-building requires an enormous amount of discussion and bargaining to reach a compromise. Hence, it is very time consuming, and the compromise reached by this way may not be the best choice with regard to a policy issue. Moreover, a failure to reach consensus often means agreeing to postpone a decision to enable further study of the matter or sometimes it ends in deadlock with no positions taken at all. In addition to problems created by consensus-driven decision-making, China’s foreign policy decision-making process also suffers from narrow agency interests and a deficiency in policy coordination among various agencies and ministries with “*the left hand does not know what the right is doing*” (Lampton 2001: 2). There are some structural problems that contribute to this lack of coordination. For example, when it comes to civil-military coordination, the system fails to provide general oversight over PLA actions with national security consequences (Sun 2013). In the processes of information analysis, objectivity is often compromised to the existing guidelines. Personal relationship has traditionally been and is still endemic in Chinese society, playing an active role in the decision-making processes.

China’s foreign policy actors have become more diversified. Within the Chinese Government, the Ministry of Foreign Affairs is today merely one actor in the realm of foreign policy and not necessarily the most important one. It faces competition for influence over foreign policy formulation from the Ministry of Commerce and several other government bodies that have expanded their international outreach in their respective fields, such as the People’s Bank of China,

¹⁷⁵ See Constitution of the Communist Party of China (amended and adopted at the 16th CPC National Congress on November 14, 2002), Chapter 2, Organization System of the Party, Article 10 (5).

the National Development and Reform Commission, the Ministry of Finance and the Ministry of State Security. These official actors could have conflicting stakes in the process of foreign policy making. Furthermore, the foreign policy actors outside the official establishment today are also striving to influence the foreign policy making. These include local governments, research institutes, state-owned enterprises, financial institutions.

The influence of public opinion on foreign policy in China is also increasing, because Chinese society has become more pluralistic than it was 10 or 20 years ago. Chinese citizens can express their views through various media, especially on Internet. In Chinese political philosophy, the political legitimacy of a ruler and government was derived from the mandate of heaven. Unjust rulers will lose the mandate therefore the right to rule the people, and people have the right to overthrow them. Today's leaders do take care of the public opinion, because they need the public support for their political purpose. Furthermore, public opinion is also a barometer for the government to see the reaction of the public on various issues so that the government can decide how to act in the next steps. Chinese leaders have the understanding of which issues are sensitive and could lead to social instability or could benefit political competitors; and nationalism is important with regard to foreign policy issues (Lampton 2001). In general, Chinese leadership has more space to maneuver in the sphere of public opinion, because the media is still controlled by the state, though nowadays the space in which the leadership can operate has already been narrowed because of the spread of information technology and the social media. In China, the word "strategic community" is still not very popular, comparing to the Indian context. However, there are researchers of think tanks, academics in leading universities, and senior journalists who to some extent play a role as opinion leaders though they are not independent. Sometimes, they can express views that are somewhat different from the official line, but generally they will stay within the boundaries that the government sets when they make their voices heard in the public. This relationship between the public, the government and the strategic elite in China (see Figure 7-1)

Thus, in China's public opinion sphere, the government still has a dominant role. It intentionally tries to steer the public opinion and has been generally successful.

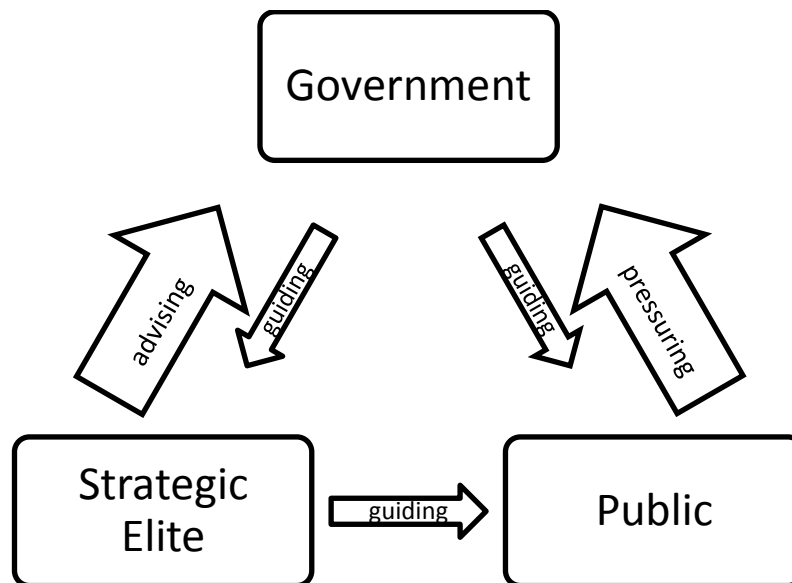


Figure 7-1 Relationship between government, strategic elite and public in China

7.2 China's Foreign Policy Strategy

There are two distinct phases of China's foreign policy. The first phase was dominated by Mao Zedong and Chinese premier Zhou Enlai. Mao attached great importance to class struggle and revolution, ideology and security were the main consideration of China's foreign policy making. The second phase started when Deng Xiaoping came to power after the death of Mao. Deng abandoned the ideological rhetoric of Mao and reformulated China's foreign policy strategy. His ideas on foreign affairs are an important part of his theory of building socialism with Chinese characteristics and a creative development of the foreign policy formulated by Mao and Zhou.

Deng's foreign policy objectives are clearly domestically-oriented: to serve China's central mission of "economic construction." He discussed the issue of peace and development, arguing that these are the two main themes of the contemporary world, and that the challenges China faced were "matters of North-South divide," that is, the development question:

*From the economic point of view, the two really great issues confronting the world today, issues of global strategic significance, are: first, peace, and second, economic development. The first involves East-West relations, while the second involves North-South relations. In short, countries in the East, West, North and South are all involved, but the North-South relations are the key question. ... In short, if the countries in the South are not duly developed, the countries in the North will find only very limited outlets for their capital and products; indeed, if the South remains poor, the North will find no outlets at all.*¹⁷⁶

Deng also readopted an independent foreign policy, which was set in the early days of the PRC but was actually not followed in terms of the reality of the rivalry between the Soviet Union and the US. It is clear that Deng had an excellent mastery of the domestic development and of the changing international environment. Even if after Deng, policy making in Beijing has been characterized by careful compromise and consensus-building, his ideas on diplomacy have been followed by his successors. The guidelines he laid, of which peace, development and independence are the core, have become the consensus on foreign policy entrenched among party leaders. His successors Jiang Zemin, Hu Jintao added their own interpretations and new content onto Deng's guidelines based on new challenges of their time, but did not deviate from Deng's ideas.

In Jiang's Zemin's era, China continued the good-neighbor policy of Deng, and established various types of partnerships with other major powers and began to play an active role in regional cooperation. In the late 1990s, the "New Security Concept" was raised to address the China's security environment in the context of the emergence of non-traditional security threats, of "China threat theory." It stressed the mutual trust, mutual benefit, equality of states, and respect for different cultures and different development paths. In addition to comprehensive security, it

¹⁷⁶ "Peace and development are the two outstanding issues in the world today," March 4, 1985, in *Selected Works of Deng Xiaoping*, vol. 3, Beijing: Foreign Languages Press, 1994.

also stressed cooperative security, common security and the development of comprehensive national power (CNP). Moreover, the idea of international responsibility was also brought to China's foreign policy, since the international voices that China should take more responsibility to deal with regional and global affairs were also increasing with China's growing power. Thus, since the mid-1990s China has attached great importance to cultivating an international image of a responsible cooperative power. Phrases such as "*responsible great power*" have emerged frequently in official talks.

Throughout the period on which this study is based, Hu Jintao owned the office of the Chinese president as the head of the fourth generation leadership. The situation which Hu Jintao faced was that, China had become a rising power. China had to address the challenges coming from this new identity and status in the international community. Creating a favorable surrounding for its domestic development was still important as well as consolidation of the domestic achievement. It was in this context that Hu developed new foreign policy thinking under the concepts of "*peaceful development*" and "*harmonious world*." The concept "*harmonious world*" is an extension in China's foreign policy of Hu Jintao's domestic-oriented "building a harmonious society" policy in response to the rising unhappiness at increasing economic inequalities and ecological disasters in China.¹⁷⁷

In late 2003 and early 2004, the phrase "*peaceful rise*" appeared in public speeches of President Hu Jintao and Premier Wen Jiabao. The phrase was coined by Zheng Bijian, the former Vice Principal of the Central Party School, in his speech at the Boao Forum for Asia (2003).¹⁷⁸ His speech had a great response at home and abroad. The topic of "China's peaceful rise" attracted broad attention

¹⁷⁷ For more details about "peaceful development," and "harmonious world," see *Scientific Development and Theoretical Innovation since the Sixteenth Congress* (科学发展观与十六大以来的理论创新), Chapter 30, Beijing: Central Literature Publishing House (中央文献出版社), 2012.

¹⁷⁸ See Zheng Bijian's speech, "A new path for China's peaceful rise and the future of Asia," *Bo'ao Forum for Asia*, November 3, 2003.

both internationally and domestically. It refers to the idea that in the past, a rise of a new power often resulted in drastic changes to global political structures, and even war, but China will not rise as other great powers through force. Instead, China's rise will help to maintain a peaceful international environment. However, the term "peaceful rise" caused controversy among Chinese leaders, in part because there were opinions that the use of the word "rise" could fuel the notion of "threat." Therefore, in the second half of 2004, "peaceful rise" faded out gradually in the news, and political propaganda, and was replaced by the more low-profile term "*peaceful development*." By 2012 China had published two White Papers, one in 2005, and one in 2011, to systematically explain the theory and practice of "peaceful development" and Chinese government's position in this regard.¹⁷⁹

In a nutshell, the theory of "peaceful development" states that China's path of peaceful development is a choice determined by China's national conditions and carries forward China's historical and cultural tradition; it may be defined as "*China should develop itself through upholding world peace and contribute to world peace through its own development*," which more concretely include that China "*should achieve development with its own efforts and by carrying out reform and innovation*," "*should open itself to the outside and learn from other countries*," "*should seek mutual benefit and common development with other countries in keeping with the trend of economic globalization*," and "*should work together with other countries to build a harmonious world of durable peace and common prosperity*."¹⁸⁰ Chapter three "China's Foreign Policies for Pursuing Peaceful Development" of the 2011 White Paper could be regarded as a summary of China's foreign policies since Deng Xiaoping, putting all the thinking on international relations and foreign policies of Deng, Jiang, and Hu under the banner of peaceful development. There are five pillars for China to pursue peaceful development

¹⁷⁹ White paper, *China's Peaceful Development Road* (2005) available at <http://www.china.org.cn/english/2005/Dec/152669.htm>, White Paper, *China's Peaceful Development* (2011), available at http://english.gov.cn/official/2011-09/06/content_1941354.htm.

¹⁸⁰ White Paper, *China's Peaceful Development* (2011).

according to the document, which include promoting the building of a harmonious world; pursuing an independent foreign policy of peace; promoting new thinking on security featuring mutual trust, mutual benefit, equality and coordination; actively living up to international responsibility; and promoting regional cooperation and good-neighborly relations.¹⁸¹ These are the guiding policies that construct the doctrine of peaceful development, giving us the framework to understand China's foreign policy behaviours of the time this thesis focuses on and thereafter.

Here it needs to be noted that in the second half of Hu's tenure, from 2007 to 2012, many new challenges emerged in China's diplomacy which led to active debates on Deng's "*tao guang yang hui, you suo zuo wei* (韬光养晦, 有所作为)" strategy. Questions were raised about how to protect China's oversea interests when more and more Chinese travelling, studying and doing business abroad, how to protect their personal security and property; how to counter the US's new strategic move towards Asia-Pacific and the strengthening US-Japan alliance; how to solve China's territorial disputes with neighboring countries, especially the maritime disputes in South China Sea and Diaoyu island with Japan. In this context, China's diplomacy was criticized by many within the government establishment and the public as too "soft" to address such challenges. Some foreign policy experts, such as Yan Xuetong, Luo Yuan, advocate that China should give up the strategy of keeping a low profile and non-alliance in order to better respond to the United States and Japan strategic containment, safeguard national interests and enhance China's great power status.¹⁸² Other experts, such as Liu Jianfei of the Central Party School holds the view that the key responsibility for China's foreign diplomacy is the maintenance of a peaceful and stable international environment for domestic development and reforms. Therefore, China's foreign policy should

¹⁸¹ White Paper *China's Peaceful Development* (2011), Chapter 3.

