

MAY 2011

ANALYSIS

ASHOK MALIK
malikashok@gmail.com

and

RORY MEDCALF
Program Director
International Security
Tel: +61 2 8238 9130
rmedcalf@lowyinstitute.org

INDIA'S NEW WORLD: CIVIL SOCIETY IN THE MAKING OF FOREIGN POLICY

EXECUTIVE SUMMARY

Twenty years after it began to deregulate its economy, India is a more externally engaged country than ever. A long-insular nation and society is expanding the definition of what constitutes foreign relations. Much of this change is driven by three new sources of pressure on India's diplomatic establishment: an ambitious business community, a vocal diaspora and a rambunctious and aggressive news media.

The support of Indian capital and Indian nationals abroad is now a legitimate expectation on New Delhi's diplomacy. Indian politicians are regularly lobbied by voters whose relatives face very local challenges abroad. 'Tabloid television' stirs public emotion and constricts the space for India's diplomats. These are realities of the new India that are not going to go away. Anyone who seeks to influence Indian strategic and foreign policy will have to understand and work within this framework. The Indian policy establishment will need to adapt – for instance, through better coordinating or even merging its external affairs and commerce ministries.

If cleverly handled, the media, the diaspora and especially the convening power of Indian business peak bodies offer avenues for New Delhi to exert indirect influence on some increasingly important relationships, such as with the United States, Japan, Singapore and potentially Australia. Astute foreign partners can use these avenues to influence India's worldview as well.

The Lowy Institute for International Policy is an independent policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia’s international policy and to contribute to the wider international debate.
- promote discussion of Australia’s role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Analyses are short papers analysing recent international trends and events and their policy implications.

The views expressed in this paper are entirely the authors’ own and not those of the Lowy Institute for International Policy.

INDIA'S NEW WORLD**India's traditional foreign policy bubble**

Visitors to India are often surprised by the limited coverage of global events in the Indian media. Even the country's leading English-language news channels and newspapers focus to an extraordinary degree on domestic events, personalities and phenomena. Perceptive foreigners compare Indian newspapers and news channels to those in the United States: obsessed with occurrences within the country – or the state or even just the city that is their catchment area – with a small quantum of interest in the rest of the world.

Broadly, there are three reasons for this. At one level, a complex, continent-sized democracy is far more likely to be self-absorbed and will have a far greater number of stories to tell itself than a smaller society.

Second, despite India's becoming more of a trading nation since its economy began to open up in 1991, the bulk of its consumer market remains domestic. Aside from tiny business elites, few demographic groups see value in monitoring overseas societies. This is unlike, say, Australia or Singapore, to which specific foreign markets and international trade are critical, and where media coverage of, say, a recession in China or an election in Japan is more than a theoretical indulgence.

Finally, unlike for instance the United States, India remains a long way from being a major global actor with serious power projection and strategic commitments in far-off continents. In public discourse, its middle class does not see India as a model, whether as a democracy or in terms of its development paradigm, the promotion or export of which should be the

primary aim of its diplomacy. In domestic politics, everyday conversation and even intellectual debates, all of this translates to limited interest in overseas affairs. This even applies to issues and locations that have a bearing on Indian interests, such as conflict in resource-rich Africa, the internal dynamics of the Republican and Democratic Parties in the United States, the opaque power plays in China, even the course of democracy in the rest of South Asia.

If most of India's journalism reflects this situation, its politics does so even more. Foreign policy is rarely a factor in domestic political or electoral estimations. The main exception would probably be emotive disagreements with neighbours such as Pakistan and China, but even here the evidence is not compelling. In 1999, India saw general elections about three months after the Kargil war with Pakistan. The ruling Bharatiya Janata Party (Indian People's Party or BJP) won re-election and this was partially attributed to its successful handling of the war (which ended up obscuring the preceding intelligence failure). In many of India's 28 states, however, domestic, provincial factors and alliances, even district-level caste and community coalitions, did much more to determine the course of the mandate.

Another noteworthy example would be the absence of the historic India-US civil nuclear agreement from serious campaign debate in the 2009 national election. Negotiated between 2005 and 2008, the game-changing 'nuclear deal', as it came to be called, led to the end of a three-decade nuclear trade moratorium, allowing India to engage in civil nuclear commerce without dismantling its nuclear

INDIA'S NEW WORLD

weapons and signing the Nuclear Non-Proliferation Treaty (NPT).

In 2008, the fine print of the US-India '123 Agreement' and of the related International Atomic Energy Agency safeguards agreement had polarised the governing coalition in New Delhi. A quartet of communist parties – opposed to the deal with Washington – withdrew support from the ruling Congress party. Yet the Manmohan Singh government persisted with the agreement, and prevailed. Despite all of this, neither the Congress party nor its opponents went on to make either credit for or hostility to the nuclear deal central to their appeal to voters. 'Tip' O'Neill's famous maxim 'all politics is local' has enormous resonance in India.

