



Asia's Economic Transformation India's Role in an Emerging International Order

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What are the implications of Asia's economic transformation? How is this transformation likely to change the international order and what role might India play?

Pricewaterhouse Coopers in their 2007 Report on Emerging Economies, lists China's GDP as significantly higher than that of the US by 2050. It also predicts that India's economy will come next, very close to that of the US. Nayan Chanda in his masterly work on globalization has mentioned how India and China were the leading global economies just three hundred years ago, and beneficiaries of the globalization of that era. For more centuries since history has been recorded, China and India have been among the leading civilizations and economies in the world. With Japan, a united Korea and the ASEAN coming together as a Union by about 2020 collectively the region will emerge as the global power centre not by 2050 but in less than two decades from now.¹

China and followed at some distance – perhaps about fifteen years – by India, are emerging today in a globalized world of interdependence and cooperation. Till recently globalization benefited mainly the western advanced nations. Today as the German scholar Gabor Steingart writes, "Globalization is striking back" and other emerging powers are able to make use of its many opportunities. There is no need for any nation to be alarmed by this, for today there exists sufficient space for all to grow together. Indeed growth will not be possible without peace and cooperation among all major nations both in the region and the world. Yet, it is equally true that such shifts in global power are seldom without opposition and turbulence. New changes and with it some emerging challenges are

introducing a new dynamics to the prospect of Asia's growth. Let me briefly present to you an analysis of this situation from India and suggest what measures we need to consider together to meet the emerging challenges.

I CHANGING ASIA

Asia's economic prosperity is due to its hard-working and talented people under enlightened policies enabling them to reap the fruits of their labor. It is important in this context to ensure an equitable international trading regime and enlightened international financial mechanisms, safeguard intellectual property and ensure the smooth flow of commerce. Given these conditions there is no reason to doubt that this rate of progress in Asia will continue for several decades in to the future, provided we can ensure these conditions and also maintain peace and cooperation as the guiding principles for the future.

Asian politics today is moving towards strengthening regionalization and cooperation. New regional organizations are emerging and older ones are growing and many are assuming larger roles. Some are becoming regional free trade organizations. Among the more prominent among these are, the Shanghai Cooperation Organization (SCO), mechanisms for East Asian dialogue of 10+3+3 and the opening up of the South Asian Association for Regional Cooperation (SAARC) to observers in the Delhi summit in 2007. As a consequence relations between major nations and regions in Asia today are better than ever before.

President Hu Jintao's visit to Japan recently opens up a new era in Sino-Japan relations. The situation in northeast Asia remains stable, though North

Korea's nuclear ambitions are a concern. Relations between India and China have consistently remained at a high level of peaceful interaction now for over two decades. Prime Minister Manmohan Singh's visit to China in 2008 led to a momentous agreement showing the way forward to further peaceful cooperation.

At the same time there are new issues of concern. Security of energy sources over land and sea may see the emergence of new geopolitics and enhanced maritime capabilities in some nations. This in turn may lead to concerns and anxieties in other countries. If not handled well it may even lead to regional tensions. Space may emerge as a new frontier for increased facilitation of war-fighting and even weapons-deployment, unless we can agree on a Prevention of an Arms Race in Space (PAROS) treaty. Ballistic missile defense (BMD) capabilities in some countries and new and long range strategic missiles in many others in Asia are other issues of concern.

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warming, climate change and environmental degradation have major security implications today. The sharing of river waters and fallout from environmental pollution could well be bones of contention among neighboring countries in the future. It is necessary at this stage to refer to the role of the US. As the

economic ties are deep and abiding. Washington has major concerns in the region and many nations look up to the US to provide reassurance and stability. Therefore, its continuing engagement in Asia and participation in its many structures is a positive element and should continue to receive our support. Even as we look well ahead in this century, the US will remain the most dominant power. It may cede its ground in GDP to China, but its military might and science and technological power will remain well ahead of the rest. Its control over international institutions will no doubt diminish, but will still remain very strong. Yet, there will be some negative fallout as a consequence of the US role in Asia. These include the US presence in Iraq and the less than successful pursuit of operations in Afghanistan along with NATO. Both these will leave behind consequences for the rest of Asia that will have to be carefully considered.

A few brief remarks about India and its relationships may be in order at this stage. India today enjoys a period of external peace and stability in a troubled neighborhood. But, while each of its partners in SAARC has internal problems of varying intensity, none of them are either attributed to India or is of India's making. Each country accepts that India is instead a part of the solution and none of these issues can be addressed without New Delhi's help. India is currently working with all its neighbors to improve connectivity and strengthen regional solidarity.

Foreign Minister Pranab Mukherjee's visit to Pakistan in May, kick-started a new round of composite dialogue under a newly installed democratic government in Islamabad. India today has excellent relations and strategic partnerships with all major powers in the world. It has strong strategic dialogue relationships with both Beijing and Tokyo. Its economy continues to grow at a pace next only to China among major countries and this is expected to continue for several decades in spite of the likely global downturn. It is this that will allow India to play a more meaningful and constructive role in Asia in the future.