¹⁸² Yan Xuetong (阎学通) is a Professor of the Department of International Relations, Tsinghua University, Beijing. Luo Yuan (罗援) is a military theorist at the Academy of Military Science, China. He holds the rank of Major General in the PRA Navy.

serve development not security.¹⁸³ In the 2011 edition of *China's Foreign Affairs*, a white paper published by Ministry of Foreign Affairs, the diplomatic concept “*you suo zuo wei*” (modest operations) which had been used after the end of the Cold War was first time replaced by “*ji ji zuo wei*” (active operations).¹⁸⁴ It indicates that Deng's guiding principle of “keeping a low profile” has partially changed in response to the new situation that China has emerged to the center of the international stage. It also indicates the transformation of a diplomacy mainly serving domestic development to a great power diplomacy, which is more complex and requires a combination of political, economic, security, cultural and other resources. How to build this great power diplomacy system has thus become the main theme in China's foreign policy and will have implications in the coming decades. Yet this slightly course correction does not necessarily means that China's behavior will become aggressive, it should be understood within the given framework of peaceful development and in the continuity of China's foreign policy.

7.3 China's Perception of India

In his primary research on Chinese perception of India, Randol gave a very precise description of the current state of play: “*a largely neutral (but sometimes confounding) perception of its neighbor indicates India is not a priority (at best) and in some cases insignificant (at worst) for China. A perceptible change in these attitudes, however, is on the horizon*” (Randol 2008: 212).

The perception of India by the Chinese government can have a constraining effect on its foreign policy choices towards India. In China, India is not perceived as an enemy or rival, instead, India is largely seen by the mainstream in China as a friend or a partner.

¹⁸³ Liu Jianfei (刘建飞), “Rational evaluation of Chinese diplomacy (理性考评中国外交),” available at <http://theory.people.com.cn/n/2012/1218/c40531-19931550.html>, December 18, 2012.

¹⁸⁴ China's Foreign Affairs 2011, Department of Policy Planning, Ministry of Foreign Affairs, PRC, World Knowledge Publishing House (世界知识出版社).

India meets all the basic criteria applied to determine the importance of a country to China's foreign policy. As Zhou Gang, former Chinese ambassador of India, commented:

*We often talk about that the major powers are the key; the periphery is the primary; the developing countries are the basis; multilateral cooperation is the important stage. India is a big power, a neighbor, a developing country, is also influential in the Asia-Pacific region and the Indian Ocean region. The country has a very important position in China's diplomacy.*¹⁸⁵

However, India remains low in China's list of foreign policy priorities compared to China's place in India's list of priorities. China's security concerns are directed mainly toward the US, East and Southeast Asia. South Asia has lower priority, and China does not regard India as a serious rival. Chinese public and academia follow developments in Taiwan, Japan and the US with much greater interest than development in India. In recent years, due to their growing economic ties and recognition of India as emerging power, the importance of India has been steadily rising in Chinese perception. This change was confirmed by State Councilor of China and the Chinese Special Representative in the border talks Mr. Dai Bingguo: *"Our relationship has gained increasing importance in China's foreign relations."*¹⁸⁶

Similar to India's case, there are also different perceptual positions on India in China which can be roughly distinguished as pro cooperation, pro competition and in the middle. On the one hand is the position which emphasizes cooperation and the common identities and interests of China and India. For example, their understanding of international order, of human rights, of cooperation on

¹⁸⁵ "Chinese peripheral diplomacy ten moments (five): 'We have achieved a major milestone' [中国周边外交十瞬间（五）：“我们完成了一件大事”],” November 14, 2007, available at http://www.china.com.cn/international/txt/2007-11/14/content_9224907.htm.

¹⁸⁶ "State Councillor Dai Bingguo gives an interview to Press Trust of India," *China Daily*, December 13, 2012, available at http://www.chinadaily.com.cn/opinion/2012-12/13/content_16015436.htm.

anti-smuggling and anti-terrorism, of economic development and the requirements of maintaining domestic stability. On the other hand, there is the position that views India as a hostile country occupying vast territory of China, being preoccupied with the memories of the war in 1962 and trying to achieve its territorial claims by developing military strength and increasing military deployment in border areas. This position emphasizes the conflicting geopolitical interests with India and that China should be on guard against India.¹⁸⁷ Mainstream Chinese perception of India moves between these two positions and currently the former one is the dominant one, which is represented by the government and most of the academia (Bhattacharyya 2007: 698-699).¹⁸⁸ Obviously, the constraints of China's political system make its government officials express their opinions in line with the government position in their public speeches. Though there is more than one perception on India, the government is usually coherent and shows a unified position towards the outside. Finally, while China gradually copes with the systems in USA and other western countries with increasing sophistication, it has been difficult for China to understand the complexities of India's society and its plural democracy of which free expression of views do not always represent the position of the government. There has been a lack of South Asian and Indian expertise in China and a lack of interactions, which can be attributed to this lack of understanding.

7.3.1 Main Identity Elements in China's Perception of India

In current Chinese perception of India, there are some basic identity elements of India on which China's interests are identified and decisions towards India are made. There are two frames of reference, globally and regionally (Randol 2008: 222; Han 2002; Zhao 2008). China's perception of India is first based on the reality that India is an important neighbor of China. Although South Asia is not China's

¹⁸⁷ See Han (2002) about the three positions.

¹⁸⁸ He also listed three positions of Chinese perception of India: Indian is a weak power; India is a threat, and engagement.

most decisive security area, negative impact on stability in China's southwest brought about by conflicts and unrests in this region cannot be underestimated and India is obviously the decisive factor of the situation in South Asia. Due to the history of Sino-Indian relations and the India's geographical location, India's actions and policies could cause disturbances in China's southwest periphery and frontier areas. Therefore, India is of considerable importance for China to maintain peace and stability in this region (Zhao 2008).

Second, India as the regional power of South Asia, has ambitions of being a world power. At the same time it is emerging as a military power. India is accelerating its pace of military modernization and its military spending has substantially increased to maintain its deterrence capability, especially targeting Pakistan and China. Although Chinese scholars and scientists have been concerned about the development of nuclear weapons in India, they generally agree that India's comprehensive power is still limited and it has not become a threat to China's overall security even after India's nuclear tests in 1998 and the launch of the Agni missiles. As a South Asian power, India sees South Asia as its sphere of influence and guarantor of national security and denies any big power presence in the region. In order to balance India's influence, small countries between India and China would like to seek closer relations with China. China has no intention to separate South Asia by winning over one party to isolate the other, but China cannot refuse small countries in South Asia to seek to establish a good relationship with it as they are also China's neighbors and China has its own stakes in these countries. China knows that with its growing influence in South Asia, India feels contained by China and has been sceptical of any China's moves in the region. Moreover, the mistrust caused by the 1962 conflict is still shaping India's perception of China. Hence, it is challenging for China to manage China-India relations.

At the global level, India is understood as an emerging power as well as a representative and a leader of developing countries. The rule-makers and discourse leaders of the current international system are the Western powers. India and China

and other developing countries do not have much say in the system. On many issues such as the international order, climate change, human rights and the concepts of sovereignty they can reach a broad consensus, cooperating in multilateral regimes, and making their voices heard. As the largest developing countries in the world, they have many similar domestic challenges and they can share their experiences with each other in issues of socio-economic development. In this sense, India could be an important cooperative partner of China. At the same time India as an emerging power also brings pressure to China on strategic level, especially on China's relations with other great powers. In China's perception, real security threat comes from the US.¹⁸⁹ Since 1998 India's nuclear tests there has been intensified political engagement between the US and India. China is very concerned about US-India relations, and whether India will side with the United States to contain China. In the Asia-Pacific region, where China is playing a central role, it is the US's intention to win over India in order to balance China in this region. With the support of the US, a Quadrilateral Security Dialogue was initiated in 2007 by then-Prime Minister of Japan Shinzo Abe between the US, Japan, India and Australia. However, the military alliance between the four countries got nowhere, because China issued formal diplomatic protests to its members. Although China expressed its worry and concerns about a possible US-India alliance, at the political level China realized that it would not be easy for Indians to be drawn into an alliance with the United States against China because of its political culture.¹⁹⁰ According to China's State Councilor, Dai Bingguo:

India is a country of strategic independence. It will not be wooed or ordered about by anyone else. Being a forerunner of the Non-Aligned Movement and a large emerging country with growing international influence, India will stick to

¹⁸⁹ Interview with Liu Xuecheng (刘学成) on September 16, 2011, he is the author of the book, *Sino-Indian Border Dispute and Sino-Indian Relations*, a researcher of the China Institute of International Studies.

¹⁹⁰ This has become a consensus on the part of many Indian analysts in China.

*its traditional independent foreign policy and contribute to the peace and development of the region and beyond.*¹⁹¹

Zhou Gang, former Chinese ambassador in India also commented, “*India has its own strategy, its own pursuit, and its self-esteem, it will not be easy for India to pull chestnuts from fire for the United States.*” He also showed understanding regarding growing India-US ties, “*India wants to develop its economy, to achieve its defense modernization. It is unlikely to realize this, if it does not develop relations with the US to get the technology.*”¹⁹²

7.3.2 Media and Public Opinion

Public opinion has increasing importance in China and media plays an important role in the development of public opinion. Chinese media has become increasingly commercialized, with growing competition and diversified content. State media outlets are no longer heavily subsidized by the government, they also need to attract advertisement through programs that people find attractive. Despite government monitoring, state media are no longer merely mouthpieces of the government and not all of them represent government positions. Especially in topics about international issues, media have more room to maneuver. It is under this background that India has become one of the attractive topics in international news reports.

Among the state media at the central level, only the Party newspaper, *People's Daily*, *Reference News*,¹⁹³ published by Xinhua News Agency, China Radio International (CRI) and China Central Television (CCTV), reflect China's official

¹⁹¹ “State Councillor Dai Bingguo Gives an Interview to Press Trust of India,” *China Daily*, December 13, 2012, available at http://www.chinadaily.com.cn/opinion/2012-12/13/content_16015436.htm.

¹⁹² “Chinese peripheral diplomacy ten moments (five): ‘We have achieved a major milestone’ [中国周边外交十瞬间（五）：‘我们完成了一件大事’],” November 14, 2007, available at http://www.china.com.cn/international/txt/2007-11/14/content_9224907.htm.

¹⁹³ *Reference News* selects articles from world's major news agencies and news journals, translates them into Chinese, and edits them in a way that can convey the government's positions on the issues.

policy and position on India (Tang 2004). This kind of media is authoritative. They generally hold a positive attitude towards India which is in line with the government's position that India is a partner and a friend. These media have editors and reporters who are familiar with the overall strategy and policy of Chinese diplomacy and are able to grasp the proper scale to report India in a way to promote bilateral relations.

However, with regard to Chinese public perception of India, the market-oriented urban media and online media have increasing impact. The Indian image on these sections of Chinese media varies from moderate to negative (Tang 2004). There are two aspects to explain this: On the one hand, it should be recognized due to marketing considerations that some of these media specifically seek to promote national pride by showing that China is superior to India, by focusing on issues which could foster nationalist sentiments, or by choosing various negative social news of India to meet the readers/viewers' tastes. On the other hand, negative image making about India in Chinese market-oriented media and online media is to a certain extent a "tit-for-tat" of Chinese media in reaction of increasing distorted or misinformed reports on China in Indian media.¹⁹⁴ There is an acute perception deficit in the Indian media, with China being regularly portrayed as a security threat, which is largely due to the influence of the writings by a small group of experts from domestic think-tanks.¹⁹⁵ According to Tang Lu's observation, the overall tone of India's media reported about China from 2003 to 2006 was more positive, although it sometimes revealed some of the concerns and worries of China. However, starting from the end of 2006, the media's negative reports in China gradually increased and reached a climax between August and

¹⁹⁴ *The Hindu's* Correspondent in China Mr. Ananth Krishnan also described the phenomenon in China-India Media Mediation Workshop (May 17-18, 2012) organized by Institute of South Asian Studies (ISAS), National University of Singapore, <http://southasiandiaspora.org/china-india-media-mediation/6/>.

¹⁹⁵ See "India-China relations and the media: Blame the messenger," by Banyan, May 21, 2012, available at <http://www.economist.com/blogs/banyan/2012/05/india-china-relations-and-media>.

