

# The 2014 General Elections & Prospects for India's Foreign Policy

Written by Jivanta Schöttli

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JIVANTA SCHÖTTLI, MAR 8 2014

India's fast approaching general elections, to be held from 7<sup>th</sup> April to 12<sup>th</sup> of May 2014, rest upon some critical features that will have a bearing on the country's foreign policy. Foreign policy per se is not usually a theme in Indian elections and neither of the two main national parties has unveiled an election manifesto yet[1]. Therefore the implications and prospects for India's foreign policy will have to be deduced from related issues. Generally speaking, Indian foreign policy has stayed its course since the decision to test nuclear weapons in 1998 was made under the last Bharatiya Janata Party (BJP)-led government[2]. During two subsequent Indian National Congress (INC)-led regimes (2004-2009 and 2009-2014), there have, by and large, not been any major foreign policy divergences or breakthroughs[3] (although an emerging strategic engagement with Japan is cited as a major policy achievement)[4].

India continues to be an aspiring major power, committed broadly to global multilateralism, and increasingly aware of the challenge that China poses and of the need to enhance its own leverage in international politics. India's foreign policy is deeply linked to its domestic politics, and the augmentation of capabilities and influence within the international system depends upon a stable political regime that can deliver economic growth[5]. These two dimensions are examined below in light of a likely BJP-led win (a recent opinion poll conducted by Pew gave the BJP 63% support against 19% for Congress[6]) and a government formed under the helm of the pronounced prime ministerial nominee, Mr. Narendra Modi.

### **Managing Coalitions and Domestic Politics: State Empowerment and Consensus-building**

In the last general elections of 2009, approximately 714 million people voted and 370 parties contested for the 543 Lok Sabha (Lower House) seats. Only two parties are truly 'national': the Indian National Congress and the Bharatiya Janata Party, and both have been at the core of the governing or opposition coalitions (the Congress-led United Progressive Alliance and the BJP-led National Democratic Alliance). Given India's diverse and fragmented electorate, neither the BJP nor any other party is expected to win the 272 seats needed for an outright majority in 2014. The biggest party will seek to form a coalition with regional parties, as has been the case with every government elected since 1989.

What might be different this time round is that the BJP prime ministerial nominee, Mr. Narendra Modi, has built a reputation of being a strong leader, while running his state, the state of Gujarat, like a CEO since 2001. However, although Gujarat is admired as a model for investment-driven growth, the shadows cast upon Modi's administration during the 2002 riots, when it failed to quell violence and prevent deaths, most of them in the Muslim community, have not been dispelled. Furthermore, his strongman image raises the question of whether he will be a consensus-builder within a coalition framework. This characteristic was much admired in the former BJP Prime Minister, Atal Bihari Vajpayee, who won support from within the party as well as across coalition-partners in the National Democratic Alliance. Vajpayee is generally considered a role model, and it seems likely that if in power, Modi would seek to combine a firm foreign policy position with a willingness to engage. Thus, for instance, in a recent and rare foreign policy-related speech delivered in the Northeast, Modi sent a message to China stating that, "Times have changed... Expansionist mindset won't be acceptable. China too will have to give up this mindset. Only the mindset of development will be in currency." He went on to emphasize that, "Arunachal Pradesh is an integral part of India and

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will always remain so. No power can snatch it from us. Arunachal Pradesh's people have never come under pressure from China.”[7] However, in view of Modi's high-profile 5-day visit to China in 2011 (his fourth visit to China) and the wooing of Chinese investors in the lead-up to the 2013 Vibrant Gujarat Global Investors Summit[8], the challenging of Chinese expansionism will likely be tempered by economic diplomacy.

Similarly, on the Pakistani front, Modi has demonstrated an interest in improving trade and business relations. For instance, facing a severe power crisis, it was reported by the news channel, Times Now, in the summer of 2013 that Pakistan was open to buying power from the Gujarat state government. Salman Bashir, the Pakistani High Commissioner, told the TV channel that technical teams from the country had visited two power plants in India, both in Gujarat. Amongst some observers and analysts it is anticipated that Narendra Modi could draw upon the legacy of Atal Bihari Vajpayee, who is respected in Pakistan for his historical bus trip across the border in 1999, to re-start the dialogue between India and Pakistan[9].