In the absence of much interest from politicians, the traditional sources of Indian foreign policy have been very narrow. The weighing of choices on the global stage has been confined to a minuscule strategic community, centred in New Delhi, and essentially comprising officials in the Ministry of External Affairs (MEA) and Ministry of Defence, retired military officers and diplomats, and a small number of journalists and academics. This community is sequestered from domestic politics and the pulls and pressures of constituency-level issues. It has long lived, worked and cogitated in a bubble.

New influences

Yet in the past decade an important shift has become visible. Three new influences on India's diplomacy have become evident. The process has not always been deliberate; sometimes it

has been accidental and had an entirely unintended, collateral diplomatic impact. These influences are not determining domestic elections, at least not directly. Nevertheless they are shaping foreign policy decision-making. They have to be factored in by all who have dealings with contemporary Indian external policy – including the governments of India and the many countries seeking to deepen their relations with this rising power.

The three influences are:

- *Indian business*, particularly those Indian companies that are exporting capital and investing overseas or those that depend on overseas markets and clients, as is the case with the Information Technology (IT) and IT-enabled services (ITES) industries.
- *The Indian diaspora*, especially those who have been educated and are politically influential in their country of residence, as in the United States; or who are connected to specific states in India (such as Kerala for migrant workers in the Gulf states, and Punjab for young students and working-class migrants in Australia) and able to rely on family and community connections to lobby local politicians. According to an Indian government report from 2002,¹ there were then at least 20 million Indian citizens or people of Indian origin living abroad. This number was possibly an underestimation and has certainly grown since then.
- *The news media*: This refers especially to the many television news channels that cater to 'lowest common denominator' viewership and have been accused of promoting 'tabloid television', but which command

INDIA'S NEW WORLD

enormous audiences in a country of more than a billion people.

This Lowy Institute Analysis will examine the role and impact of each of these non-traditional influences on Indian foreign policy, and will touch upon what this new world might mean for policymakers in India and internationally.

Business

Since the turn of the millennium, India has become one of the world's leading investment destinations. Foreign direct investment (FDI) amounted to a paltry US\$ 393 million² in the 1992-93 financial year.³ By 2007-08, it had climbed to US\$ 34.7 billion and by 2008-09 to US\$ 35 billion.⁴ What is less recognised is the quantum of outbound FDI, money Indian businesses invest in establishing subsidiaries and making acquisitions abroad. In 2007-08, this reached US\$ 18.8 billion and in 2008-09, it was only marginally lower at US\$ 17.5 billion despite the effects of the global financial crisis. In effect, this means for every two dollars overseas investors put into the Indian economy, one dollar is exported by India in the form of investments in foreign countries.

For what is essentially still a mid-sized and till recently closed economy, that is a remarkable ratio. It represents a growing risk appetite by Indian business and well as millions of shareholders. Big-ticket acquisitions – such as that of the Britain's Corus Steel by Tata Steel, India's largest private steel producer, in 2007 – sometimes also become symbols of middle-class pride. All of this has an impact on foreign policy. It makes the support – if not yet

'protection' – of Indian capital abroad a legitimate expectation of India's diplomacy.

It must be noted though that foreign acquisitions by Indian companies are almost always autonomous corporate decisions and not pushed by the government's strategic imperatives. In most cases – from Singapore to Chile – the flag has followed trade.

This has inoculated Indian acquisitions abroad from some of the controversies that have thwarted Chinese efforts – such as the Chinese National Offshore Oil Corporation (CNOOC) attempt to buy Unocal in the United States in 2005 or Aluminium Corporation of China's (CHINALCO's) problems with expanding its stake in Rio Tinto in Australia in 2009.

In essence, the Indian government plays catch-up with the business relationship rather than nurtures it. With some countries, it is only after the business relationship has grown to a size where it is impossible for the foreign-policy establishment to ignore it that the MEA steps in to perform a complementary role. The India-US relationship is emblematic of this equation.

There are other examples. After Brasilia, Santiago is the second most important capital in South America for New Delhi. In April 2008, President Pratibha Patil travelled to Chile for three days, accompanied by a political and business delegation. If this visit was a priority for the MEA it was entirely owing to trade. The visit had zero political symbolism, unlike usual presidential tours.⁵ In the preceding three years (2005-06 to 2007-08) India-Chile trade had almost quadrupled from US\$ 586.65 million to US\$ 2093.35 million.

INDIA'S NEW WORLD

In 2005, India's biggest IT/ITES company, Tata Consultancy Services (TCS), had acquired Chilean BPO firm Comicrom for US\$ 23 million. It employed over 1,000 Chileans, and was considering using Chile as a Spanish-speaking base to service clients targeting the Hispanic population in the United States. Part of TCS' professional responsibility was supervising the public transport system in Santiago. Additionally, for Indian industry Chile was emerging as an important source of commodities such as copper ore.

By 2008, the business relationship was growing so rapidly that Chile had become too important a bilateral economic partner for the MEA to ignore. If TCS had not made that acquisition in 2005 and did not have ambitious plans for Chile, President Patil would not have been on that plane to Santiago.