September 2009 when India's English-language media hyped border transgressions issue collectively (Tang 2010). The negative stories about China attracted certainly the attention of Chinese journalists and to some extent provoked criticism towards the Indian government and Indian media in the Chinese media,¹⁹⁶ which contributed to an increasingly negative perception of India in the Chinese public.¹⁹⁷

Some survey data confirmed this tendency in Chinese public perception of India. The World Public Opinion Survey data from 2006 to 2012, conducted by the Chicago Council on Global Affairs for the BBC World Service shows that Chinese view of India's influence in the world is increasingly negative (See Figure 7-2). Survey data of the Pew Global Attitudes project from 2005 to 2012 also shows that India's favorability in China is declining (See Figure 7-3).¹⁹⁸ On the India-China relationship, the Pew Report on China of October 2012 shows that 39% of Chinese view India-China relationship as being based on cooperation, and 24% see it as being marked by hostility. In 2010, 53% of Chinese viewed India-China relationship as marked by cooperation, and 9% by hostility. On Chinese attitudes towards India's economy, the Report shows that 44% of Chinese view India's growing economy as a good thing while 25% see it as a bad thing for China in

¹⁹⁶ See for example, "Where does Indian media's addiction of hyping China come from (印度媒体炒作中国瘾从何来)," *International Herald Leader*, September 15, 2009, available at http://news.xinhuanet.com/herald/2009-09/15/content_12054135.htm; and "Five major aspects of Indian media's rivalry with China (印度媒体“较劲”中国的五大方面)," *Xinhua News*, September 16, 2010, available at http://news.xinhuanet.com/world/2010-09/16/c_12551917_9.htm.

¹⁹⁷ Tang Lu (唐璐) is the India correspondent and a senior editor of the Xinhua News Agency. She observed that in China, people consider the view expressed by a particular section of the Indian media as being representative of the general Indian perception. Likewise, Indians think that since the Chinese Government can control the local media, all the opinions published in the Chinese media are reflective of the Chinese Government's views. However, this is not true, especially, of the opinion pieces or blogs. This was an example of the kind of misunderstanding that exists about the media. See China-India Media Workshop 2012, ISAS, Singapore, available at <http://southasiandiaspora.org/china-india-media-mediation/6/>.

¹⁹⁸ However, the survey does not have the data of 2009.

2012; Chinese view India's growing economy as a good thing for China 60%, bad thing for China 13% in 2010.¹⁹⁹

There is another Chinese survey which was conducted in 2007 in Chinese colleges and universities about how Chinese students perceive India. College students belong to China's future elites, they have better access to information and knowledge, hence, their perception of India will to a large extent represent and lead the public opinion. On question of the perception of India-China relationship, about 69.1% students said it is a state of neither friend nor foe, but this did not mean that India-China relationship is not important, because 74.3% students believed that India-China relationship is "important" and "very important." Besides, another 56% of college students held "very welcome" and "welcome" attitude towards Indian companies entering Chinese market. These data shows the current state of the India-China relations is far from the ideal state in the perception of students (Li and Liu 2008: 41).²⁰⁰ It is perceived as "not bad and not good," which is in the middle. This is a critical state. It could easily turn bad or turn good, depending on which kind of forces is stronger under given conditions.

¹⁹⁹ "Pew Global Attitudes Project 2012 Spring Survey Topline Results," October 16, 2012 Release, available at <http://www.pewglobal.org/files/2012/10/Pew-Global-Attitudes-China-Report-FINAL-TOPLINE-October-10-2012.pdf>.

²⁰⁰ The survey is conducted in colleges and universities in the three big cities of Shanghai, Chengdu and Changsha.

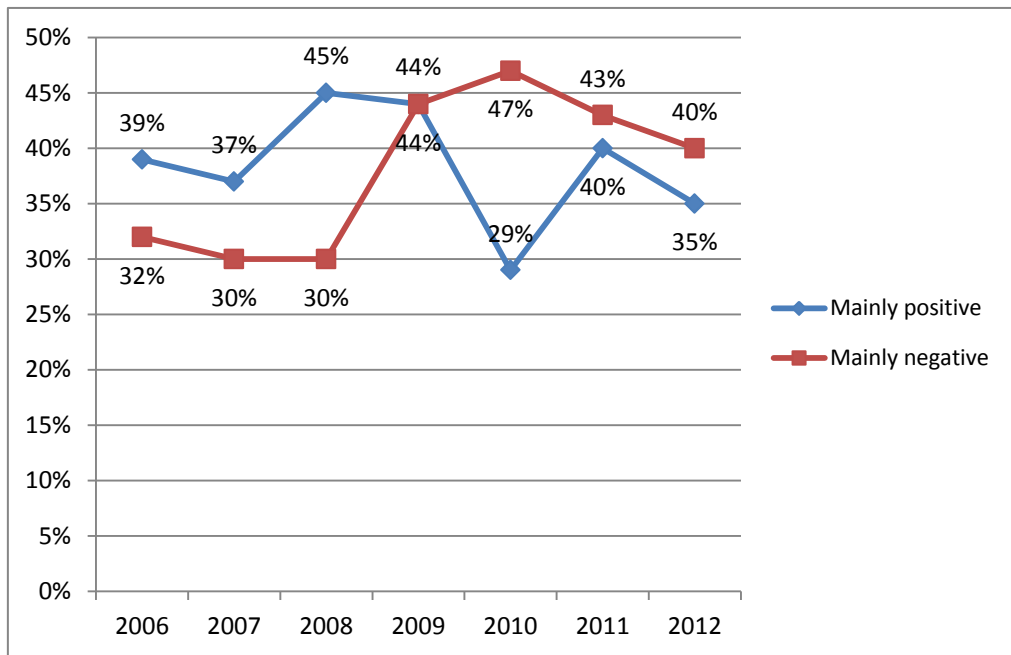


Figure 7-2 Chinese view of India's influence in the world (Source: BBC World Service polls, 2006-2012)

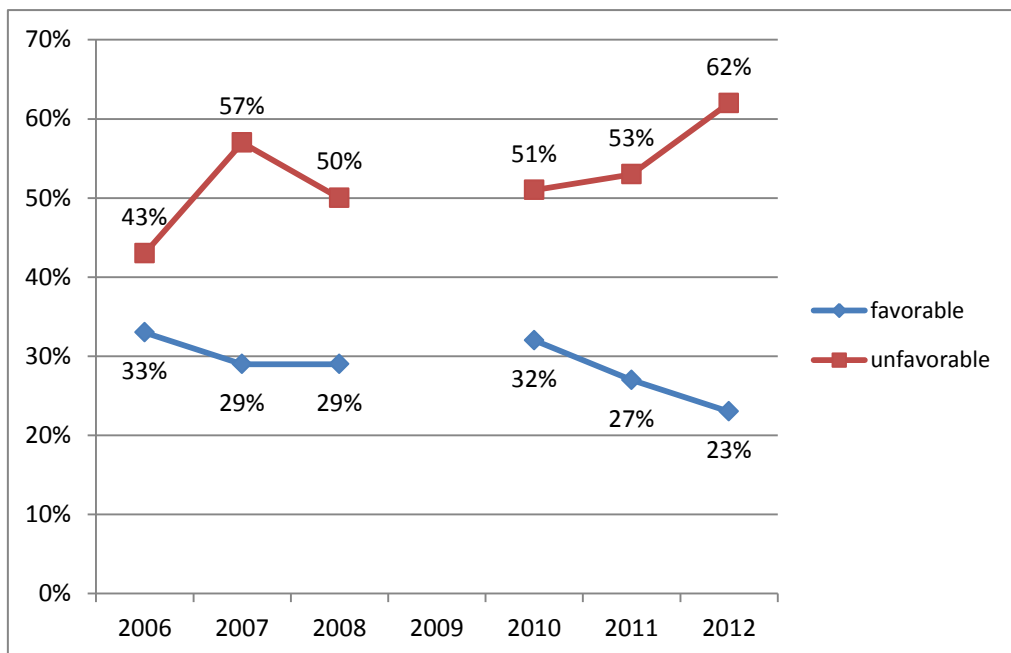


Figure 7-3 India's favorability in China (Source: Pew Global Attitudes Project, <http://www.pewglobal.org/>, 2005-2012)

On the whole, there is an increasing discrepancy between the official perception of India and perception of India in Chinese general public. In recent

years, the old problems in Sino-Indian relations have not been resolved and new issues are emerging. The discrepancy in fact reflects the current dilemma and structural constraints in India-China relations.²⁰¹ While the official relations have been in a stable developmental stage, there is a lack of trust and understanding at the people-to-people level. On the one hand is the government position that India is a good friend and partner and India's rise as part of the rise of developing society in the current world order is welcome. On the other hand, negative remarks of China in Indian media are often found in Chinese media, giving Chinese public a somewhat different image that India is not a very friendly country towards China. Whether an emerging India will be beneficial or harmful to China is a question whose answer has not yet reached a clear consensus within the Chinese public (Zhao 2011).

7.4 China's Strategy towards India

China's foreign policy strategy towards India should be understood in terms of China's own identity and interest, in terms of China's perception of India and China's foreign policy strategy. In the contemporary era, China's national identity prescribes that economic development is the priority of China. Hence, China's diplomacy should serve the goal of economic construction, and is committed to developing friendship and cooperation with other countries to create a favorable international environment for its development, as CCP's Central Committee pointed out in 2006:

*China will pursue an independent foreign policy of peace, unswervingly follow the path of peaceful development, ... and **safeguard Chinas sovereignty, security and development interest**, ... Foreign Affairs work must persist in taking **economic construction as the center**, closely combined with the*

²⁰¹ In my interview with C. Raja Mohan (August 12, 2013), he pointed out how the media dilemma reflects the structural problems of India-China relations.

*domestic overall situation, and carry work forward by co-ordinating domestic and international situations.*²⁰²

This guideline was named by Hu Jintao the “peaceful development theory,” which integrates the thinking on diplomacy of Chinese leadership since Deng Xiaoping, and defines China’s neighborhood policy in this period. As indicated in the 16th and 17th Party Congress Reports:

*We will continue to cement our friendly ties with our neighbors and persist in building a good-neighborly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our surrounding countries to a new height.*²⁰³

*For our neighboring countries, we will continue to follow the foreign policy of friendship and partnership, **strengthen good-neighborly relations and practical cooperation** with them, and energetically engage in regional cooperation in order to jointly create a peaceful, stable regional environment featuring equality, mutual trust and win-win cooperation.*²⁰⁴

India is China’s important neighbor, thus, China’s strategy towards India is situated in this neighborhood policy and is based on the perception that India is not a threat to China. From the Chinese point of view, its policy towards India does have defensive and competitive elements, but the mainstream is still marked by

²⁰² “Central conference on foreign affairs work was held in Beijing (中央外事工作会议在京举行),” *People’s Daily*, August 24, 2006, available at http://news.xinhuanet.com/politics/2006-08/23/content_4999294.htm. This conference was a “major strategic move” of the party central committee to strengthen and improve foreign affairs work. The meeting explicitly putting forward the “guiding ideology, basic principles, overall requirements, and main tasks” of foreign affairs work, which is to be adhered to in order to push forward the building of a harmonious world. See *People’s Daily*’s editorial on August 23, 2006, “Adhere to the road of peaceful development and building a harmonious world (坚持和平发展道路 推动建设和谐世界),” available at http://news.xinhuanet.com/politics/2006-08/23/content_4999339.htm.

²⁰³ 16th Party Congress Report by President Jiang Zemin, Chapter 9, November 17, 2002, available at http://news.xinhuanet.com/newscenter/2002-11/17/content_632296.htm.