Building upon the success of the Gujarat model[10], Modi is likely to pursue and develop his claim that regional states ought to play a greater role in foreign policy. Thus, he has argued, that if each state and union territory were to cultivate one other country, then India could have at least 30 beneficial bilateral relations[11]! This phenomenon has in fact been described as 'constituent diplomacy' by American scholar John Kincaid, who argues that globalisation, economic liberalisation, diffusion of technology and the decentralisation of political power have propelled regional and local governments to participate in international affairs[12]. Given that Modi trumpets each of these as Chief Minister of Gujarat, it is likely that he would encourage such trends were he to become Prime Minister. The challenge will remain how to encourage state-level economic diplomacy while managing centre-state relations where state-level interests at times conflict with the national interest.

## State of the Nation = State of the Economy

India currently faces a litany of economic concerns[13] and so the most immediate task for the next government will be the economy. Inflation, corruption, reform paralysis and human development are a few of the issues that are shackling India's growth. Narendra Modi is favoured at home and abroad by investors who see him as someone able to deliver results and implement policy. Goldman Sachs recently upgraded its India rating based on an analysis titled, "Modi-fying our View: raise India to Marketweight" which focused on the positive implications of likely political change. The government denounced the report as "most inappropriate and objectionable".[14]. However, sustained growth requires not only strong leadership but also improved institutions, enhanced state capacity and a better rule of law system. Having introduced e-governance to Gujarat in a big way, Modi has a track record in promoting transparency and a rules-based economic framework. As chairman of the BJP's election campaign committee, Modi has been showcasing the Gujarat model as well as the success of development-focused governance in the BJP-ruled state of Madhya Pradesh across the country.

On economic policy, it has been pointed out that in opposition, the BJP primarily stonewalled economic reforms in order to obstruct government[15]. However, their position has not been bereft of economic logic. For example, on the issue of opening up the retail sector, senior BJP member Arun Jaitley recently re-iterated the BJP's position that allowing multi-brand retail into India ran the risk of aggravating unemployment and reducing Indians to "sales boys and sales girls"[16]. Instead the BJP's argument has been the need to focus on strengthening Indian manufacturing and infrastructure as well as opening up other sectors such as the insurance sector to greater foreign investment.

As Chief Minister of Gujarat, Narendra Modi has actively pursued economic diplomacy and continued to project this as a key pillar for the country's foreign policy. A particularly successful example has been his ability to woo Japanese investors to Gujarat. Modi visited Japan in 2007, leading to the opening of new investment channels between the Indian state and a foreign country. Since then, the state's administrative efficiency and an investor-friendly climate have encouraged Japanese investments, leading to mega infrastructure projects. The Japanese auto giant, Suzuki, has been setting up new plants and ancillary units in Gujarat, and private Japanese investment in the state looks set to grow[17], with expectations of reaching a total of \$2 billion by 2015-2016[18].

## Conclusion: a Foreign Policy Tempered by Coalition Politics and Powered by the Economy

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Each Indian Prime Minister has left an imprint on foreign policy, drawing upon their particular career experience as well as ideological outlook or worldview. Prime Minister Vajpayee, who had previously served as External Affairs Minister (1977-1979), pursued an active and bold foreign policy based on affirming India's status and standing in the international community in the context of nuclearization. Prime Minister Manmohan Singh, trained as an economist, sought to articulate a foreign policy doctrine founded upon "the intrinsic link between our foreign policy and the economic aspirations of our people." [19] Both were constrained by the compulsions of coalition politics and the ability of India to withstand and respond to global economic developments.

The BJP has successfully led a coalition government in the past and holds within its ranks highly respected thinkers and practitioners of foreign policy and strategic thinking. Under a prospective BJP-led government, the major flashpoints in Indian foreign policy, including dialogue and negotiations with Pakistan and China, are likely to receive renewed attention, given that both sides need to break the current deadlock. On relations with the United States, Narendra Modi faces the hurdle of a visa ban in place since 2005 (introduced in response to the 2002 riots and holding him responsible for "violating religious freedom"). As a result he has not cultivated relations with high-ranking US officials. Nevertheless, a very recent visit by the US Ambassador, Nancy Powell to meet Modi in the state capital, Gandhinagar, suggests that both sides are laying the ground for future interactions [20].

Regardless of who leads the next government in 2014, policy makers and strategists will be counting upon a revival of the economy to provide India with the basis for a more robust and proactive foreign policy.