Consciously or otherwise, more than one country has drawn India into a broader strategic relationship by first making itself important to Indian business and thereby building a strong influence group within civil society in India. Chile followed one route; the United States and Singapore took another, with business associations becoming the initial interface for not just trade negotiations but an entire gamut of political and strategic issues. This point has implications for nations such as Australia, that seek to build a political and security relationship with India. Strong economic foundations, especially in the strategically important energy sector, will greatly increase the prospects for serious diplomatic attention and partnership.

The flag follows trade

India lacks a strong culture of foreign policy think tanks.⁶ The few that do exist in New Delhi are mostly quasi-governmental organisations, and it is not difficult to find mixed reviews of their research and policy inputs, including from officials. Indian business has in some ways helped to fill the gap. The two leading chambers of commerce – the Confederation of India Industry (CII) and the Federation of Chambers of Commerce and Industry (FICCI) – are among the more streamlined and intellectually resourceful private entities in India. Business leaders representing these groups join prime ministerial or other governmental delegations abroad. CII in particular has positioned itself as a sort of officially blessed 'Track 2' interlocutor.⁷

CII has been opening trade offices abroad for decades, including one in Saudi Arabia in 1977 and in London in 1991. The initial charter was purely lobbying for Indian business abroad, winning export orders and the like. But by about a decade ago, CII had begun seeing itself as not just a business collective but a listening post for India on the global platform, and a provider of foreign policy inputs to the government.

This was borne out by CII's central role in driving unofficial talks with the United States that helped pave the way for the transformation of relations between these two great democracies. In January 2002, India's first 'Track 2' dialogue with the United States was hosted in Udaipur, with Henry Kissinger leading the American delegation. CII put together a group of former diplomats and business leaders under Ratan Tata, who heads

INDIA'S NEW WORLD

the Tata business conglomerate, and Naresh Chandra, former Indian ambassador in Washington, DC. Tarun Das, former chief mentor, CII, recalled the mood before that first meeting: 'The business relationship was growing but as countries we didn't trust each other. We had to build mutual respect and understanding. And trust.'⁸

Six years later, the governments of India and the United States held their first strategic dialogue, with the Indian external affairs minister and the US secretary of state leading the talks. The CII-driven unofficial 'strategic dialogue' – it is often referred to thus in the Indian media – is now a decade old. Proceedings follow Chatham House rules and are not shared with journalists.

It is understood that CII's delegates and their American interlocutors were discussing nuclear and defence cooperation, and anticipating a civil nuclear agreement of the type mooted by President George W. Bush in July 2005, well before the governments got round to it. In the winter of 2008, after Barack Obama had been elected to the presidency but before he took office, a round of the 'strategic dialogue' took place in Washington. At the time, the foreign policy establishment in New Delhi was disturbed by Obama's remarks, made during the campaign, about urging India towards negotiating the status of Jammu and Kashmir with Pakistan.

The American delegates at those talks included high-ranking Democrats who later joined the Obama Administration. Indian participants made it clear to them that interference on Kashmir could jeopardise the relationship. 'I like to believe that our plain-speaking on

Kashmir, and on the situation in Afghanistan and Pakistan, influenced the incoming administration', says a former Indian diplomat who was part of the conversation that year.

Government support for the Track 2 talks has been obvious. In both capitals, visiting delegates get appointments with senior ministers or members of the administration. During the dialogue proper, a representative from each government is invited to observe, speaking only to clarify points of policy fact.

So successful was the interaction with the Americans that in 2006 the Indian government asked CII to catalyse a similar dialogue with the Japanese. This took the form of a trilateral dialogue involving delegates from the United States, Japan and India.⁹ According to an insider, the Americans 'were keen to get two of their closest allies in Asia to strengthen their relationship', and offered to act as the broker.

Meetings of the India-Japan-US strategic dialogue have been held in all three countries. Japanese delegates have included members of think tanks and business leaders such as the chairman of Mitsubishi. Indian delegates have been granted audiences with political leaders in Tokyo. After New Delhi secured its exemption to Nuclear Suppliers Group guidelines, the Indian Track 2 delegation that visited Tokyo in December 2009 urged Japan to relax its nuclear commerce laws accordingly. In the following months, Japan indicated its willingness to do so. This was a fundamental foreign policy shift. Tokyo had interpreted the Track 2 delegation's counsel as an indirect nudge from the Indian government.

INDIA'S NEW WORLD

In 2007, A CII-incubated Track 2 dialogue began with Singapore, discussing essentially two things: trade and China. This formalised an arrangement that had been gaining traction for a decade and now represents one of India's most important bilateral engagements. In a me-too move, Malaysia then invited CII for a one-off strategic dialogue. In 2009, a Track 2 dialogue began with Israel and in March 2010 with China, with the CII delegation meeting a team from the China Reform Centre, a think tank of the Communist Party. With Australia, meanwhile, the need for informal dialogue is met largely through other channels, although CII has often provided a platform for visiting Australian leaders and experts.¹⁰

Das argues the 'strategic dialogue' series he has mentored is not quite Track 2 but more Track 1.5 – that is, involving government as well as non-government voices – given the degree of MEA buy-in. It wasn't always like this. The business community was not recognised as a partner of the foreign policy establishment for most of independent India's history. In many ways it is the response of other countries and capitals that has forced New Delhi to rethink its matrix.