²⁰⁴ 17th Party Congress Report by President Hu Jintao, Chapter 11, October 25, 2007, available at <http://cpc.people.com.cn/GB/64093/67507/6429855.html>.

cooperation. First, both from the short and long term perspective, India will not overtake the United States and even Russia to become China's main security threat. India for China is like India for the US, is a country that China want to win over to balance US's influence in Asia and for a more fair international order. Second, China wants to avoid conflicts with its immediate neighbors for its domestic development, and China's economic development can also benefit from a peaceful and prosperous neighborhood. It is not the case as many western and Indian commentators have observed that China does not like to see India as prosperous and strong because of competitive relations. This kind of interpretation is based on a realist mindset and focuses only on power factors in the international relations while ignoring the historical, cultural and geo-political complex of China. As declared in many occasions, China's intention in foreign policy is to have "win-win" relations with other countries in terms of achieving welfare, development and prosperity. A prosperous and stable India will be good for China's periphery and for China's economic well-being too. Third, India and China have considerable common interests in the reform of the international political and economic order. Therefore, to win over India – i.e. to have a long term, cooperative and stable relationship with India, is at the core of China's India policy, and this will continue in the future for a long period of time so long as domestic socio-economic development remain the dominant goal in the country. This attitude of China is reflected in China's State Councilor Dai Bingguo's statement to *The Hindu*:

While working hard to develop itself, China is fully committed to developing long-term friendship and cooperation with India. It is our genuine hope that India will enjoy prosperity and its people, happiness. There does not exist such a thing as China's attempt to "attack India" or "suppress India's development". ... We need to guide and promote the growth of China-India relations with the concept of peaceful development. We need to view each

*other's development in a positive light and regard each other as major partners and friends, not rivals.*²⁰⁵

One of China's guiding principles when it comes to its neighborhood policy is the notion of "practical cooperation." It reflects the pragmatism that is prevailed in China's foreign policy making. The will of China of seeking a better Sino-Indian relationship is clear, but in the process there are still many structural problems. For instance, practical cooperation entails starting with something easy, such as expanding cooperation in economy, trade and finance, strengthening people-to-people exchanges to improve mutual understanding, and further, it should not let difficult issues such as border issue stand in the way of taking the relationship forward. Given India's continuing vigilance against China, and some uncertainties in Sino-Indian relations, such as border dispute, Tibet problem and Sino-India-Pakistan triangle, managing China-India relations remains challenging for China. How to prevent the positive momentum from being reversed, how to make more substantive improvement in their strategic partnership, and how to avoid negative competitions are central questions that concern the Chinese government.

China's cooperative and approach towards India is set in the general framework of its foreign policy. **However, when it comes to concrete issue areas, the application of the approach depends on the nature of the individual issue, and whether there is will of cooperation from both sides since cooperation is unattainable with only one side of the two parties willing to cooperate.** In the strategic and security issues, the dominant mindset is the realist one, of which security-dilemma, balance of power and competing sphere of influence are a part. This realist mindset is also determined by India and China's identity as nation states, that security, territory, and unity could not be easily sacrificed. The cooperative policy framework can to some extent lessen the tensions and conflicts

²⁰⁵ "A brighter future when China and India work hand in hand," *The Hindu*, Jan 16, 2012, available at <http://www.thehindu.com/news/national/article2804184.ece>.

or moderate positions in these issues, but it is difficult to alter the overall situation of these issues, if the dominant mindset is still the competitive one. To explain this, I take the example of China's South Asia policy.

In South Asia, China's policy is not aimed against India. The difference between China's and India's approach to South Asia is that one is more from an economic perspective and the other from a strategic and security perspective. Since the 1990s, China has modified its policy towards Pakistan, and has been no more only one-sided. Here, it cannot be excluded that China's relations with Pakistan do have some considerations of balancing India, but it is only one aspect. As an immediate neighbor of Pakistan and other South Asian countries, China has its own stakes in having good relations with them. China developed relations with Nepal actively. This is in fact more out of economic considerations, for a breakthrough of opening up in southwest China. The same can be seen in China's relations with Sri Lanka. China's investment in the construction of Hambantota port is not for a kind of "string of pearls" strategy in the Indian Ocean, but for economic interests. China knows that India has the best strategic position in the Indian Ocean and does not have the ambition to compete with India in the Indian Ocean. However, since India looks at China's influence in South Asia mainly from strategic and security perspective, it will not be easy to see India and China fully cooperating in regional issues of South Asia, even if China were to take such an initiative or have a cooperative manner.

In general, the situation of India-China relations is still far away from China's strategic objectives with India. It is difficult to achieve a breakthrough in the short run. Guided by practical cooperation, the reality is in fact a strategy of gradual cooperation. China has realized gradual cooperation with India is more realistic (Zhao 2008). First, the historic problems between them cannot be resolved in the short term, and the higher ranking of China in international system could further India's suspicion towards China and complicate the situation. Second, two countries are emerging simultaneously, which has led to a competitive situation to some extent, making overall cooperation unlikely in the short run. Hence, a gradual

cooperation is conducive to adjust their differences and to maintain the necessary room to manoeuvre, while the possibility for military conflict with India has been taken into account, and a deterrence capability is maintained.

7.5 Conclusion

This chapter looked at China's strategy towards India from the perspective of foreign policy making and foreign policy strategies that guide its diplomacy, and China's perception of India.

After Deng Xiaoping, a collective leadership was established in China with decision-making being done in a consensus-driven way by democratic centralism. Though China's system has become more pluralistic and foreign policy actors have diversified, the Party is still at the center of foreign policy making, laying the guidelines for China's foreign policy. The most critical strategic policy decisions are made in the Foreign Affairs Leading Small Group (FALSG), also known as the National Security Leading Small Group (NSLSG) in Politbureau Standing Committee (PSC), of which the President is the head. Most of the procedural issues are managed within the ministerial level. In decision-making process, relationship between government and public opinion has been always a topic for discussion. In Chinese system, the government and the party are in a strong position. Leaders will consider public opinion in foreign policy making. Meanwhile, they also seek to control public opinion and have been generally successful.

In the 1980s, Deng Xiaoping abandoned the ideological rhetoric of Mao. Peace, development and independence became the core concepts in China's foreign policy. His successors Jiang Zemin, Hu Jintao added their own interpretations and new content on Deng's foreign policy thinking based on the new situation of their time, but did not deviate from Deng's ideas. In Hu Jintao's tenure, the period that my thesis focuses, China's leadership raised the concepts "*peaceful development*" and "*harmonious world*" in diplomacy and integrated China's foreign policy thinking since Deng Xiaoping into "peaceful development theory," that China should develop itself through upholding world peace and contribute to world peace

through its own development. Though at the end of Hu's tenure, there was a slightly course correction which indicates a more active strategy in safeguarding China's core interests as reaction to China's new international challenges, this should be understood within the given framework of peaceful development and in the continuity of China's foreign policy.

China's official perception of India is neutral, and China does not perceive India as a threat. There are two frameworks to China's perception of India: a) a regional one and a global one. In the region, China's perception of India is first based on the reality that India is an important neighbor of China, especially for maintaining peace and stability in its periphery. Second, India is a regional power of South Asia. Although China's security concerns are directed mainly toward the US, East and Southeast Asia, South Asia has lower priority, China needs to be concerned about the security implications on India's military build-up in the region. At the global level, India and China can reach a broad consensus in many issues and be cooperative, yet at the same time India as an emerging power also brings pressure to China on geo-strategic level, especially on China's relations with the US and other great powers.

In China there are also different perceptual positions on India, which can be roughly distinguished as pro cooperation, pro competition and in the middle, though the division of different positions is less obvious in China due to its political system. Currently, a pro cooperation stance is the dominant one, which is represented by the Government and most of Chinese academia. Different from the official position that India is a friend and partner, and that India's rise is part of the rise of developing society in the current world order, public opinion in China shows a more complex image about India, in which media plays an important role. Chinese media has been increasingly commercialized and does not always represent the government's view. For commercial reasons and to a certain extent as a "tit-for-tat" strategy in reaction of distorted or misinformed reports on China in Indian media, there has been a negative image making of India in Chinese media, leading to a puzzled perception of India in Chinese public that India is not very

friendly towards China. Whether an emerging India will be beneficial or harmful to China, remains an open question in the Chinese public. The discrepancy in fact reflects the current dilemma and structural constraints in India-China relations, and the lack of trust and understanding at the people-to-people level.

To summarize, China's India policy should be understood in terms of China's own identity and interest, in terms of its foreign policy decision-making, its foreign policy strategy and China's perception of India. China's peaceful development strategy is determined by its national identity and interest, that China should pursue an independent foreign policy, follow the path of peaceful development and take economic construction as the center. This gives the framework of its neighborhood policy, of which establishing friendly neighborhood for domestic development and practical cooperation is the core. Setting in this context, China's policy towards India does have defensive and competitive elements, but the mainstream is still driven by cooperation. However, in concrete issue areas, the application of the cooperative approach depends on the nature of the individual issue, and whether there is the will of cooperation from both sides. In the strategic and security issues, determined by the nation state and regional power identity, which prescribes the importance of sovereignty, the dominant mindset is still shaped by realist understandings such as balance of power, sphere of influence, and self-help. The cooperative policy framework can to some extent lessen the tension and conflicts or moderate positions in these issues, but it is difficult to alter the overall situation of these issues. In general, the situation of India-China relations is still far away from China's strategic objective even if efforts are already underway for the development of practical cooperation,

8 India's China Policy

After examining China's policy towards India, this chapter will focus on how is India's policy towards China. As I have done in the last chapter, I will first

examine the aspect of foreign policy decision-making in order to set the stage for a proper analysis of a state's foreign policy strategy in general. Next, I will examine India's foreign policy strategy. Following this, I will look at India's perception of China, and at the end draw my conclusion about India's China policy.

8.1 Foreign Policy Decision-making in India

Due to the nature of India's political system, India's foreign policy formation is affected less by the changing global environment and more by the level of interest of the Prime Minister, along with bureaucrats in the Ministry of External Affairs (MEA), the media, public opinion, and the ideologies of various political parties (Bandyopadhyaya 2003: 82).

Decision making in India's foreign policy is often characterized as personalized, ad hoc and reactive (Bandyopadhyaya 2003; Pant 2006; Hardgrave & Kochanek 2008, Mehta 2009). India has a small, elitist, and highly bureaucratic foreign service, and most routine decisions are made by these officers within the hierarchy of the Ministry of External Affairs (MEA). Ministries concerned with India's international relations include External Affairs, Defense, Commerce, and Finance. There has generally been a concentration of decision making authority in the Prime Minister, and to a small extent in the Foreign Minister. With a small coterie of personal advisors, major decisions on policy are made by the two, and the process is often informal. In recent years, the Prime Minister's Office (PMO) has built up a staff of its own to formulate and conduct, in partnership with the MEA but with more power than the MEA (Malone 2011:7). India's foreign policy decision-making process was also criticized for lacking an institutional mechanism for dealing with problems of national security. In November 1998 National Security Council (NSC) was established by the NDP government to address this problem. The National Security Council was headed by the Prime Minister included the Ministers of Defence, External Affairs, Home, Finance of the Government of India, and the Deputy Chairman of the Planning Commission. The three-tiered structure of the NSC comprises the Strategic Policy Group, the

National Security Advisory Board and a Secretariat represented by the Joint Intelligence Committee (JIC). In addition, there is the National Security Advisor (NSA). The NSA, appointed by the Prime Minister, has become the most powerful authority on national security since 1998 and has sidelined the institution of the NSC. At times, important decisions were taken in an ad hoc manner without utilising the Cabinet Committee on Security and the Strategic Policy Group which was composed by key secretaries, service chiefs, and heads of intelligence agencies for inter-ministerial coordination for the NSC (Pant 2006: 766).

A recent phenomenon affecting foreign policy decision-making in India has been the increasingly assertive role of regional political parties (Singh 2012: 141). In the past 15 years, coalition politics has become the norm in India and the regional parties are necessary for the survival of the coalition governments. Thus, they are able to influence foreign policy in accordance to their worldview.

The making of Indian foreign policy is also hampered by poor coordination among the various institutions concerned with India's international relations. Frequently, ministries make important decision on sensitive issues affecting the conduct of Indian foreign policy without consulting MEA. The problem is most critical in the lack of strategic policy coordination between MEA and the Ministry of Defense (MOD), with the MEA having the authority in Diplomacy and the latter in military issues. (Hardgrave & Kochanek 2008: 477). Furthermore, India's foreign policy making has been criticized for lacking strategic vision (Tanham 1992; Subrahmanyam 2005; Pant 2006, 2008).²⁰⁶

India's foreign policy actors have also become more diversified. In the past the MEA and PMO had strong influence, but now the MOD has also gained influence, as well as other Ministries such as Ministry of Finance, Ministry of Commerce and Industry. For obvious reasons, policy makers in democracies tend to be much more sensitive to the dynamics of public opinion. There has been a broad consensus in

²⁰⁶ Pant (2008), see "Four years of UPA: Foreign policy adrift," *Rediff News*, May 12, 2008, available at <http://www.rediff.com/news/2008/may/12guest.htm>.

public opinion in favor of India's foreign policy in most major instances, however, at times public opinion has also compelled the government to change its policy postures such as the cases of India-China border conflicts in the late 1950s and India's military intervention in Sri Lanka in the 1980s.²⁰⁷ On the India's nuclear issue, public opinion has also been playing a very influential role. We can say that though the media and public opinion do not play a decisive role, they impose pressures and constraints on the foreign policy making. Within India's current democratic setup, the interaction between the elected leaders and the public is mediated by a limited number of strategic thinkers and opinion leaders who are identified as India's strategic community. They are people who populate think-tanks, academic institutions, newspaper columns, journals, and televisions programs, as well as the seminars and informal discussions to be found mainly in New Delhi. These people operate mostly outside the formal parameters of the Government, but a number of them have had and still have various connections with government personnel and politicians. Hence, a considerable congruence between government policy and nongovernmental perceptions can be created as the governmental and extra-governmental portions of the strategic community share ideas in their own fashion (Hoffman 2004: 34-35). These strategic elites are able to determine the government's policy in two ways: first, by directly advising India's policy makers; and second, by guiding public opinion and generating public pressures on the government. The relationship between the government, public opinion and strategic elite in India see Figure 8-1 (Frey 2006: 30). Moreover, this link in India between public opinion and foreign policy is strengthened by the rapid development of telecom, internet, mass media and the new institution of public opinion polls and surveys.

