South Asia and Realism:
Regional Integration or Indian Pre-eminence?

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Abstract:
This paper argues that South Asia will see more competition than cooperation due mainly to Chinese inroads into the region which is traditionally understood as India’s dominion. The paper applies the theoretical framework of neorealism which assumes that states behave under a structure of anarchy to India’s behavior in particular. India understands that regionalizing the matters of its national concerns is prejudicial which explains why there has been no success in regional cooperation and integration. India has preferred to deal with, rather dominate, its smaller neighbors bilaterally. But Chinese inroads into the region are likely to change such dynamics, thereby making the South Asian relations more stressful. The paper recommends that the United States should help keep South Asia in peace.

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Introduction

India’s neighborhood policy has been guided by its threat perception emanating particularly from Pakistan and China as it fought 4 wars against Pakistan and one against China after its independence from British Raj in 1947. Therefore, the South Asian region represents a situation which neorealist theorists in International Relations (IR) call a structure of anarchy (Waltz, 1979). In IR neorealism, anarchy is a situation in which there is no higher authority to regulate states’ behavior. A state is fundamentally concerned with its security and survival, power maximization and relative gain (Mearsheimer, 1995).

Given this anarchy, India has had no choice but to become a nuclear weapon state, has emerged as the fourth most powerful military in the world, and has continued to pursue a very heavy-handed approach towards its neighbors/members of the SAARC of which India itself is a founding member. India’s realist neighborhood policy largely explains the fact that, despite the creation of SAARC as a regional cooperation body three decades ago, the region has remained the least economically integrated in the world;¹ SAARC has only 5 percent of intra-regional

¹ For instance, especially countries such as Nepal and Bhutan that are landlocked and rely on Kolkata port have had ordeals from time to time in terms of smooth flow of merchandise; a very recent ordeal is that the Indian government imposed 4.5 percent service tax on ocean freight making the goods imported to Nepal very costly. Besides, according to WTO provisions, any such taxes on transit cargo are illegal, but due to complicated bilateral negotiation mechanisms traders from Nepal are bearing the brunt.


Similarly, to recall, Nepal also resisted a five-month long economic embargo by India. Bhutan had one in recent years too.
trade compared to the 25 percent of that in ASEAN. Indian thinking has, in addition to that realist paradigm, a constructivist element – the idea of being a “civilizational state”. That is why India has not seen any strong reason to deal on an equal footing with small neighbors that have geographical disadvantages. Besides, different bodies of Indian security establishment have been able to get hold of these countries through various ways. ²

The successful story of integration and expansion of European Union offered a brilliant example and encouraged regionalization in other areas of the world, and South Asia was no exception to that. Bangladeshi initiative – one which was understood by India as a strategy of small neighbors to balance India’s regional preeminence -- did materialize in forming the Association of seven South Asian states including India and Pakistan, but the grouping never really moved farther than merely a talk shop.

This is mainly because the structural conditions that enabled a successful integration project in Europe elude South Asia. While the post-war peace project in Europe combined with several other factors led to deepening economic and political integration,³ the structure of

² For instance, among several issues and instances, the increasing number of pension camps in Nepal for the Nepalese soldiers in Indian Gurkha has alarmed the Nepalese society as it is seen as a growing network of India’s security network within the sovereign territory of Nepal. See http://cijnepal.org.np/%E0%A4%AA%E0%A5%87%E0%A4%A8%E0%A5%8D%E0%A4%B8%E0%A4%A8-%E0%A4%B5%E0%A4%BF%E0%A4%A4%E0%A4%B0%E0%A4%A3%E0%A4%95%E0%A5%8B-%E0%A4%86%E0%A4%B5%E0%A4%B0%E0%A4%A3%E0%A4%AE%E0%A4%BE-%E0%A4%AB%E0%A5%88/

³ Those European factors are: a common European identity, post-WWII peace project, common external threat, US support: Marshall Plan and NATO, hard and soft power of the advanced Western Europe economy, West Europe as vanguard of liberal values. While the South Asian factors are: India’s objective of regional preeminence, smaller states’ preference to balance India by bringing China into the
mistrust caused by the two-nation theory --- the partition of India and Pakistan --- remained a major hurdle in South Asian integration. Similarly, India’s preference for bilateral dealings with its smaller neighbors and the neighbors’ preference for escaping India’s “benign hegemony” wasted the opportunity. The latter is due to the advantage India has by virtue of its size and strategic position in the region, which made small neighbors somewhat cooperate with India regardless of their desire to escape New Delhi’s domination. Smaller neighbors’ own domestic problems and ineffective governance have contributed to a very complicated relationship with India; because while they criticize India, at the same time they cannot live without India.