The Singapore model

Singapore has played a key role in this respect. In September 1993, a delegation of Indian CEOs travelled to Singapore. Among other appointments, it was expected to get 30 minutes with the then prime minister, Goh Chok Tong. The meeting went on for 90 minutes. Goh invited the CEOs for dinner that very evening and thus started Singapore's 'India fever'. Exactly a year later, P.V. Narasimha

Rao, then India's prime minister, travelled to Singapore and announced India's 'Look East' policy – furthering relations with Asia-Pacific. Singapore was subsequently a key backer of India's inclusion (along with Australia) in the East Asia Summit.

Today, Singapore is the regional hub for literally hundreds of Indian businesses that are seeking to go global and tapping markets or resources in Southeast Asia. Singapore is not just a business partner but a quasi-ally that has drawn India into the region's strategic calculus, with the tacit idea of building a counterweight to China.

Singapore suggests a model in which business makes a pathway for strategic diplomacy. It had sought to engage India strategically for decades but got only desultory responses. It was only when it induced Indian business and made itself critical to the globalisation plans of corporate India that Singapore found India's diplomatic flotilla willing to follow the trade ships. Saudi Arabia is now trying to adopt this strategy, including in the form of inviting Indian companies to exploit its gas fields and refine its oil. Saudi Arabia sees India as a rising power and is concerned that, in West Asia, New Delhi has long possessed more substantial relations with Tehran and Tel Aviv than with Riyadh.

Institutionalising the new diplomacy

It is clear that business considerations now have a direct impact on external policy in New Delhi. This tendency became most evident during the Satyam scandal of January 2009. The founder-chairman of Satyam Computer

INDIA'S NEW WORLD

Services, India's fourth largest IT/ITES company, confessed he had falsified accounts and that US\$ 1.1 billion in the company's balance sheet simply didn't exist. It was the largest corporate swindle in India's history.¹¹

Satyam had dozens of foreign clients, in countries from the United States to Finland. In Singapore, its clients included the company that runs Changi airport. It also provided back-office support to the Singapore government's payroll system. Authorities in Singapore were so worried they reportedly contacted the Indian ambassador and requested the Indian government not allow Satyam to sink.

This added to the pressure on the government in New Delhi. A meeting of senior ministers was called. The then finance minister recommended market forces run their course and Satyam not be bailed out. The commerce (trade) and foreign ministers disagreed,¹² arguing this would damage India's reputation as a safe business destination and it would lose face diplomatically. Eventually, the government put together an interim board of directors. It lobbied with foreign governments and clients of Satyam, and rescued and then sold the company.

The mix of trade and foreign policy in the Satyam affair poses a question. If business and foreign policy goals are beginning to gradually converge, can India envisage a merger of the MEA and the Ministry of Commerce, on the lines of, say, Australia, which created a combined Department of Foreign Affairs and Trade in the 1980s? When the idea was proposed to them, two successive Indian commerce ministers, representing different parties, reacted in almost exactly the same

manner. As one of them said, 'I see it as gradual but inevitable. With the singular exception of Pakistan, there is perhaps no bilateral or multilateral relationship in which India does not bring business and trade issues to the table.'

In May 2005, the government set up the Trade and Economic Relations Committee (TERC). Chaired by the prime minister, TERC comprises, among others, the finance, foreign and commerce ministers. As a collective, it runs economic diplomacy, having usurped the MEA's domain.¹³ To take the TERC idea to its logical conclusion, the massive bureaucracies of the Ministry of Commerce and of the MEA would need to be merged. That is a bridge India will need to cross at some point, despite predictable institutional resistance. This will be a fascinating test of the Indian government's seriousness about adapting to the challenges of being a global power.

Diaspora

The role of India's diaspora as a new driver of foreign policy has an old origin in a history of economic migration. Some of this was forced, in the form of colonial-era 'indentured labour'. This was essentially a form of slavery, which has left a legacy comprising Indian-origin communities in countries as far apart as Fiji, Mauritius and the islands of the Caribbean. In recent times, migration has been voluntary and, from the late 1960s, as the Indian economy grew insular, a considerable slice of educated Indians began moving to the West, enrolling in universities or seeking white-collar jobs.

INDIA'S NEW WORLD

Traditionally, Indian expatriates have retained cultural and family ties with India. This has been less easy with migrant communities that have lost immediate links with India, such as descendants of those forced to leave for, say, Guyana in the 'indentured labour' ships of the early 19th century or the Indian community in Bali (Indonesia), which conforms to a quaint Hinduism that is no longer extant in India itself. Yet, to these groups as to others – an Indian doctor in Sydney or a business executive in San Francisco – India remains a cultural reference point, repository of the mother civilisation.