²⁰⁷ See Bandyopadhyaya (2003: 127-128), Jha (2002: 50-51) for public opinion's impact on India's foreign policy.

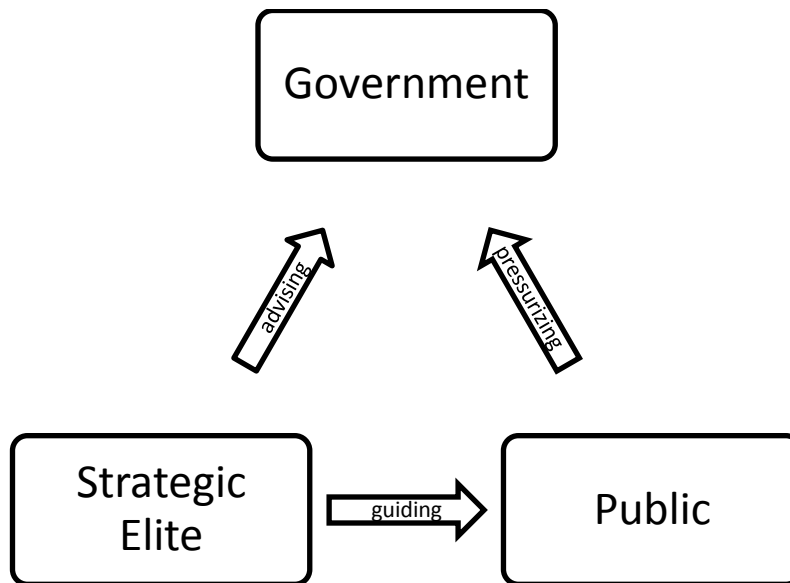


Figure 8-1 Relationship between government, strategic elite and public in India (Source: Frey 2006)

8.2 India's Foreign Policy Strategy

India's foreign policy strategy is embedded in its strategic thinking. Contemporary debates about India's strategic thinking can be traced back to the discussion of the term "strategic culture." During the Cold War, scholars attempted to develop a theory of political culture. In 1977, American scholar Jack Snyder in his RAND report on Soviet limited nuclear war doctrine brought the political culture argument into modern security studies by coining the term "strategic culture." Snyder's contributions had resonance for other security policy analysts. Many subsequent works on strategic culture emerged since then. On India's strategic culture, one of the most influential works is George K. Tanham's *India's Strategic Thought*, also published by RAND. Tanham concluded in this book that India lacks long-term, coherent strategic thinking. His book opened the debate of whether India has a strategic culture, and the argument that India does not have a strategic culture and that Indians have historically not thought consistently and rigorously about strategy became a commonplace among some experts on Indian security. Though many

scholars and politicians disagree with this opinion (Bajpai 2010, Jones 2006, Menon 2012),²⁰⁸ Tanham's pioneering work prompted India's political circle and academia to seriously consider India's strategic culture and strategic options related to the nation's future.

To answer the question whether India has a strategic culture, it is meaningful to first look at what is strategic culture. Strategic culture is reflected in the belief-systems that guide the making of foreign and security policy. The strategic culture approach presumes that individual interests are constructed in the context of temporality and logically consistent patterns of perceptions about a country's role in international politics and in the use of military force towards achieving political ends. These patterns are rooted in historically formative experiences of a state. They are influenced by philosophical, political, cultural and cognitive factors as the state and its elites develop through time (Neumann and Heikka 2005: 6). In this sense, for a civilization and state like India, it is impossible that it does not have a strategic culture. As Jones summarized, India's strategic culture is mosaic-like, due to its substantial continuity with the symbolism of pre-modern Indian state systems and threads of Hindu or Vedic civilization dating back several millennia. This continuity of values was battered and overlaid but never severed or completely submerged (Jones 2006). Today, many of the ideological roots of India's strategic positions can be found through an examination of its pre-independent history. The most profound two modes are the traditions of Kautilya and of Ashoka. The former represented realist values and the latter idealist ones (Kumar 2008; Song 2008). Moreover, during the rise of nationalism under British rule, India's strategic culture assimilated much of what we think of as 20th Century "modernity" (Jones 2006). Hence, India's behavior after 1947 is informed by a composite culture which cannot be separated from its own history and the history of the world.

²⁰⁸ See the talk delivered by Menon, Shivshankar (National Security Advisor), "K. Subrahmanyam and India's Strategic Culture," National Maritime Foundation, January 19, 2012, available at <http://www.maritimeindia.org/article/k-subrahmanyam-and-indias-strategic-culture.html>.

India's strategic culture today operates through a parliamentary democracy and within a diverse society. This system allows for a wide range of opinions to be voiced, thus, India's diversity is also reflected in its strategic thoughts and its strategic community which could be described as "*an elite divided against itself and within itself*," of which divisions "*do not fall along neat regional, cultural, economic, or professional lines*" (Cohen 2001: 64). Currently, the most popular description of India's contemporary strategic culture is made by Kanti Bajpai (2010).²⁰⁹ While acknowledging that India does not have a tradition of strategic thinking is not altogether incorrect, he holds the opinion that India does have a fairly coherent set of principles since its independence, and its strategic culture was dominated by the worldview of its first Prime Minister Nehru, and has been in rapid evolution since the end of the Cold War (Bajpai 2010: 521). He summarized three main streams of the strategic thinking in India, namely *Nehruvianism*, *neo-liberalism*, and *hyperrealism*.²¹⁰ However, it should be noted that these categories are ideal types – i.e. constructs formulated for analytical purposes, carrying in each of them a number of Indian perceptions. Each stream contains individual ideas offered by many people, and people can also shift from one position to another position overtime, or can bridge between positions. While these streams disagree in key respects, they also share a core set of assumptions and arguments. First of all, all three paradigms accept the centrality of the sovereign state in International Relations and agree that there is no higher authority in the international system. In such a system, states can only help themselves and strive to protect their territory and autonomy. Secondly, all three paradigms see interests,

²⁰⁹ There are also other discussions about strategic culture, such as realism vs. idealism (Kautilya tradition vs. Ashoka tradition), and the opinion that India's strategic culture is a combination of these two streams of thinking. Bajpai's interpretation belongs to one of these opinions and have gained influence recently. Opinion held by Prof. Varun Sahni, School of International Studies, Jawaharlal Nehru University, interviewed on August 6, 2013.

²¹⁰ There are also other names to describe these positions, for example, Hoffman (2004) used moderate-realist, hyperrealist, and idealist, Harsh Pant (2006) used the category left-liberal, liberal and Indian right.

power and violence as the staples of international relations that states cannot ignore. Thirdly, they accept that power comprises both military and economic capabilities at a minimum and both types of capabilities are vital for security. Beyond this common base, they differ on the best strategy and means to be adopted (Bajpai 2010a, 2010b).

For Nehruvians, the state of “anarchy” can be mitigated by international laws and institutions, negotiations and cooperation between states, and to make preparations for war and a balance of power central to security and foreign policy is both ruinous and futile. For neoliberals, economic well-being is vital for national security. Economic strength can substitute for military power or, can be more effective. Where Nehruvians see communications and contact as the key to the transformation of international relations, neo-liberals believe that trade and economic interactions can achieve this. The hyperrealists are pessimistic about international relations, they see the endless cycle of repetition of inter-state threat, counter-threat, rivalry and conflict, where the risk of war is only managed by the threat and use of violence (Ibid.). All three paradigms are not new and continue to have their supporters across the various segments and institutions of Indian life. All three are to be found in the press, academia, and India’s governmental institutions (Ibid.).

Currently, economic development and prosperity has gained importance in the India’s self-understanding. While Nehruvianism still in many aspects defines India’s foreign policy strategy, which, in this sense, shows the continuity of India’s foreign policy, it seems that neo-liberal thinking has also gained increasing influence and there is a tendency towards pragmatism.

India’s current foreign policy is facing many challenges. Firstly, there is no political consensus in the country on national security issues.²¹¹ There was a broad

²¹¹ By Arvind Gupta, “A National Security Strategy Document for India,” IDSA Comment, October 20, 2011, available at http://www.idsa.in/idsacomments/ANationalSecurityStrategyDocumentforIndia_arvindgupta_201011.

consensus behind the policy of non-alignment during the Cold War.²¹² However, since the end of the Cold War, there has been no clear strategy in foreign and security policy which is comparable to non-alignment and India has been searching one. As Harish Kapur commented: “*India really was never rudderless, but then it was also never direction-oriented after the Nehru era*” (Kapur 2009: 414). The major changes after the Cold War on national security such as 1998 nuclear tests and better relations with the US in the 2000s, are reactive and pragmatic responses to pressing conditions. Secondly, the government has not been able to address the crucial issue of coordination required to formulate and address the issues of national security.²¹³ The NSC has been a useful invention but it lacks powers of enforcement. The departmental interests are very strong and it becomes difficult to synchronise them. Moreover, there is no common understanding among various segments of the government of what national security constitutes.²¹⁴

Recently there is a cumulative effort within Indian strategic community to push the Indian Government towards making its own strategic concept or vision clear in a national strategic document. For example, in 2010 there was one book “*The Long View from Delhi: To Define the Indian Grand Strategy for Foreign Policy*” by Rajeev Kumar, and Raja Menon.²¹⁵ This book is followed by a strategic

²¹² This is one view, see (Hardgrave and Kochanek 2008: 478). There is, however, another view that there was no consensus in modern India on the ends and means of its foreign policy, for example see Mohan (2009), the consensus was the products of strong leadership and one-dominant party system.

²¹³ By Arvind Gupta, “A National Security Strategy Document for India,” IDSA Comment, October 20, 2011, available at http://www.idsa.in/idsacomments/ANationalSecurityStrategyDocumentforIndia_arvindgupta_201011.

²¹⁴ About critics of India’s foreign policy institutions, and bureaucratic in foreign policy making see Mehta (2009: 210), Bandyopadhyaya (2003), Kapur (1994: 154), Markey (2009), Malone (2011: 71); Pant (2006: 766).

²¹⁵ Rajeev Kumar, director of ICRIER, one of India’s leading economic policy think tanks. Admiral Raja Menon is currently the chairman of the task force on Net Assessment and Simulation in the National Security Council. Admiral Menon was a career Officer and a submarine specialist in the Navy.

document in 2012, called *Nonalignment 2.0*, written by a group of analysts and policy makers, and an edited volume “*Grand Strategy of India: 2020 and Beyond*” by Institute for Defence Studies and Analyses. However, the effort is unlikely to succeed given the divisions in India’s polity and its weak government at present, since the government would then have to contend with a storm of critique. Hence, India’s strategic “ad hocism” is likely to continue, as the government continues to draw on such publications for inspiration in its deliberations in the absence of an over-arching strategic doctrine.²¹⁶ This does not mean that there is no movement in the security field, and that India’s foreign policy does not have fixed points or interests, but it does reflect “a case of cautious prudence” (Mehta 2009). To this extent, India’s foreign policy will remain reactive, will be reckoned with India’s own economic well-being and capabilities, and will be cautious in keeping its strategic autonomy.

8.3 India’s Perception of China

India’s perception of China will not only affect its own policy towards China, but also have constitutive effect on China’s perception of India, which will in turn influence China’s policy towards India.