[1] Watch these sites for an announcement: [www.bjpelectionmanifesto.com](http://www.bjpelectionmanifesto.com); [www.incmanifesto.in/](http://www.incmanifesto.in/)

[2] For instance see: Raja Mohan, C.: *Crossing the rubicon : the shaping of India's new foreign policy*, New Delhi: Penguin, 2005.

[3] For an overview see: "UPA's Foreign Policy: A Critique." Happymon Jacob and Kimberley Layton, *Economic and Political Weekly*, Vol. 44, No. 25 (Jun. 20 – 26, 2009), pp. 13-15.

[4] See the analysis by strategic thinker and scholar, Brahma Chellaney: <http://www.thehindu.com/opinion/lead/from-economic-ties-to-strategic-partnership/article5394497.ece>

[5] See: Subrata Kumar Mitra, *Politics in India: Structure, Process and Policy*. Routledge, London, 2011.

[6] <http://www.pewglobal.org/2014/02/26/indians-want-political-change/>

[7] [http://www.firstpost.com/politics/why-modis-china-remarks-were-laudable-but-not-sharp-enough-1404203.html?utm\\_source=ref\\_article](http://www.firstpost.com/politics/why-modis-china-remarks-were-laudable-but-not-sharp-enough-1404203.html?utm_source=ref_article)

[8] See: [http://www.business-standard.com/article/economy-policy/guj-delegation-holds-roadshow-for-vggis-2013-in-shanghai-112061402015\\_1.html](http://www.business-standard.com/article/economy-policy/guj-delegation-holds-roadshow-for-vggis-2013-in-shanghai-112061402015_1.html)

[9] <http://www.livemint.com/Politics/fmGBRb21BTsU1XDmdZyqQM/Pakistan-curious-about-Narendra-Modi.html>

[10] For a discussion on the so-called 'Modi-model' of governance and economic development see: <http://www.ft.com/intl/cms/s/0/669ecf72-8d9b-11e3-bbe7-00144feab7de.html#slide0>

[11] For a summary of a recent speech by Modi on "India and the World" see: <http://www.ndtv.com/article/india/narendra-modi-delivers-nani-palkhivala-memorial-lecture-at-madras-university-highlights-434009>

[12] For an analysis applied to India see: [https://www.stanford.edu/group/sjir/7.1.07\\_dossani.html](https://www.stanford.edu/group/sjir/7.1.07_dossani.html)

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[13] For an analysis see recent interview with Reserve Bank of India Governor: <http://www.livemint.com/Politics/Nh6ChZzvfZ9cwBrcCYc1CJ/Im-pleasantly-surprised-by-the-economys-ability-to-react.html>

[14] <http://timesofindia.indiatimes.com/business/india-business/Goldman-Sachs-stands-by-Modi-fying-our-View-report-after-govt-calls-it-objectionable/articleshow/25443440.cms>

[15] <http://www.businessworld.in/news/economy/india/pm-attacks-bjp-says-time-for-easy-reforms-over/1057992/page-1.html>

[16] See the interaction with Arun Jaitley on the TV channel NDTV: <http://www.ndtv.com/video/player/political-roots/political-roots-with-arun-jaitley/311202>

[17] <http://archive.indianexpress.com/news/-japan-looking-at-gujarat-as-investment-destination-/1210167/>

[18] <http://www.thehindubusinessline.com/opinion/wooing-japan-the-gujarat-way/article4298789.ece>

[19] See PM's Dec. 2013 speech, "India in the Changing World: Priorities and Principles." <http://pmindia.gov.in/speech-details.php?nodeid=1387>

[20] <http://timesofindia.indiatimes.com/india/US-defends-its-stand-on-Powell-Modi-meeting/articleshow/30265555.cms>

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## About the author:

**Jivanta Schöttli** is Assistant Professor in Comparative and International Politics at the Department of Political Science, *South Asia Institute*, Heidelberg University, Germany and Associate Researcher at the *Center for European and International Studies* at the University of Basel, Switzerland. She holds a PhD in political science from Heidelberg University. Her thesis was on the subject of policy-making and institution building during the crucial transition period following Indian independence under Prime Minister Jawaharlal Nehru. This has been published with Routledge, London in 2012 as *Vision and Strategy in Indian Politics*. She is co-author of *A Political and Economic Dictionary of South Asia*, has written articles on Indian foreign policy, and edited various publications. Jivanta was a research fellow at the Institute for Defence Studies and Analysis, New Delhi and at the India Study Centre, Beijing University, China. Her research interests are India's international relations and the interplay between domestic politics and global dynamics that shapes policy-making.