The notion of India as the homeland is cultural and social and sometimes religious, rarely political. This is where the Indian diaspora has tended to differ from, say, the Jewish community outside Israel or Chinese-origin communities across the world. The affinity with the 'mother country' has been a private matter and rarely if ever equated with loyalty to its government.

This subtlety is reflected in the diaspora and its challenges playing a minimal role in domestic politics and foreign policy calculations in India. Indian communities suffered in South Africa in the apartheid years – though not as much as native Africans – and Indians have experienced ethnic tensions in the West Indies. While Indian foreign policy did devote energies to the struggle against apartheid in the 1970s and 1980s, it couched this in terms of the struggle against colonialism and not explicitly as a defence of Indian community interests in a faraway land.

When Idi Amin expelled the 80,000-strong ethnic Indian community in Uganda in 1972,

and expropriated its property, New Delhi made some noises but could do little. It had no leverage, and it is doubtful it had the will in the first place. In 1987, when an ethnic Indian prime minister in Suva was overthrown in a military coup led by Melanesian/ethnic Fijian officers, New Delhi protested at the Commonwealth but scarcely did more. It depended on Australia and New Zealand, as Fiji's largest trading partners and neighbours, to impose economic sanctions and press for the restoration of democracy.

In a sense, the only exception was the Tamil-Sinhalese conflict in Sri Lanka. The Tamil community drew logistical and financial support within the Indian state of Tamil Nadu in the 1980s. Here, domestic politics had a strong influence on Indian policy towards the problems of another country.

Today, a heightened expectation of India's prowess and diplomatic heft among its middle classes, propelled by an easily excitable media, has made it difficult for India to turn itself away from the problems faced by Indian migrants or ethnic Indian communities overseas. This was recently exemplified in early 2011 in the pressure on the Indian government to evacuate many thousands of Indian nationals from Egypt and Libya, including, in the latter instance, with the deployment of naval assets – a reprise of the 2006 evacuation from war-torn Lebanon.

In another instance, allegations of persecution of ethnic Indians in Malaysia have in recent years led to the mobilisation of Tamil and Hindu political groups in India. The emirates of West Asia have over four million Indian workers, about half of them from the southern

INDIA'S NEW WORLD

state of Kerala. Remittances from predominantly the Gulf region are so crucial to Kerala's economy that they are estimated at being '1.74 times the revenue receipts of the state'.¹⁴ As such, perceived or genuine discrimination against Indian workers in West Asia (essentially, Saudi Arabia and the United Arab Emirates) has led to pressure from constituency MPs in Kerala on the federal government in New Delhi. Instances of kidnapping of Indian workers in Iraq by insurgents have also led to demands that the Indian government and the MEA 'do something'.

But the stand-out example of Indians abroad as a driver of external policy remains the story of Indian students in Australia in 2009. A small number of the approximately 100,000 Indian students in Australia experienced crimes and violence that sections of Indian society chose to interpret as racism – a perception fuelled by hyperbolic reportage on Indian television channels. Many of these students were from middle-class homes in states such as Punjab, in northern India. In some cases their parents had borrowed money from private money-lenders to pay for an expensive education – even if at a dubious educational institution – in the hope that an Australian qualification of some nature would be a passport to a job and permanent residency in that country.

The violence in Australia and its interplay with news television led to community-level activism in states such as Punjab and Haryana and forced provincial legislators and national parliamentarians to take notice. It led to sustained pressure on the MEA that was simply absent, despite great provocation on the part of an abusive foreign government, in the case of

Uganda in 1972. It resulted in the foreign ministry taking a harder position on the violence in Australia than it would otherwise have done. Good or bad, this bottom-up, constituency-MP pressure on Indian diplomacy is now a factor that cannot be wished away. Other countries with large Indian student or migrant worker populations would do well to study the Australian experience.

Migrant as influence multiplier

Fortunately for India, the diaspora's impact on the making of foreign policy is not restricted to promoting grievance at home. It can also be a source of influence in the host country. In the United States, the Indian-origin community became, in effect, an important auxiliary of the Indian government in 2006-08 as it sought to win Congressional support for the civil nuclear agreement.

In the winter of 2006, as the nuclear deal legislation negotiated the traffic on Capitol Hill, a senior State Department official pointed to how the 'the Indian American groups, the US-India Business Council have risen to the task'. As a resource-rich community and a source of funding for many Congressmen, Indians had a growing clout that they had used for the first time in an effective manner. 'This year the Indians have been the second best national lobby group in Washington,' the official said, 'still behind the Israelis but ahead of the Greeks.'¹⁵

Admittedly, this form of ethnic Indian activism has been limited largely to the United States, a country and a political system familiar and comfortable with organised lobbying. As a

INDIA'S NEW WORLD

demographic group, the Indian-American community has a high per capita income and enormous brand equity. Its promise and potential that it could be a constant and generous source of campaign finance led many fence-sitting Congressmen to vote for India's nuclear deal.