8.3.1 China as a Significant Other

China is for India a significant Other. The humiliation out of the 1962 war has been integrated in India’s nation-building process since the 1962. India has not forgotten its own defeat in the 1962 war, which shapes an enduring Indian perception that China is not to be trusted. The unsettled border is not only a geographic reality but also the psychological hurdle in India’s relations with China, leading to the danger

²¹⁶ “Nonalignment 2.0 and India’s Strategic Direction,” by Ali Ahmed, May 28, 2012, *Foreign Policy Journal*, available at <http://www.foreignpolicyjournal.com/2012/05/28/nonalignment-2-0-and-indias-strategic-direction/>.

of seeing bilateral relations most through the lenses of the border issue and security.

In India's perception of China, there are also two frames of reference: a global one and a regional one. In South Asia, India has great concern over China's influence and is wary of China's links with neighbors such as Pakistan. Such preoccupation deepens its threat perception about China and its feeling of insecurity in South Asia, since for India threat comes from two sides simultaneously. In global politics, both countries have much in common, as both are rising powers and developing countries leading to similar positions in multilateral forums. In addition, they have similar historical experience as the victims of foreign invasion and subjugation, and face certain common problems such as environmental pollution, economic development, population and employment.

Self-perception is the lense through which Others is defined. India perceives itself on par with China and thus China is a reference point for India in many respects including in foreign policy, domestic policy, security and economy. As it identifies itself as an emerging power, it also perceives China as a rising giant and competitor in India's quest for international status. The complex perceptions of India for China are also reflected in the discourse of catching up with China, which many argue might take a long time, but it would be more sustainable in a democracy.²¹⁷ With the increasing gap in military and strategic strength between India and China, the view that China is a major threat to India's security has been gaining ground.²¹⁸ However, there is also a duality on how Indians perceive China. According to the Indian Poll 2013, while 83% of respondents see their neighbor as

²¹⁷ See comment about the discourse, "China's Marathon is India's Triathlon," by Tanvi Madan, *Brookings*, February 4, 2013, available at <http://www.brookings.edu/blogs/up-front/posts/2013/02/04-india-china-madan>, also see for example Guruswamy et al. (2003), "Can India Catch up with China?"

²¹⁸ See "Indians See Threat From Pakistan, Extremist," Pew Research Center, October 20, 2010, and India Poll 2013, Lowy Institute. According to these two surveys, China is India's security threat only after Pakistan.

a security threat, it is also notable that 63% want India-China ties to improve, and only 9% think that the relationship is already too close. The poll also shows that while Indians are strongly attached to their democratic rights, there is also a degree of respect for aspects of China's growth and development. In geopolitics, while 70% of poll respondents think China's aim is to dominate Asia and 65% agree that India should work with other countries to limit China's power, 64% also agree that India and China should cooperate to play a leading role in the world together.²¹⁹ This result shows some positive signals in the relations that there are enough potential for cooperation between the two Asian giants.

8.3.2 Three Positions

With regards to India's contemporary perceptions of China, there is a consensus across the Indian political spectrum for improving bilateral ties with its neighbor and for resolving Sino-Indian differences through dialogue – an aspiration that finds reflection in governmental policy.²²⁰ However, the official perspective hides a broader debate in India about how to deal with China through an attitude that drifts between two ends: on the one end, China is a respectable ancient civilization; on the other end, China is an aggressive and expansionist threat.

In general, there are three basic perceptual positions on China. Some scholars categorized them as pragmatists, hyper-realists and appeasers while others call these groups as mainstream, China-is-hostile and China-is-not-hostile factions (Hoffman 2004: 39–49; Malik 2003: 6–8).²²¹ Although there are other labels to describe these different positions, the basic orientations are the same. These three

²¹⁹ “What Indians Think About China,” by Rory Medcalf, *The Diplomat*, May 27, 2013, available at <http://thediplomat.com/flashpoints-blog/2013/05/27/what-indians-think-about-china/2/>.

²²⁰ “All Parties For ‘Purposeful’ Relations With China,” *The Financial Express*, September 8, 2004, available at <http://www.financialexpress.com/news/all-parties-for-purposeful-relations-with-china/114760>.

²²¹ Hoffman (2004), Malik (2003) delineated three ideal types of India's perceptual positions on China in terms of India's contemporary strategic thought. There are many scholars who pointed out these different position, see Swamy (2001), Singh (2008), Zhang (2006).

perceptual positions on China can be roughly associated with three strategic streams in India (Hoffmann 2004: 50), *Nehruvianism*, *neo-liberalism*, and *hyperrealism*, which I have already discussed in Chapter 5.

China is not hostile

India's pro-China lobby consists of Communists, left-leaning academics, journalists, pacifists, anti-nuclear, anti-U.S. elements and idealists (Malik 2003). Increasing numbers of young Indian students in China and small-time-small-town business travellers have also lately emerged as a new pro-China lobby in India (Singh 2008: 86). To them, China is not an aggressive power that threatens or bullies its neighbors. Rather, China is a developing country seeking to improve the lives of its people, through a pragmatic project, that desires good relations with India in the long run. They have also a broad geopolitical interests in common, namely to ensure that Asia does not become either an arena of conflict between Asian countries themselves, or an object of Western influence once again. According to Hoffman (Hoffman 2004: 46), this position has also areas of overlap with the neo-liberal position, and contains a definite sense of *realpolitik*, such as that India too faces something of a strategic dilemma. However, they hold that engagement with China will modify Chinese policies more than encirclement, supporting minimalist and non-provocative defense and favoring a bilateral relationship based on common security concerns. In terms of this, India has to pursue a steady, patient course of diplomacy with China.

Mainstream

This position emphasizes economic engagement with China. Economics should be the key factor in India's relations with China because intensifying trade and commerce would eventually raise the stakes for the country in its relationship with India. India will benefit from its economic relationship with China, and in addition will gain diplomatic leverage. This position does not deny that India and China are competitors but believe their aspirations are manageable. The Asia-Pacific region is big enough to accommodate both India and China's aspirations. The position also

emphasizes the need to “emulate China” and has many takers in official circles, especially within the business lobby (Malik 2003: 5).

According to this position, currently China inclines to have responsible and sober policies regarding India, but this may be likely to continue only for a limited time. China may be unwilling to acquiesce to the rise of India. From this perspective the country has been viewed as a potential threat or challenge to Indian interests in the long run, though currently China does not constitute a clear-cut, direct military threat to India. Overlapping with the “China is not hostile” position, this view also holds the notion that India and China share similar interests on many issues. Hence, there is the possibility for India and China to avert major future problems through diplomacy and other forms of appropriate action.

China is hostile

This position connects more closely to the hyperrealists’ strategic view, and sees China as a “clear and present danger” to India, far more so than Pakistan.²²² International relations, for hyperrealists, are basically a matter of conflict management among power-pursuing states. Many of those who hold this position are in the military establishment and strategic community. Hyperrealists believe that China will always undercut India militarily or economically. India and China are likely to come into conflict as their capabilities, ambitions and influences grow. The Chinese, in their view, only respect power. China is practicing strategic encirclement of India and is seeking top power position in Asia. Furthermore, this position tends to perceive Chinese pragmatism in foreign and security policy and economic modernization as merely tactical, and will be dispensed with when Beijing feels strong enough to use unilateral means. Hence, India must prepare itself militarily to deal with China, especially in air, naval, nuclear and space capabilities. Hyperrealists favor an Indian naval presence in the South China Sea,

²²² See for example “PMO’s peace disease paralyses foreign policy,” by Santwana Bhattacharya & Devirupa Mitra, *The Sunday Standard*, May 5, 2013, available at <http://newindianexpress.com/thesundaystandard/PMO%E2%80%99s-peace-disease-paralyses-foreign-policy/2013/05/05/article1575212.ece>.

some would go so far as to insist that India reopen the Tibet question and help counter China's rule.

Supporters of this view, also decry the mainstream position of "trade over security" as irrational. Moreover, the notion of joint Sino-Indian management of Asian security is treated as an illusion. For hyperrealists, an anti-China alliance with the United States is welcome in the near term. But in the long run, New Delhi must knit together a system of alliances, particularly in Asia, that will contain China with India playing the role of the linchpin to the system (Malik 2003).

Perception on China may also be categorized amongst those representing official, academic, think-tanks, or business community; and perceptions of regional actors such as in India's northeast could also be different from the center. However, we have to acknowledge that even in the same grouping, the view could be varied. For example, though generally the business community belongs to a pro-China lobby, some of its members focuses more on the negative impacts of China's economic growth on India, while others have a more nuanced attitude. There are also sharp differences of opinion on China within the policy establishment. The MEA moves between the official political line and its own instincts, which are to mistrust China. The MOD favors a hawkish policy vis-à-vis China (Malik 2003).

The comment of B. Raman (2009), who was the director of the Institute for Topical Studies, Chennai, indicates the connection between the perceptive positions on China in India and their impact on the relations:

While the political leadership, the serving bureaucracy and the business class want to be forward-looking, large sections of the civil society and strategic analysts continue to be chained to the past and tend to discourage any forward movement. As a result, the relations are moving at variable speeds – a little faster in the case of the political leadership, the serving bureaucracy and the

*business class and much slower in the case of the civil society and the non-governmental strategic analysts' community.*²²³

8.3.3 Media and Public Opinion

In India public opinion is playing an increasing role in foreign policy decision-making due to changes in India's domestic polity, though foreign policy was dominated and continues to be dominated by the political elite (Kapur 2009). Since the late 1990s, there has been a dramatic increase of the private electronic media, which has had a significant impact on the national security and foreign policy discourse in the country (Baru 2009; Mohan 2009). In C. Raja Mohan's words, the media *"has become a potential brake on new initiatives as well as a facilitator of new moves by the government. This in turn has put a new premium on the political classes and the security establishment reaching out to the media and leveraging its influence"* (Mohan 2009: 9).

As we know, the perception of China in India is tendentially marked by mistrust. In recent years, this was further strengthened by the increasing distorted or misinformed reports on China by the Indian media.²²⁴ China was often portrayed as a security threat, the more positive issues like trade/commerce, economics, tourism, and science and technology are downplayed vis-à-vis security subjects and border disputes.²²⁵ Especially, there has been a surge in reports of Chinese border incursions in recent years, which has become the largest source of Indian public distrust of China. According to *Global Times'* survey, *"border"* is the

²²³ B. Raman, "The frozen vision of 1962," *Outlook India*, September 13, 2009, available at <http://www.outlookindia.com/printarticle.aspx?261822>.

²²⁴ For example see "NSAB chief denies reporting Chinese intrusions to PMO," *Business Standard*, September 5, 2013, available at http://www.business-standard.com/article/economy-policy/nsab-chief-denies-reporting-chinese-intrusions-to-pmo-113090500954_1.html.

²²⁵ China-India Media Workshop 2012, ISAS, Singapore, available at <http://southasiandiaspora.org/china-india-media-mediation/6/>, see opinion of Mr Anshuman Tiwari, Chief of National Bureau, Dainik Jagran. Some of my interviews conducted in New Delhi from July to August 2013 also confirmed the same phenomenon.

most common word used in Indian media reports on China.²²⁶ The data of the World Public Opinion Surveys and the Pew Global Attitudes project confirmed this tendency. The World Public Opinion Surveys' data shows that from 2006 to 2012 Indian view of China's influence in the world was increasingly negative (See Figure 8-2). The Pew Global Attitudes project found that from 2005 to 2012 China's favorability in India was declining (See Figure 8-3). Though these cross-national surveys suffer from their limitation, such as a small sample size and mainly urban samples, the result can to a certain extent reflect the reality in the recent years. A new opinion poll of Lowy Institute conducted between 30 August and 15 October 2012, which claims to be one of the most comprehensive surveys on the attitudes of Indian citizens towards their future in the world, reached the same result.²²⁷

Nevertheless, what is behind this phenomenon? First of all, India's media market has become highly competitive. News coverage of countries is increasingly influenced by revenue considerations (Baru 2009; Tang 2010). Thus for media, it is important to have stories that can attract viewers' attention. In this context, authenticity and objectivity end up being sacrificed. Second, though the Indian Government approach is to "win" over the media to its point of view, the Government's influence in shaping media thinking is declining (Baru 2009: 278-279).²²⁸ Third, media can be manipulated by groups to advance their own interests. The fragmentation of political power in the center strengthened the media's influence in shaping public attitude. Different sections of bureaucracy also leak information to media on a selective basis to shape public opinion for their own

²²⁶ See "The China vs. India News War," by Reshma Patil, *The Diplomat*, September 29, 2013, available at <http://thediplomat.com/2013/09/29/the-china-vs-india-news-war/>; See also "Accentuating the positive," *Global Times*, August 21, 2013, available at <http://www.globaltimes.cn/content/805332.shtml#.Uk0C74bwlqU>.