In addition to the question related to why SAARC did not succeed or whether it will ever take off the ground, we are currently faced with another key question: what repercussions do Chinese inroads into the region will have on any possibility of South Asian integration? This paper argues that South Asia has seen and will see even more competition than cooperation due mainly to the following factors: massive Chinese investment reaching out to South Asia, India’s economic rise and its increasing partnership with the US as well as India’s huge military investment and foreign policy departure in openly countering China, US’s diminishing role in South Asia and intensifying hostility between India and Pakistan especially due to Kashmir. These factors are posing serious challenges to any possible integration. And not having an effective regional organization is hampering the interests of all South Asian nations, not helping them.
South Asia, China and the US

China’s massive economic rise in recent years has started to change the landscape of South Asian relations significantly as China has made the region an important priority and already started to reach out with its deep pocket. Although South Asia also saw India’s economic rise, China’s increasing trade and investment ties with those countries that have huge strategic importance in terms of China-India relations such as Sri Lanka, Bangladesh, Nepal and Maldives, not to mention China’s ever deepening ties with Pakistan, is posing a multifold challenge to India. India, on its part, is also using its growing economic clout to maintain its influential presence in these countries.

However, India’s economic pledge is well short of what China is promising, and it seeks, therefore, to leverage the capital of geographical proximity and deep economic ties and historical cultural relations with these states. It is also seemed to be relying on Japanese investment on infrastructure in the region to compensate to some extent that gap vis-à-vis China. But in any case, the implications of China’s infrastructure build-up in the region and the potential political mileage in return for Chinese overtures from these countries will most likely sour India’s relations with the states which traditionally fell into India’s dominion making the regional relations highly stressful. 6

5 The term “South Asian relations” in this paper refers to India’s relationship with SAARC’s founding member countries.
6 For instance, India-Maldives relationship was recently cut off due mainly to China’s inroads in the country; Chinese sub-marines spotted in Sri Lankan port increased India’s anxiety vis-à-vis Sri Lankan establishment and its relationship with China; Nepal is becoming a glaring example of brazen interference by India responding to recent Chinese overtures; in an effort to curb external investment, especially Chinese, on hydro-power, India recently issued a directive—“Guidelines on Cross Border Trade
The United States on its part, for its “rebalance” policy in Asia to counter China’s rise and the fight against terrorism has come to befriend India and, unlike in the Cold War era in which the US as friend of Pakistan acted as a counterforce to check India’s regional policy, now apparently has largely acquiesced to India’s demand to stay away from India’s neighborhood relations.\(^7\) Pakistan’s dubious policies in terms of terrorism were responsible to a large extent for this change.

In any event, although India succeeded in having the US on its side, Washington’s gradual receding from the region indirectly served China since both India and China want US out of their immediate neighborhood.\(^8\) The absence of US’s political role and the South Asian states’ long-standing desire to diversify relations and move away from their dependence on India by getting closer to China has enabled China to easily make inroads into the region.\(^9\)

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of Electricity” -- for Nepal, Bhutan, Bangladesh and Myanmar that India would only buy electricity if it is produced by Indian investments and only in Indian terms. See: http://thehimalayantimes.com/business/india-clarifies-guidelines-cross-border-trade-energy/

\(^7\) There are some exceptions and disagreements though between the two so-called “transactional” partners; for instance, in the recent case of Nepal conflict ---its southern region’s federal autonomy movement called Madhesi movement --- while India wants Kathmandu to constitutionally guarantee Madhesis’ fare share for their autonomous rule, US is allegedly helping agitators (for instance, C K Raut) to fight for independence of Madhes from Nepal in order to destabilize the country in an effort to encircle China.

\(^8\) When there was unconfirmed news about US military base in Maldives, India was alarmed and the US Assistant Secretary of State for South and Central Asia Robert O. Blake had to clarify and guarantee that US would not do anything un-transparently with India in the region.