How will this community develop as a political influence group? It has precedents – the Israelis, of course, Poles, Tibetans and Cubans too. In the years to come, the Indian embassy in Washington would be well-advised to appoint a full-time liaison official to work with and develop this lobby, while strictly adhering to diplomatic protocol, of course. As this stands, it would appear that this Indian-American activism has somewhat lost its way after the nuclear success, and is looking for a new objective and an institutionalised role. In other political systems and decision-making structures where overt lobbying by migrant communities has traditionally been looked upon with unease, the diaspora is less likely to make much impact easily or soon.

News media

India is in the midst of a news television boom unprecedented in broadcasting history. There are 113 round-the-clock news channels in the country. Another 42 general-interest channels offer regular news bulletins.¹⁶ News channels exist in English and Hindi as well as in a variety of regional languages across India. Almost every major state has three or four, if not more, news channels using the regional language of the province. The vast majority of these channels are accessible nationwide.

Like elsewhere, news television in India is a powerful medium that helps shape public opinion. Many news channels see themselves as not merely sources of information, but also as vehicles for entertainment, scandal and celebrity. With a handful of exceptions, most Indian news channels – in whichever language – have adapted the Fox News template from the United States. Their coverage of India's place in the world is touched by jingoism. In middle India this often has bizarre consequences, as the news channels can be the typical provincial news consumer's only window to the outside world.

It is important to see news television's opinion-forming role in a wider sociological setting. In social, economic or cultural spheres, India's engagement with the rest of the planet has ballooned in the past 15-odd years. Take education. Fifty years ago, a small elite sent its children to Oxbridge. Twenty-five years ago, a slightly bigger upper middle class sent its children to the United States. These groups were English-speaking and often had prior experience – or at least knowledge – of the countries to which they were going. In contrast, many of the students who have had challenging experiences in Australia in the past few years are from smaller towns and humbler backgrounds, with parents who have struggled and saved to pay for their education. A substantial number have left their state, let alone their country, for the first time.

Even up until the early 1990s, India meeting the world essentially meant civil servants in Nehru jackets shaking hands with civil servants in suits. Today, it has many dimensions: business-to-business, tourist-to-host, student-to-university. India finds itself a bigger

INDIA'S NEW WORLD

economic and political power than at any time in its independent history. Nevertheless, the intellectual tools and mechanisms that craft its worldview, its foreign policy and its sense of strategy remain rooted in another era. Cogitation on external relations is still the domain of a small New Delhi club of (retired) diplomats and generals. Business leaders have entered the room but they too, by definition, constitute the elite.

There is therefore a vast gap between the self-appointed foreign-policy elite and the demographic groups driving India's engagement with the world, be they Jalandhar (Punjab) families that send their sons to college in Melbourne, or IT professionals from Pune (Maharashtra) who write software programs for clients in Minnesota. This gulf is untenable. In the coming decades, it will severely contract and a new equilibrium will inevitably set in. Until that happens there will be some turmoil, and the Australia episode was a nasty sampler.

As a society's relationship with the world moves beyond the realm of government, it is calibrated by new intellectual mechanisms – think tanks, civil society institutions, academia and so on. They complement, even supplant, government groupthink. India lacks this infrastructure. Instead it has foreign policy pundits who speak a language unintelligible to the proverbial family in Jalandhar. This vacuum is filled by television. In the absence of cautious, institutionalised mentoring in the ways of the world, India makes do with prime-time chat shows. The problem with the medium is it has only one, reductionist template: good versus bad, right versus left, patriotism versus treason, innocent Indians versus racist others. When it extends this framework to explaining

the rest of the planet to ordinary Indians, the result can be guessed – and serves no nation's national interest.

To Indian media consumers initiated into Australian society in 2009, that country must have seemed formidably scary. There was talk-show discussion of a 'white Australia' policy that went out of business 40 years ago. Clips of Australian cricketers sledging or arguing with Indian, West Indian and Sri Lankan cricketers were juxtaposed with reportage of attacks on Indian students, as if one were dealing with a nation of all-purpose bigots. On one television show,¹⁷ an anchor exclaimed that the Australian incidents had been preceded by attacks on Indians in Germany (an assault on a single individual the previous week), the United States (a reference to the 'Dot-buster'¹⁸ attacks in the late 1980s) and Idi Amin's Uganda, and wondered why the world hated Indians. It was a happily bitter universe of non sequiturs, devoid of nuance or context.

All the same, none of this can be wished away. India's television-propelled middle-class opinion is a clear and present reality. It will continue to shape discourse that will harangue governments, demanding instant action and escalated rhetoric regardless of the international repercussions. It is notable that both Indian ministers and their Australian counterparts were forced into breathless reaction by the Indian media's coverage of the 'racism story'. This represents a phenomenon at once noteworthy and worrying. It establishes that news channels are democratising not just India's domestic political debate, but also its global attitudes and the sources of its foreign policy.