²²⁷ See the Lowy Institute, India Poll 2013, May 20, 2013, available at <http://lowyinstitute.org/publications/india-poll-2013>.

²²⁸ See also Sardesai (2006), "Manipulations and Bias in News."

advancement or for winning policy battles within the government (Mohan 2009).²²⁹ In the case of diplomacy with China, some sections of bureaucracy and society may be unsatisfied with the government's position, and push the government to react by using public opinion and media.²³⁰ Fourth, India does not have many foreign correspondents. Though China has emerged as India's largest trade partner and is India's biggest neighbor, only four media organizations had correspondents stationed in China by 2010.²³¹ Hence most Indian media outlets had to depend on reports by Western media, and often viewed China from a Western perspective (Baru 2009: 282).²³² With this said, it would be hyperbolic to state the media is the root of negative perceptions of China in India. Rather, the sense of mistrust has more to do with structural constraints in the relations, of which border dispute still holds significance. Public perception of China is shaped largely by political and strategic elites through the media. Their views thus become the views of the public, shared by a large cross-section of society. The representation of China in Indian media in fact reflects a large sense of anxiety on the part of Indian society about a rising China, and the challenges that this might entail.

²²⁹ See also Reshma Patil's comment of Indian Government leaking information for advance in border negotiation. "The China vs. India News War," *The Diplomat*, September 29, 2013, available at <http://thediplomat.com/2013/09/29/the-china-vs-india-news-war/>.

²³⁰ "Indian Media declares war on China," *India Today*, September 16, 2009, available at <http://indiatoday.intoday.in/story/Indian+media+declares+war+on+China/1/61929.html>.

²³¹ "Bridging Divides," by Ananth Krishnan, China Correspondent of *The Hindu*, in *India China Ties: 60 Years 60 Thoughts*, p. 115, available at <http://www.indianembassy.org.cn/publications.aspx>, Embassy of India, Beijing.

²³² Interview with a Chinese journalist in India on July 26, 2013. He told me that since Chinese media are state-owned, they can afford to send more journalists to India. As a result, there are more Chinese journalists in India than Indian journalists in China, though it is very difficult for Chinese journalists to get Indian visa. The Indian side is unsatisfied with this imbalance.

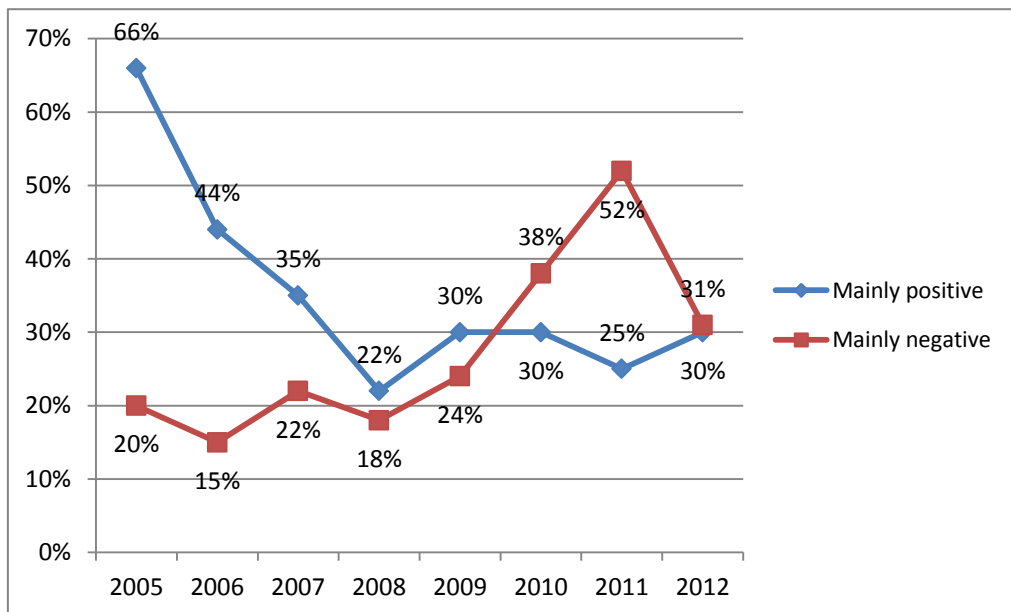


Figure 8-2 Indians' view of China's influence in the World (Source: BBC World Service polls, 2005-2012)

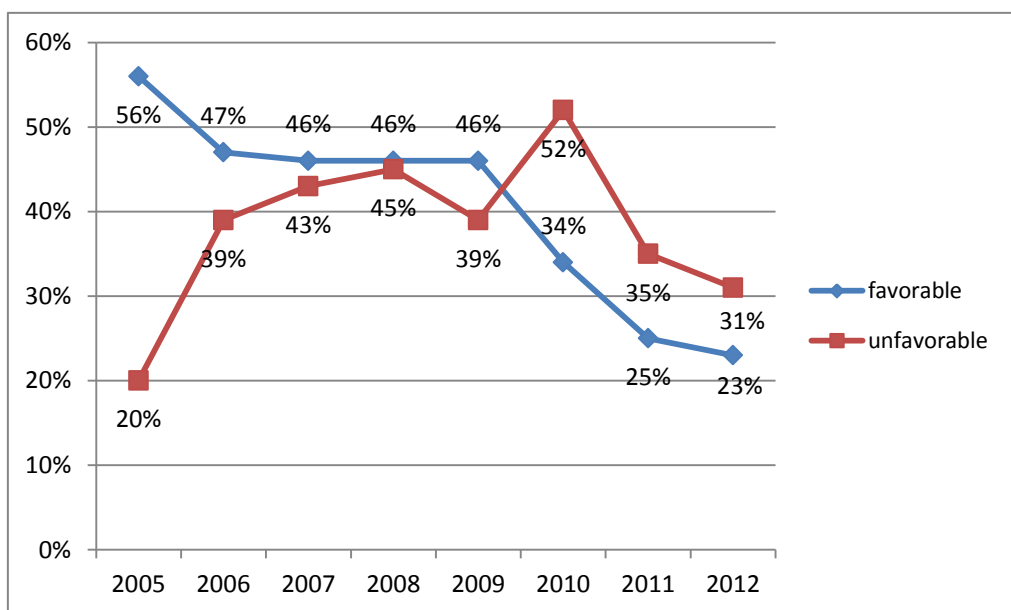


Figure 8-3 China's favorability in India (Source: Pew Global Attitudes Project, <http://www.pewglobal.org/>, 2005-2012)

8.4 India's Foreign Policy Strategy towards China

In general, China has remained high in India's foreign policy priority list. Since Vajpayee's China visit in 2003, India's China policy has adopted a comprehensive

approach which is based on the mainstream position calling for constructive engagement with China. To establish a friendly and cooperative relationship with the country has become a consensus that cuts across ideologies and party lines and has remained fairly consistent over time (Bhattacharyya 2007: 695; Acharya 2013). In Prime Minister Manmohan Singh's words, "*Our policy towards China is characterized by continuity and consensus.*"²³³ It was Vajpayee, who first actively started the new initiative towards China, upgraded economic ties and attempted to solve difference with the country through dialogue. This line was continued by the Singh government because "*...there is unanimity in this House regarding the importance of our relations with China. As I said in my Statement, our Government attaches great importance to the development of our relations with China. There is great scope for expansion of our economic interaction with this great neighbour of ours.*"²³⁴ He also acknowledged that, "*There are risks, but I think, these risks will not deter us from moving forward, though we shall do so mindful of all the elements that go to influence this complex situation which we have to deal with.*"²³⁵

The Indian government has gained parliament support of its cooperative policy with China. While engaging the country, India also follows the balance of power logic towards China. Since there are still issues in their relationship that can lead to military confrontation, India has not yet dismissed worries surrounding a worst case scenario. Hence, for India, security considerations have more weight in the relationship, because China is perceived as a serious security threat. The Indian Government has adopted a "*balanced engagement*" strategy in terms of the mainstream position of debates on China, in which both pro-China and China-hawks can find their positions.²³⁶ However, with regard to policies on

²³³ "PM's statement in the Lok Sabha on the visits of Chinese Premier and Pakistan President," April 20, 2005, New Delhi, available at <http://pmindia.nic.in/speech-details.php?nodeid=104>.

²³⁴ "PM's reply to the LS debate (rule 193) on foreign policy," May 12, 2005, New Delhi, available at <http://pmindia.nic.in/speech-details.php?nodeid=119>.

²³⁵ Ibid.

²³⁶ See Malik (2003) for more about the strategy of "balanced engagement."

concrete issues, there is still the question of whether emphasis should be made more on balancing or on engagement, which challenges the Indian Government in terms of its China policy.²³⁷ As a result, India's strategy towards China appears to be issue-centric, and the choice of strategy it uses depends on the merits of the issue.²³⁸

Moreover, foreign policy is much more an area of elite politics, where political elites feel they have fewer constraints in policy making. While the Indian government continues to expand ties with China, civil society still lags far behind. Hence, the scope of a constructive policy towards China is still constrained and undermined by persistent mistrust.

8.5 Conclusion

This chapter looked at India's China policy from the perspective of foreign policy making, foreign policy strategy that guides its diplomacy, as well as India's perception of China. These three aspects belong to the part of situation definition in a state's foreign policy making, in which national identity and national interest make their presence felt.

With regard to India's foreign policy making, it is often characterized as personalized, ad hoc and reactive and hampered by poor coordination among the various institutions in the policy establishment. Decision-making authority concentrates in the Prime Minister, alongside with a small coterie of personal advisors and with the help of MEA. National Security Advisor who is appointed by Prime Minister has been playing an influential role in the making of foreign and security policies since 1998. Foreign policy actors have also diversified. Ministries such as Ministry of Finance, Ministry of Commerce and Industry, as well as regional parties have also increasing influence on foreign policy in recent years. In

²³⁷ The Indian government's China policy has been criticized. See Jacob (2012), Pant (2006: 767-69), Singh (2012: 144-45) for recent comments.

²³⁸ Interview with Jagannath Panda on August 1, 2013, a researcher in the Institute for Defense Studies and Analysis, New Delhi.

the meaning time, in its democratic setting, India has a very active strategic community which mediates the elected leaders and the public, expresses their opinions and gives pressure on the Government on foreign policy issues. Hence, a considerable congruence between government policy and nongovernmental perceptions can be created.

India's foreign policy making provides the general political setting of India's foreign policy formulation. Meanwhile, India's foreign policy strategy cannot be separated from its strategic culture. Currently, the most popular description of India's contemporary strategic culture is made by Kinti Bajpai. He summarized three mainstreams of strategic thinking in India, named Nehruvianism, neo-liberalism, and hyperrealism. Nehruvians believe that the state of "anarchy" can be mitigated through communications and cooperation between states; neoliberals emphasize the role of trade and economic interaction in the interstates' relations; and the hyperrealists see the interstates' relations through the lens of threat, conflict and rivalry. Since the 1990s, liberalism has gradually gained importance and there has been a tendency towards pragmatism, though Nehruvianism still keeps its relative weight in India's foreign policy expressions. India's current foreign policy is also facing many challenges. It is criticized by many observers that Indian Government is reluctant to articulate a grand strategy. There is a cumulative effort within Indian strategic community to push the government towards this way through various writings. However, the effort is unlikely to succeed given the divisions in India's polity and its weak government at present. Hence, India's strategic adhocism will continue, but this does not mean that India's foreign policy does not have fixed points or interests. Instead, it reflects "a case of cautious prudence" by trying to keep its strategic autonomy and being pragmatic in terms of enhancing its capabilities.

Comparing to China, India's perceptual positions on China are more visible due to its democratic system. There are three perceptual positions on China, China-is-hostile, mainstream and China-is-not-hostile. These positions can be roughly associated with the three strategic streams. In general, China is for India a

significant Other, not only in terms of the size and population, but for being an ancient civilization and a rapidly rising developing country. India perceives itself on par with China, making its neighbor a reference point for India in many respects. Different from what can be witnessed in China, the 1962 border war has been deeply integrated in the national building process in India. The border issue with China was not only discussed widely in the public, but also had a massive impact on India's security environment. It has shaped an enduring Indian perception that China is not to be trusted, and acted as a psychological hurdle for India in dealing with China. Although India-China ties have been strengthened in recent years, fear and suspicions of China have not been lessened, but intensified by the increasing distorted or misinformed reports on China on Indian media, especially on the border issue. However, the representation of China by the Indian media in fact reflects the anxiety of the Indian society about a rising China, and the problems and challenges in their relations. In short, the overall perception of China in India should not be considered as a very pessimistic one. There are also positive signs which imply the possibility of cooperation. Though China is perceived as a security threat only after Pakistan in India, there is also a degree of respect for aspects of China's growth and development, just as many Indians perceive that there is enough potential for cooperation between the two Asian giants.