\(^9\) China is far ahead of India in loaning Sri Lanka. China is also largest military suppliers for Bangladesh. Maldives had recently cut off contracts with Indian companies.
Over the last few years, there have been concerns about Chinese “assertiveness” in the proximity of Indian waters and over China’s so-called “string of pearls” for which it was building up maritime infrastructure at strategic points -- Hambantota port in Sri Lanka, for instance. Currently, China’s Belt and Road (BnR)\(^\text{10}\) initiative that envisages a massive investment on land and sea projects has been investing on economic corridors across Myanmar, Bangladesh, Pakistan in South Asia. Under BnR initiative, Chinese President Xi Jinping became the first Chinese head of state to visit Bangladesh in 30 years, and China altogether pledged USD 24 billion for infrastructure; China pledged USD 46 billion for investments in the China Pakistan Economic Corridor (CPEC) and has already spent half of the respective amount that runs through the disputed territory of Kashmir; China managed to clinch Nepal from India’s domination by signing a trade and transit agreement (Sigdel, 2016) and expediting the construction of railways to reach out to Nepalese and Indian markets via Nepal.

In security terms, China has made a big step in securing Nepal as a buffer zone, not fully letting it into India’s dominion, for the security of its most politically sensitive

\(^{10}\) In 2013 China introduced a vast intercontinental connectivity plan called “One Belt One Road Initiative,” later renamed “Belt and Road initiative” (BnR), that connects Asia with Europe and Africa by land and sea. Under BnR, the Silk Road Economic Belt contains land connectivity as its core area—road, railway, fiber optics, energy—between Asia and Europe, and China and the Indian Ocean. Then the 21st-Century Maritime Silk Road Initiative connects South China Sea with Mediterranean via Indian Ocean. By some estimates, BnR will cover more than 65 countries, and stimulate about US $ 4 trillion in investment in the next three decades.
Consequently, since China has almost established itself as another big power in South Asia vis-à-vis India, the South Asian states are likely to be increasingly living under the pressure of fierce competition between the two. First, this will also cause domestic turmoil in these states as India and China will play favorites in order to secure their interests. In fact, India has always been playing favorites in its neighborhood, but now that will intensify as China is another player in the game. Second, this will endanger the regional peace and order as India-China relations will become more complicated.

The US, for its part, does not seem comfortable with what India wants from the US in this regard. There is no consensus among China observers in South Asia and the West on the motives behind China’s initiative. Indian scholars emphasize China’s “grand strategy” to expand its influence through land, whereas US scholars argue that it is too early to call unless the Chinese initiative is studied in detail at individual country level. India’s preference for regional primacy and global high-table ambition (Schaffer and Howard, 2016) also gets in the way of US interest in upholding standard order and institution building because India has a completely opposite dynamics in its neighborhood. Besides, it continues to show high regards for Russia,

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11 When in 2016 in a historic development China sent its merchandise to Nepal via land to Nepal that would traditionally arrive through Kolkata port, India reacted very strongly against Chinese move; But China also retaliated by saying that India could not claim that it had special privileges in Nepal over China in terms of doing business.

12 For instance, when Chinese President Xi Jinping visited Bangladesh recently and pledged billions, as an immediate response, India announced its share of pledges for Bangladesh. By the way, in another case, India has gone as far as announcing 1 billion USD lines of credits for Mongolia in Modi’s visit of the country as part of India’s policy of countering China.

13 In recent example, India supported one party in the last elections in Bangladesh. It almost openly does so in Nepal. It has recently done that with its friendly country Bhutan too. It has tried in Sri Lanka also.
have skepticism about America and it is participating in China-led financial institutions but
wants US out of them;¹⁴ as Acharya (2014) argues that in the unfolding “multiplex” world order,
India (and China) will not necessarily follow the American-led international order as it holds
distinct values and does not regard the privileged global position of the US. And now, due to
new American President Trump’s preferences and behavior, disregard for American global
position might only grow stronger. Having said all this however, there are areas of shared
interests in which all three need one another; Stephen Cohen, senior fellow at Brookings, sees
the possibility that the US and India as well as China can come together in preventing nuclear
proliferation (Cohen, 2014).