II RESHAPING A NEW WORLD ORDER

The Cold War world was based on mutual assured destruction, alliance systems and in developing

and maintaining a balance of power. This served its purpose but by the end of the Cold War the policy had outlived its course even if it did achieve a decisive victory for the West. The end of the Cold War, however, did not lead to a new equitable global order, but a re-establishment of global authority by the sole superpower, the USA. This has led to an expansion of the NATO, extension of US military bases around the world and a strengthening of old Western-led institutions.

This too is about to change and may begin from the end of the first decade of the 21st century. This is likely to be brought about by US withdrawal from Iraq and thinning down of forces in Afghanistan. There will also very likely be a readjustment and withdrawal of US forces from the 250 overseas bases that it has now.

After the end of the Cold War and two decades of turbulence, a new multipolar world is emerging which would need to be based on shared values and genuine cooperation, based on principles of equity and equality, accommodating new and emerging players, creating new institutions and establishing a new and more harmonious world. The process will be long and complex. Major restructuring of existing international organizations is neither possible nor perhaps desirable as the resultant void may be destabilizing. But, a gradual process of restructuring through accommodation and adjustment needs to begin and develop first within Asia

III INDIA'S ROLE

It is against this backdrop that India might have a role, both as an exemplar and as a cooperative partner with other nations in Asia. In the context of these challenges and the need for a continued period of peace and harmony to allow Asian prosperity to continue, three broad measures should be urgently pursued.

First, is to build an Asian security architecture anchored round Asian values and interests but benefiting the entire world. The Asian continent today is subdivided into Northeast, Southeast and South Asia. In the globalized world of today and the multiplicity of challenges that are often of international concern, such compartmentalization is neither desirable nor possible. The new threats and challenges of tomorrow spill beyond these

artificial regional definitions. There is instead a strong need for a dialogue framework that includes and represents all three regions. There is of course a need for clarity regarding its form, structure, composition and even purpose. Issues that it should consider need to be framed and may include; cross-border terrorism, securing communication lines at sea and over land for energy resources, dealing with cross-border implications of climate change and the environment. This group could also emerge as an organization for disaster relief, a phenomenon that we have been all too familiar in Asia in recent years.²

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Hence, a requirement is that this should first be addressed through dialogue in a Track II process, just as it happened in the case of the ASEAN Regional Forum.³ There are likely to be several objections and different views. It is not possible to rule any of these out or all of these in. But, the principles should be equity, inclusiveness, and participation on discussions over security, and economic and political issues in the spirit of meaningful cooperation.

Second, is a commitment to foreign and security policies that would enhance regional security, abjure interference in the internal matters of states, while respecting human rights and promote trade and commerce within Asia. That is the spirit of Panchasheel and India is committed to uphold it. This must also be within the framework of Asian values, the rule of law and democracy.

Third, is the pursuit of a proposal for greater pan-Asian economic cooperation. Imagine if the bulk of the savings of Asia were to be invested within Asia, what resources it might generate for the region. Even as Asia has already emerged as the most important customer for resources and the source of much of the world's purchasable goods

and future services, the controlling organizations all remain in the hands of the West. Whether it is the futures trade in oil, or commodities exchanges setting the terms of trade for raw materials or arrangements for insurance and movements of goods, the authorities remain largely in hands that are not from Asia. This leads to adverse trade terms, high cost of commercial transactions and difficulties in accessing goods and services.

The fundamental requirement in Asia today is an environment of peace and tranquility that can provide the environment for growth and prosperity. China, India, Japan and others will need to develop a state of partnership and cooperation that will make this possible. This alone will ensure that though the centre of gravity in international developments will inevitably shift to Asia, this will then also lead to fulfillment and harmony for 60 per cent of the people of the world.

This essay is based on an address made at the Shanghai Forum 2008, in May.

REFERENCES

1. The definition of Asia used in this paper extends only to Afghanistan in the Southwest and leaves out Australasia. It also largely excludes Russia, which even though it has a larger territory in Asia than in Europe, remains overwhelmingly focused on Europe, a trend that is likely to only grow in the future. It also excludes Central Asia except on selective issues. Though the region is a part of the larger architecture of Asia especially under the Shanghai Cooperation Organization, the region is too large and geographically separate from the rest of Asia.

2. The Asian Tsunami in 2004, the Pakistan earthquake in 2005, the Bangladesh flood and cyclone disasters of 2007 and the Myanmar cyclone and Sichuan earthquake in 2008 are examples. The political impediments to addressing these issues can be best overcome through a regional organization and one that includes such assistance in its charter and allows preparation and rehearsal for the purpose.

3. The Council for Security Cooperation in the Asia-Pacific (CSCAP), initiated by the ASEAN Institutes

of Strategic and International Studies (ISIS) was the grouping that led the process. This structure was trans-Pacific and was necessitated by the fact that the geostrategic environment immediately following the collapse of the Soviet Union necessitated this. Also, China was in the throes of Tiananmen and was not an initial member of the group.

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