INDIA'S NEW WORLD

What does this mean for those on the other side of the fence, the target countries of Indian news television's reportage? Again, the Australian experience is illuminating. In 2009, a senior police officer in Melbourne famously described the violence against some Indian students as 'opportunistic crimes', flowing from economic rather than racial motivations and limited in numbers. As an official mandated to keep the peace in his community and city, he was absolutely correct in seeking to douse fires by pointing out that there was no raging ethnic conflict on the streets of Melbourne. Yet when clips of this officer's statement were telecast on Indian news television, they were interpreted and sensationalised as insensitivity and denial. To many millions of Indians, an officer of the Melbourne police, addressing a local audience, became the spokesperson for all Australia, addressing the world.

Part of Canberra's mistake in 2009 was its slowness in comprehending the huge shadow that Indian news television could cast upon the bilateral relationship. In contrast, Beijing that same year overestimated Indian news television and the degree to which it approximated government opinion. This led to a diplomatic fracas of quite another order.

Media and the MEA: Chinese whispers

In August-September 2009, Indian newspapers reported Chinese incursions in the Ladakh region of Jammu and Kashmir, where India and China share a contentious border. Indian news channels soon picked this up as a sample of a new Chinese belligerence and a desire to 'teach India a lesson'. In October, the Indian prime minister visited Arunachal Pradesh, a state in

India's northeast that Beijing has termed 'Southern Tibet'.

China claims Arunachal Pradesh by virtue of its control of Tibet and by citing the fact that the Buddhist monastery in Tawang (within Arunachal Pradesh) had historically regarded the Dalai Lama in Lhasa as a spiritual preceptor. In November 2009, the Dalai Lama – who lives in exile in India – visited Tawang himself and acknowledged that Tibetans had no claims on Arunachal Pradesh and regarded it as part of India. Beijing went apoplectic. In official statements as well as articles in government-controlled publications, India was denounced.

Meanwhile, in India, the news channels had gone to war with China. Conflict situations were simulated in studio discussions and the conversation was grossly exaggerated. Admittedly, the Indian media didn't create the crisis. One view in New Delhi was that China's verbal attacks on India through 2009 reflected domestic political jockeying within the Communist Party.

For its part, China chose to see Indian news television as representing not the views of individual journalists and talk-show hosts, or even of a section of Indian society, but of the government in New Delhi. Indian diplomats argue that this inability to differentiate between India's private-sector media and the Indian government, and to see the former as being dictated to by the latter, is a frequent failing of authorities in Beijing.

Still, Indian news channels have long provoked as well as fed upon a subliminal suspicion of China among the Indian middle classes. In this

INDIA'S NEW WORLD

particular episode, public opinion and television channels fuelled each other. Media and public pressure grew on the government to talk tough and to 'act', however vague might have been the parameters of any action being sought. New Delhi was understandably reluctant to allow matters to escalate. Soon a verbal battle was under way, with Chinese government representatives, state media and semi-official proxies ranged against the Indian media, with the Indian government often reduced to a spectator role.

Eventually it ended in a setback for China, but in a wholly unforeseen manner. An Indian diplomat posted in Beijing at the time explains what happened:

As long as it was anger in the Indian media, China saw it as a provocation by India but not a public relations issue. But then the Western media – American, European and Australian newspapers and networks – began to pick up the story from the Indian newspapers and news channels. And suddenly China seemed to be bullying another neighbour, protesting at a holy figure like the Dalai Lama visiting a monastery. The 'Peaceful Rise of China' was again under scrutiny.

In these circumstances, some in the Indian external policy establishment probably ended up finding the media useful. Those quarters of the MEA that had always wanted to 'hit back' at China, but needed a roundabout approach due to the wariness of the Indian political leadership, came to consider the aggressive and sometimes 'anarchic' – to borrow a word from an Indian diplomat – Indian news television channels as an unintended ally.

Conclusion

Whether one considers the impact of Indian business, the diaspora or the news media, the upshot is plain: the institutional sources of Indian foreign policy are expanding. There is a greater and unavoidable democratisation of the crafting of India's diplomatic pronouncements and actions.

In a country of India's size and heterogeneity, this process can be as exciting as it can be challenging and puzzling. For external players seeking to engage with India, it poses additional conundrums. It makes it impossible to map the trajectory of Indian diplomacy without parallel engagement and assessment of civil society, the media, trade imperatives of individual industries, and the interaction of the diaspora and domestic, highly localised politics.

Here, there are threats and opportunities, strengths as well as weaknesses for those seeking a deeper partnership with India. In the coming years, the role of Indian foreign policy as a sort of guarantor of safe passage for Indian capital and investment in overseas markets will only intensify. As the example of Singapore shows, establishing close links with Indian business corporations and industry associations makes it easier for other countries to attract serious attention from New Delhi's stretched foreign-policy establishment.