Similarly, while India is a party to some of the maritime cooperation mechanisms with
the states around Indian waters –Bangladesh, Sri-Lanka and Maldives -, by and large India has
preferred bilateral dealings in which it holds advantageous negotiating position to such
mechanisms. This is one reason why SAARC has had no effect. Carnegie India’s C Raja Mohan
contends that India definitely has a problem when dealing with neighbors due to the
differences between its security and economic establishment, thereby hampering the regional
cooperation and integration process.¹⁵

India’s policy in terms of its global relations has been changing from moralism—non-
alignment and strategic autonomy—to neoliberalism and realism (Shidore, 2014). Nevertheless,
in terms of its neighborhood policy, it has invariably remained realist, and now even more so
because of that change. Modi government, however, sought to improve neighborly relations,

¹⁴ In the global liberal forum in Canada, BJP’s Ram Madhav clearly communicated that India wanted US
out of China-led institution.
¹⁵ See Mohan, Raja C. (2016).
but it seems that either the Indian security establishment did not compromise on India’s traditional terms or Modi did not fully appreciate small neighbors’ sovereignty (for instance the blockade on Nepal) or some neighbors did not reciprocate, hence the status quo ante.\textsuperscript{16}

Similarly, there are challenges emanating from domestic politics of these powerful countries; while on the one hand Xi Jinping is continuously amassing power (Li, 2016), India, regardless of its democratic character, has not been that democratic or human rights sensitive when it comes to threat perception and regional domination (Menon, 2016). Nor does it hesitate to reach out to Russia’s Putin when it comes to undermine Pakistan or leverage for China or to balance its relationship with the US.\textsuperscript{17}

Added to that is Indian PM Modi’s foreign policy ambition – deepening US ties at the cost of annoying China by staging navy exercises together with Japan, for instance -- that is clearly a departure from the policy Indian Congress party had. These gestures are fueling uncertainty among neighbors which, in turn, encourages them to invite China to balance India in the region. Furthermore, the way India is spending on arms and weapons makes some kind of Chinese reaction inevitable. Having said all that however, India-China bilateral trade is around 71 billion annually. India continues to seek more Chinese investment. However, at the same time, India wants to keep the relations in check, especially when it comes to regional influence and assertiveness.

\textsuperscript{16} Arguably, the only remarkable change Modi brought in the neighborhood is with Bangladesh on the ethnic enclaves in the border Land Border Agreement (LBA). Modi was the first PM in 28 years to visit Sri Lanka and in 17 years to visit Nepal. Indian President Mukherjee visited Nepal after 18 years of the Indian president’s visit.

\textsuperscript{17} See http://timesofindia.indiatimes.com/india/PM-Modi-Vladimir-Putin-to-sign-deal-for-S-400-anti-missile-defence-system-says-Russia/articleshow/54835240.cms
For all the changes discussed above, Indian policy elites have rightly felt the urge to forge some sort of cooperation, mainly infrastructure connectivity, in the region by alienating Pakistan and bypassing the SAARC; for instance, India is tactically promoting BIMSTEC to that end. Because, in any event, India will continue to have high stakes in its geographical proximity.

**Concluding Remarks**

The question raised in this paper is highly pertinent because India’s security sensitivity is at an all-time high as it suffers continuous cross-border terrorism with unprecedented violence in Kashmir – Kashmir which is now internally boiling too --- and China’s land and maritime build-up and its assertive behavior in South China sea is increasing India’s anxiety in terms of a potential resumption of the border conflict over which both went to war in 1962.

It is likely that some kind of balance of power structure will set in the region, but it will have its problems. The lack of a rule-based order and standards of behavior is likely to cause high uncertainty in the region in the days ahead in terms of: how South Asian states behave in terms of choosing either India or China or balancing their relationships with the two; how far China will go in order to secure its interests in the region which, in turn, will continue to make India more anxious; how far India will go in responding to Chinese inroads in its security sensitive areas. Given their past history of war and still unresolved territorial issues, deepening China-Pakistan ties, and increasing India-US relationship, the likelihood of competition between India and China is considerably high.
In terms of US policy on South Asia, given the increasingly uncertain scenario there, instead of allying with one -- as it is said that the US has started seeing South Asia through Indian eyes for its policy of countering China – US playing a third party to resolve problems will help keep the region in peace.
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