

# **Address by Foreign Secretary at the Bureau of Parliamentary Studies and Training on 'Indian Foreign Policy: Opportunities and Challenges'**

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(Bureau of Parliamentary Studies and Training; 6:30 pm, 21 July 2009)**

**Hon'ble Members of Parliament  
Secretary General, Lok Sabha**

Thank you for asking me to speak to you on the challenges and opportunities that face our foreign policy today. It is an honour to speak to such a distinguished group. In the foreign policy it is normal to list individual relationship with countries or groups. Rather than attempting such a catalogue, which in India's case would take a very long time, I will try to describe the particular purposes which motivate and guide our foreign policy. I thought I would briefly describe the tasks of our foreign policy, how we have gone about them as the world and we have changed, take stock of the present situation and then suggest where we may be going.

## **The Task**

The basic task of India's foreign policy is to enable the domestic transformation of India. By this we mean making possible the transformation of India's economy and society while promoting our values of pluralism, democracy and secularism. This requires us to work for a supportive external environment that is peaceful, thus permitting us to concentrate on our domestic tasks. At the broadest level our foreign policy seeks security and support as we build and change our society and economy.

It was natural that right from the beginning of our independent foreign policy in 1946 we should choose to define our foreign policy in these domestic terms, and not in terms of external dominion, or influence, or "living space", or empire, or other such 19th century power political concepts. It was natural to do so because of the condition that we found our country in after two centuries of colonialism. One of the richest and most industrial economies of the world, which together with China accounted for almost 75% of world industrial output in 1750, had been transformed by the White Man's Burden into one of the poorest, most backward, illiterate and diseased societies on earth by 1947. From 1900 to 1947 the rate of growth of the Indian economy was not even 1%, while population grew steadily at well over 3.5%. The impoverishment of India was continuing. It was therefore natural that our domestic transformation should be the overriding, almost the only, priority.

## **First Principles**

The question of course was how to go about it. We often forget how brave and farsighted our first generation of leaders were. The easy foreign policy choice would have been to join one of the two Cold War alliances, who promised us everything to tempt us to do so. There were those in India whose faith in ourselves was weak who advocated this. But instead we chose non-alignment, which Prime Minister Jawaharlal Nehru described as the pursuit of our enlightened self interest. This was a decision to stay away from entangling alliances, (and

therefore out of other people's fights), and to judge each issue on its merits. This was not a policy of neutrality, autarky or autochthony. We were not cutting ourselves off from the world or abdicating our international responsibilities. We chose sides on the issues, not automatically or due to alliance politics, but on the merits of the issues as we saw them and on the basis of what was in India's interest. This was the beginning of our attempt at strategic autonomy, which we have always seen as essential if we are to have a chance to develop India as we wish to.

In practice, this meant that:

- we followed a neighborhood policy which sought to ensure a peaceful periphery, and an immediate neighborhood free of great power politics, (which Pakistan broke by joining the Baghdad Pact and Cento);
- we tried to have good relations with all the major powers irrespective of ideology, (thus opening up to China and the Soviet Union and provoking Western anger for doing what they did twenty years later);
- we built economic links wherever we could to serve our development, (building the Bokharo steel plant with the Soviet Union when the West refused to help, but also getting PL-480 wheat and Green Revolution technology from the USA); and,
- we engaged in an active peace diplomacy on disarmament and decolonization to minimize the risks of conflict as a result of the Cold War bipolar world, (but not disarming or weakening India in the process).

Taken together these actions sought to build the material basis for our strategic autonomy. This was when our atomic energy and space programmes and modern industry and education began in India. (Both the atomic energy and space programmes first began with foreign collaborations, but aimed at building autonomous national capabilities in India). It is easy to forget the constraints within which this policy operated. The bipolar world was one of unforgiving superpowers. The means available to us in our foreign policy were extremely limited. And we lacked the traditional sources of international power in terms of military capability or raw materials or geostrategic leverage.

The results of these policies were quite remarkable and laid the foundations of our diversified industrial base, of our independent strategic capabilities, and of the over 6% GDP growth that we have enjoyed for the last twenty-six years.

### **Accelerated Change/The Last Twenty Years**

On the basis of what was achieved in the first forty years after independence, it was possible for Indian foreign policy to use the favorable international situation after 1990 to take major steps in furthering our basic tasks. The reform and opening up of our economy in 1991 coincided with the end of the bi-polar Cold War world. In the nineties and early part of this decade, the world economy and world trade grew at a pace that was unprecedented in human history, creating favourable external conditions for India's growth. And India was well placed to take advantage of the situation, thanks to the economic basis laid by our earlier policies, and thanks to the foreign policy of non-alignment, which enabled us to work with all the major powers without exception, from each according to their capacity and according to our need. Our relationship with each of the major powers grew rapidly, and China is now our single largest trading partner. With the USA it was possible for us to undertake the civil nuclear initiative, removing the limitations that had been placed on us after the 1974 Pokhran tests. Today we are more connected to the world than we have been for several centuries, and our links with the world are one reason for the highest ever

growth rates that we enjoyed between 2003-8.