Since Vajpayee's China visit in 2003, India's China policy has adopted a comprehensive approach which is based on the mainstream position calling for constructive engagement with China. This is also a consensus that cuts across ideologies and party lines and has gained the support of the parliament. In the government mid-line approach of "balanced engagement," both pro-China and China-hawks can find their positions. However, there is still the question of whether emphasis should be made more on balancing or on engagement in concrete issue areas, which gives India's strategy towards China an issue-centric appearance. Furthermore, the scope of a constructive policy towards China is still constrained and undermined by persistent mistrust.

9 Conclusion

The objective of this thesis has been to explain the current development of bilateral relations by using the two core concepts of national identity and national interest. I have reviewed the historical development of India-China relations and focused on the period from 2003 to 2012. In this period, India-China relations have shown a mixed nature and gained a multifaceted character, with competition and cooperation acting in parallel ways. Sometimes one side is stronger, and sometimes they are equal in power and influence. At the governmental level, cooperation has become the dominant theme in their rhetoric towards each other. However, if we explore concrete issues, different issue areas show distinctive dynamics. For instance, in economic relations, cultural and educational issues, cooperation has been the major trend. Similarly, in multilateral negotiations, both countries have adopted the norm of multilateral cooperation. Still, cooperation has been easier in the international regimes rather than regional regimes because of a competitive mindset that is keen on keeping their traditional sphere of influence in the region; in energy issue, the initial driver was competition, but with time, one can witness a sense of interdependence that has led to eventual cooperation. As discussed in some detail, there have been some hard-core issues such as border issues, the “Tibet issue” and India-Pakistan-China triangle that I have argued to constrain India-China relations. These have marked sources of tension, conflicts and competition among the two Asian giants, constantly intervening the positive trend. The security dilemma has been persistent, though cooperation and mitigation of conflicts in these issues has been observable.

After presenting the general picture of the current dynamics of India-China relations, I examined China’s and India’s objective national identities and interests. China’s and India’s national identity is based on a civilization state in a form of nation state, a developing country, a regional power and a rising power. Their identity as a developing country prescribes the importance of socio-economic

development; their identity as a rising power/emerging power means that the importance of improving its standing in the international community; their identity as a nation state and a regional power implies that in its way of dealing with security issue, both firmly uphold Westphalian principles, emphasizing territorial integrity, sovereignty, independence and autonomy, and care about its influence in the region which it seeks to dominate.

Among all these national identities and interests, the national identity as emerging power and the national interest of economic development have gained prominence in recent foreign policy-making efforts and lay the ground for their cooperative approach towards each other at the governmental level. Their identities as modern states and regional powers prescribe the importance of the national security interest, which closely connects with realist understandings such as self-help and balance of power in the current international system. These realist understandings are still dominant in security related issues in their bilateral relations, and have spill-over effects on other non-security issues. This explains competition part of their relations.

Set in this context, China's and India's policies towards each other do have defensive and competitive elements, but the mainstream is based on cooperation. Guided by practical cooperation, China has a strategy of gradual cooperation towards India, which is conducive to adjusting their differences and to maintaining a necessary room to manoeuvre, while also maintaining a deterrence capability. On the Indian side, India pursues a strategy of "balanced engagement," yet there is still the question of whether emphasis should be made more on balancing or on engagement in concrete issue areas. Furthermore, the scope of a constructive policy towards China is still constrained and undermined by persistent mistrust. Moreover, though the overall framework is cooperative, the application of the cooperative approach depends on the nature of the individual issue, and whether there is the will of cooperation on both sides. In strategic and security issues, the dominant mindset is still driven by a realist interpretation of international relations. The cooperative policy framework can to some extent lessen the tension and conflicts

or moderate positions in these issues, but it is difficult to alter the overall situation of these issues.

In addition to China's and India's objective national identities and interests and their foreign policy strategies, the thesis has also explored their perceptions towards one another. Their perceptions imply a process of interaction between their government levels and societal levels, vertical as well as horizontal, in which the perception of the other will not only reflect their national identities and interests, but also affect one's own policy towards the other. This, in turn, has constitutive effects on the other's perception of it and the other's policy towards it. Both in India and in China, there are different perceptual positions towards the other, which can be generally oriented towards engagement, the middle way, and calibrated competition. In China, the former one is dominant, represented by the Government and widely-held views shared in Chinese academia. In India, the middle way is more influential and is also reflected in the Government's policy towards China. China's official perception of India is neutral, and India is not a threat to China, though China follows India's emergence with watchful eyes. What worries China is not India's emergence in the realm of power, but India's role between the US and China. In India's perception of China, China has been a reference point for India in many respects not least because of its size and population, and the fact of being an ancient civilization which is now rapidly developing. Different from that in China, the 1962 border war has been deeply integrated in the national building process in India since then. The border issue shaped an enduring Indian perception that China is not to be trusted, and became a psychological hurdle for India in dealing with China. In policy making, "*decision-makers tend to fit incoming information into their existing theories and images*" (Jervis 1968: 455). Therefore, in India's assessment, China has been a threat, whether China is rising or not. With China's rising power, what worries India most is India's relative power position vis-a-vis China. Though India-China ties have been strengthened in recent years, fear and suspicions of China have not been lessened, but strengthened by the increasing distorted or misinformed reports on China from the Indian media,

especially on the border issue. This, in turn, led to the negative image-making of India on the Chinese media and a puzzled perception of India in Chinese public that India is not very friendly towards China. Their public perceptions in fact reflect the current dilemma and structural constraints in India-China relations, and the lack of trust and understanding on the people-to-people level.

9.1 Prospects and Challenges

In an era of globalization, the prospects for India-China cooperation should be very wide and positive. Both are the most populous developing countries in the globe, giving them common ground for cooperation in many issues. For both India and China, the contemporary priority is the domestic development, to continue the domestic reforms and to address the needs of their population so that they can keep the pace of the current development and enhance their comprehensive power in the international system. By fostering deeper, long-term ties will help both nations to focus on domestic issues, and to explore each other's market for further economic growth. Both are neighbors and old civilizations that have intensive cultural and trade ties going back to the past. This is also a positive point that is often mentioned by both sides that relations will benefit from more exploration of the historical and cultural ties so that both can learn from the past for developing indigenous understandings about each other. Furthermore, India and China's cooperation is also important for peace and development in Asian and the world. As India's National Security Adviser Shivshankar Menon commented:

When you look at the range of India-China engagement... the fact at how peaceful that border is... the fact that we have made progress even on the boundary settlement discussions... the kind of congruence we have on several international issues and the way we work together on it, then you get a more

*balanced picture of the relationship, of its potential, for us and, for them, for the region, for the world, that it can actually do good together.*²³⁹

However, the scope of India-China engagement is still constrained by some major issues, such as the border dispute, the China-Pakistan-India relations, the Tibet problem and the US's role in Asia. At the ideational level, the lack of trust and confidence between the two countries, the realist understandings of self-help and balance of power, of inevitability of conflict between two rising powers Asia, continue to influence perceptions in India and in China. All these structural constraints cannot be easily removed. Hence, India-China relations will move at varied speeds, with some sections faster than the others, but towards greater convergence than divergence.

9.2 Policy Recommendations

Based on the current reality of India-China relations, some aspects should be further promoted. First of all, both governments should take the lead to improve mutual understanding between the two nations. To be sure, improved mutual understanding will not definitely create harmony or reduce differences of interests, but in the context of their interdependence, it can at least help reduce the danger of acting on imagined rather than real conflicts of interests and of unnecessarily aggravating the security dilemma. Needless to say, the Chinese and Indian governments should be concerned about the convergence and divergence of their perceptions towards each other and the impact of the perception gap on the relations. Since India feels more threatened by China than China by India, the Chinese government needs to learn how to convey its often neutral and at times, positive feelings to the Indians, and win the confidence from India. Here is also important to mention the communication deficit due to an information deficit between the two countries. Given the lack of interaction in the contemporary

²³⁹ "Media needs to 'more accurately reflect' ties," *The Hindu*, December 4, 2012, available at <http://www.thehindu.com/todays-paper/tp-international/media-needs-to-more-accurately-reflect-ties/article4165433.ece>.

history of their relations, very little understanding or knowledge exists on either sides about the other. This lack of information hinders the effective communication both at the political level and the civil society level. This kind of gap should be bridged through the common efforts from both governments by enhancing people-to-people level interaction. There is still much space to be explored in this area, and one has reason to feel cautiously optimistic when considering the growing number of Indians visiting China for work, education and tourism. Moreover, both sides should strengthen their area studies programs about each other, developing the indigenous understanding about each other's culture and society.

Second, both sides should look beyond the "hard" issues such as border and security, and start gradual cooperation along "soft" issues via pragmatism. The difficulties in border issue should not block the development in other issues. A possible way is to start with functional and small-steps cooperation in some areas, in which there are more common interests or complementarities, so that cooperation is easier to be started with and achieved. Through cooperation in a "soft" issue, mutual trust and win-win mindset could be gradually fostered, and the incremental positive experiences will also to some extent prevent the spill-over effect of realist notions from spreading into other issues except security-related issues.

Third, both sides should consolidate the existing institutions and explore the possibilities of new mechanisms. Over the past years, intensive exchanges between top leaders have been institutionalized. At the ministerial level, the two foreign ministries have instituted dialogue mechanisms on issues relating to counter-terrorism, policy planning and security, besides strategic dialogue and regular consultations. In the economic domain, there are the India-China Strategic Economic Dialogue (SED) and the India-China Joint Economic Group (JEG) to foster trade and investment. On the border issue, there are Special Representatives' talks and consultation and coordination mechanisms on the border to mitigate the conflicts and to maintain a peaceful border. Shortly before the completion of this thesis, the two countries signed a Border Defence Cooperation Agreement in

October 2013 that will further strengthen maintenance of stability on the border. With the expansion of communication and dialogue in new areas, new mechanisms will continue to emerge, adding to current institutions in the bilateral relations. Yet many mechanisms still stay on paper and have not been properly implemented. Hence, a better coordination within and between the governments is needed for implementation and problem solution. Moreover, institutional-building is also taking place at the multilateral level. In fact, bilateral relations cannot be separated from the multilateral context. India and China are both members of multilateral frameworks and they need to accommodate to each other, making concessions in some issues to benefit from others in these frameworks. Constrained by the multilateral frameworks, they will appeal rather to peaceful means than to the use of force to solve their differences. Thus, institution-building should also be strengthened at the multilateral level.

In closing, we should ask what India and China can learn from each other, but not who can get ahead of the other. However, while recognizing the existence of competition we should also see competition in positive terms – i.e. turn rivalry into healthy competition, and compete against the “Self” rather than against others. India’s Prime Minister Vajpayee captured this spirit in 2003:

*But we need to clearly understand the difference between healthy competition and divisive rivalry. ... We should focus on the simple truth that there is no objective reason for discord between us, and neither of us is a threat to the other. These simple, but profound, principles should form the bedrock of the future India-China partnership.*²⁴⁰

However, the development of India-China relations since then has showed that they are still far from a healthy mode of competition, being described by Acharya (2013) as entering a “strategic stasis.” However, we have also witnessed that positive trends have been emerging and ties between the two countries have been

²⁴⁰ Speech by the Prime Minister of India Shri Atal Bihari Vajpayee at Peking University, June 23, 2003, available at <http://pib.nic.in/archieve/lreng/lyr2003/rjun2003/23062003/r2306200314.html>.

strengthening. As Wendt (1992) famously said: “anarchy is what states make of it,” and self-help is not the only logic in the international system, being thus open to the possibility of multiple logics. Agents, that are states, are seen as being capable of making a difference in the international structure. Hence, important are the shared ideas or *cultures*, which are generated by the interactions among state actors, that define their relationship. As to the future of India-China relations, their political leadership should take the initiative to foster a shared culture between them that is based on reciprocity and win-win scenarios by creating common interests. This is the fundamental path through which India and China can get out of their current strategic inertia and stasis in the direction of mutually-beneficial strategic acceleration.

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