Foreign governments would also be well advised to assess their communities of Indian origin. What is the nature and social profile of this community? Can it assist as a bridge in strengthening diplomatic and strategic ties with New Delhi? India's is a huge and diverse society. Indian migrant communities, likewise,

INDIA'S NEW WORLD

can be uneven in their qualities and capacity to wield influence. It therefore makes sense to identify those figures and groups that can provide genuine access, and those whose expatriate experience may instead lead to angularities in bilateral relations.

The news media is especially treacherous territory. Since it is so large, it can seem overwhelming to an external observer. Yet, while some (small) elements of it are establishment insiders – quite like the Washington, DC, press in the pre-Watergate era – most are out of the loop. It requires careful study to determine when the Indian policy establishment is using a particular media outlet to send a message and when, alternately, the media outlet in question is going entirely by its instincts or the sensationalist exigencies of commercial competition.

In the broader reckoning, the three new sources of influence upon Indian foreign policy offer great opportunities to those who can learn to handle them. And if you fail in befriending one, you can always try another. To the contemporary foreign policy professional willing to think beyond the 20th century confines of chancery and cablegram, India can yet be a diplomatic Disneyland.

NOTES

¹ *Report of the High Level Committee on the Indian Diaspora*, 2002.

² Website of the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India:
http://dipp.nic.in/fdi_statistics/India_yearwise.pdf.

³ The Indian financial year runs from April 1 to March 31.

⁴ *Macroeconomic and Monetary Developments: Third Quarter Review 2009-10*, Reserve Bank of India, Mumbai.

⁵ In the Indian system, the president is head of state and not head of government. As such presidential visits abroad are more symbolic than substantive, the meat of diplomacy being left to prime ministerial visits.

⁶ <http://www.business-standard.com/india/news/sanja-ya-baru-indian-minds-foreign-funds/403915/>

⁷ It is worth noting that the Indian foreign policy establishment has also in recent years enhanced its own capacity more directly to support Track 2 and Track 1.5 initiatives, particularly through setting up a forward-leaning Public Diplomacy Division in the Ministry of External Affairs.

⁸ Tarun Das, in an interview with the author, May 2010.

⁹ It is worth speculating if this three-way dialogue could at some point be expanded to include Australia. This would complete the Quadrilateral (Quad) of first-responders following the Indian Ocean tsunami of December 2004. Comprising four democracies with appropriate military (naval) and civilian (disaster relief) capacities, it has been suggested that the Quad could evolve into a strategic bloc. However, all four would-be members have been wary the Quad would alarm China. See Rory Medcalf, Chinese ghost story, *The Diplomat*, February-March 2008, pp. 16-18,
<http://www.lowyinstitute.org/Publication.asp?pid=761>.

¹⁰ CII also hosts a low-key India-Australia Council as a counterpart to the much more substantially-resourced Australia-India Council, supported by the Department of Foreign Affairs and Trade. For many years, Indian participation in second-track dialogue with Australia depended on the goodwill of individual scholars and the resources they could

INDIA'S NEW WORLD

muster, although recent years have brought substantial and growing Indian government support.

¹¹ See for instance, India's Madoff? Satyam scandal rocks outsourcing industry, *Bloomberg Businessweek*, 7 January 2009:

http://www.businessweek.com/globalbiz/content/jan2009/gb2009017_807784.htm.

¹² Author's interviews of government sources, March-May 2010.

¹³ Admittedly TERC has not been as prominent after the UPA government's re-election in 2009, indicating perhaps turf wars involving the MEA.

¹⁴ Remittances and its impact on the Kerala Economy and Society: paper presented by S. Irudaya Rajan and K.C. Zachariah at the conference on International Migration, Multi-local Livelihoods and Human Security: Perspectives from Europe, Asia and Africa, at the Institute of Social Studies, The Hague, Netherlands, August 30-31, 2007.

¹⁵ Author's interview of State Department officials, Washington, DC, September 2006.

¹⁶ Author's interview of a spokesperson of the media markets monitoring agency TAM, June 2010.

¹⁷ A chat show on Doordarshan (DD) News in June 2009 in which the author was a studio guest.

¹⁸ Between 1987 and 1993, Jersey City, New Jersey, and neighbouring areas saw attacks on Indian women, identified by the *bindi* or 'dot' they wore on their foreheads. These attacks came to be attributed to 'Dot-buster' gangs.

ABOUT THE AUTHORS

Ashok Malik is a columnist writing for leading Indian and international publications. He focuses on Indian domestic politics and foreign policy, and specialises in analysing their increasing interaction.

Rory Medcalf is director of the international security program at the Lowy Institute. He has served as an Australian diplomat in New Delhi and convenes high-level dialogues between Australian and Indian policy experts. He is also a Senior Research Fellow in Indian Strategic Affairs at the University of New South Wales.

LOWY INSTITUTE

FOR INTERNATIONAL POLICY

WWW.LOWYINSTITUTE.ORG