This is not to say that the international political situation was not complicated in this period. This was a time when the world polity was moving towards the system that obtains today of "many major powers and one superpower". But while the world was making this shift, the changes were patchy and unevenly distributed. As the world moved steadily towards economic multi-polarity, politically it remained largely unipolar, and militarily US dominance was overwhelming. This was also a period of social polarization in international society, (the other side of globalization), and of the emergence of international terrorism using religion as a pretext, bringing fundamental social changes. The end of the Cold War created strategic space for local powers like Pakistan to foster terrorism as an instrument of state policy, to install regimes like the Taliban Emirate in Afghanistan, and to attempt changing the status quo in J&K at Kargil. Repeated attempts by Indian Prime Ministers from Gujral to Vajpayee to Dr. Manmohan Singh to build a peaceful and cooperative subcontinent were repeatedly obstructed by one or two of our neighbours.

Overall, one might say that the international environment from 1991 to 2007 was supportive of our main foreign policy effort and several positive steps forward towards our economic development and strategic autonomy were achieved in this period despite the political complexity. The clearest symbol of this was the civil nuclear initiative culminating in the September 2008 decision by the NSG to resume civil nuclear cooperation with India without affecting India's strategic nuclear programme in any way. Besides, relationships within the subcontinent, (apart from India-Pakistan relations), certainly improved during this period, and we are today more connected and trade and travel much more than before with our immediate neighbours. Our interdependence with the world economy has increased manifold, with international trade and foreign investment accounting for a steadily increasing share of our GDP. (It is now about 42% of GDP.) Relations with each of the major powers have improved. Today India's participation in the international system is at a level that we have not seen in history since the Mughals.

### **The Present Situation/Taking Stock**

Since 2007, however, the external situation has changed considerably. A combination of factors suggests that the supportive and enabling environment that we enjoyed since 1990 is worsening.

The world economic crisis, which started as a financial crisis at the heart of the Western capitalist system, is still to end. While the world may have dodged a depression like that of the thirties, the world economy is still in a deep recession. Fortunately, while India has been affected, it has been one of the few economies that continue to show growth, of 6.8% in 2008-9. Nor is it clear that the world economy will return to an expansionary phase any time soon. Stimulus packages could accentuate the imbalances that contributed to causing the present crisis. There is a real risk of a period of stagflation following the present recession in the industrialized countries. Our search for markets, technology and resources will be more complicated than it has been in the recent past. We will have to rely to a far greater extent on domestic sources of growth.

Politically as well, we are entering a period of transition from dominance by a single power to a more balanced distribution of power in the international system, short of pure multi-polarity. New alliances are forming, and we are witnessing the rise of a new global power in China. Challenges in our immediate neighborhood, particularly in Pakistan and Afghanistan also test the international system's ability to adjust to changes.

## **Challenges and opportunities**

It is therefore a time of great and unprecedented challenges and opportunities for Indian foreign policy. Our strategic goals must remain the same, to enable the domestic transformation of India by accelerated growth and strategic autonomy. These goals will not change for a long time as we will need time to achieve them. But achieving them in the present economic climate will be a challenge to our skill and ingenuity. There are some opportunities for India in the present crisis to access technologies and resources, but probably not markets. Equally, the crisis also presents an opportunity to improve our relative position in the international balance of power.

The other challenge will be to maintain the remarkable degree of domestic consensus on foreign policy that we have enjoyed over sixty years, even in times of great stress like 1971 or 1998. As protectionism grows and closes markets, and as credit is sucked back into developed economies for their own stimulus and recovery, we will have to rely much more on our own domestic market. This is an opportunity to make the poor bankable, and to bring growth to all of our countrymen, making it truly inclusive.

Politically, as the world transitions to something more like real multi-polarity, existing power holders can hardly be expected to voluntarily or easily cede power to rising powers, whomsoever they may be. We will need to meet the various challenges that are raised in that process. Present power holders will seek to freeze and continue the existing inequities in the international order. Equally, there is an opportunity to work with other rising powers and other countries to build new coalitions to shape the new international architecture that will arise. Global governance is an issue that can no longer be ignored after the economic crisis. The crisis has already provoked agreement, (but not yet action), on redistributing power in the international financial institutions like the IMF and World Bank. This needs to be extended to the political organs of global governance such as the UN Security Council.

The biggest challenge and also the greatest opportunity that I can see for us is in our own neighbourhood. Relations with Pakistan are clearly under severe stress and will require very careful management if the effects of what is happening in Pakistan are not to spill over into India. In Sri Lanka we have just entered an entirely new phase in internal developments where we can hope to rebuild normal lives in Northern and Southern Sri Lanka, working especially with the Sri Lankan Tamils who are the primary victims of 23 years of civil war and of LTTE terrorism.

The world economic crisis also gives us an opportunity to take the lead in economic integration with our neighbours in the subcontinent who look to the growing Indian market to sell their goods and maintain their own growth. A South Asian Economic Recovery Initiative could build on our strengths and help to develop the cooperative relationships that we need in our periphery.

## **Conclusion**

Thank you for the patient hearing. I have tried to give you a broad brush picture of the sort of larger themes which affect and determine our foreign policy, but seldom find their way into our headlines and newspapers. It is a measure of the wisdom of our early leaders that the goals and principles that they set for our foreign policy are still valid and relevant and remain as good a guide to our daily foreign policy choices. And they must remain so, as long as some Indians are poor or excluded from the fruits of the growth and modernization of

India.

I would be happy to answer any questions.

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**Ministry of External Affairs, New Delhi**

**Speeches**