Some Thoughts on India, China and Asia-Pacific Regional Security

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No region has changed as much as Asia in the last three decades, with China and several other powers rising, the return of geopolitics, a shifting balance of power and instability heightening the uncertainty caused by the continuing crisis of the world economy. The key to unlocking a possible Thucydides trap for China and the USA lies in Asia and its security architecture. India and China are both drivers of change and are simultaneously reacting to these shifts. Their behaviour with each other and in the international system has changed in the last decade. India–China relations are causally central to Asia-Pacific security. This article examines how India and China might be successful in adjusting to the challenges that their success has brought them internally, bilaterally, regionally and globally.

Keywords: Asia-Pacific regional security, Asia-Pacific order, PLA, India–China bilateral relations

There is no question that there is a pervasive sense of insecurity in the Asia-Pacific today, evident in the fact that the last two decades have seen the world's and history's greatest arms race in this region—led by China with other countries following her example.[1]

Why is this so in a region that has otherwise avoided major power wars for over 30 years and has been so successful economically in pulling people out of poverty, in building regional trade and manufacturing chains, and in integrating into a globalised world economy? Compared to a Middle East in perpetual crisis and turmoil and a Europe whose role, unity and institutions are in question, Asia-Pacific is doing well.

[1] The Stockholm International Peace Research Institute (SIPRI) calculates that arms imports in Asia and Oceania increased by 34 per cent in the past decade alone (between 2004–8 and 2009–13). During this latter period, these imports accounted for nearly half (47 per cent) of arms imports worldwide. And this in a region which includes two of the major arms producers in the world, China and Russia.

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The two greatest beneficiaries of two decades of globalised trade and investment flows after the end of the Cold War (CW); China and India are in this region and have led sub-regional growth. In addition, India and China have successfully navigated the Asian context in managing their bilateral relations for several years now.

In part, today's sense of insecurity is a reaction to the historically unprecedented changes in the economic, political and military distributions of power in the region, between and within countries—at root, it is uncertainty about our ability to cope with the consequences of change. The rise of China, the return of geopolitics in its rawer forms, increasing US–China strategic competition and the new capabilities that state and non-state actors have acquired, unmitigated by institutions or habits of cooperative behaviour, except somewhat in the economic sphere, have each contributed to the pervasive sense of unease.

Consider the Asia-Pacific 30 years ago. In 1986, China was in virtual strategic alliance with the USA against the Soviet Union; Southeast Asia and the Far East were part of a stable US hub-and-spokes defence and political treaty-based security system protected by extended US nuclear deterrence, basing and presence; and the Indian subcontinent was enmeshed in its own quarrels. The Afghan war was winding down, and glasnost and perestroika were in the air. The economic miracle that had transformed economies, such as Taiwan, South Korea and Singapore, was only beginning to spread to the rest of Association of Southeast Asian Nations (ASEAN) and to larger economies, such as China and India. The prospect and gains of economic integration with the US-led global economy through manufacturing chains were promising, real and evident, but still to be realised in practice. It was a time of hope and promise.

That was a very different world from what we see today. Now the gap has narrowed between the USA and China in every metric of power and China–US strategic contention is a reality, though so far only in the Asia-Pacific. Maritime disputes and flashpoints have reignited in Korea, the South China Sea (SCS), the East China Sea and elsewhere. The Afghan war seems endless and the Middle East a lost cause. Economic integration and globalisation of the two decades before 2008 have been reversed, with alternative and smaller trading arrangements, such as North American Free Trade Agreement (NAFTA), Trans-Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP), etc., fragmenting what had promised to be a common global economic space and applying differentiated rules to trade, investment and manufacturing. Economic growth has given Asia-Pacific powers the means to accumulate military, political and now soft power and new interests to defend. The result is that traditional security arrangements have been upset, multipolar geopolitics has returned and so has internal and external balancing behaviour by all China's neighbours.

Judging by recent events, today's Asian distribution of power means that neither the USA nor China alone, nor both together, can impose a security order on the Asia-Pacific or settle disputes and flashpoints. They can, at best, manage them when they come to an understanding. Instead, there is talk of a Thucydides trap for China and

the USA where fear of the rising power leads to conflict with the established hegemon, as occurred in 12 of 16 such cases in the last 500 years (Allison 2015). If there is a key to unlock the Thucydides trap for China and the USA, it lies in Asia and its security architecture, and India–China relations are causally central to Asia-Pacific security.

In India, disquiet about the situation in the Asia-Pacific focuses primarily on the relationship with China. This is despite the fact that after a disastrous start to their relationship in the late 1950s and early 1960s, for over three decades, India and China have successfully managed their differences and built a relationship in which their boundary dispute, the largest in the world, has diminished salience, where China is India's largest trading partner in goods, over 13,000 Indians study in China, and they have worked together on the international stage. Despite this, India's sense of insecurity is fuelled by the consequences for India of the rapidity and the scale of the shift in the Asian balance of power and the rise of China. China's rise arouses particular concern in India because of its size and the displacement it causes, because of the opacity of its intentions and system, and because China is the only major power seemingly unreconciled to the rise of India. It is also sensed, through a glass darkly, that the basic understandings between India and China that managed the relationship peacefully for three decades may no longer be effective or valid.

To understand how we have come to this situation, it may be worth stepping back and taking a quick look at what history left the two new states, the Republic of India and the People's Republic of China, when they were born in the middle of the twentieth century. We also can look at how India and China have operated in the Asian context and at how the present global and regional context affects India–China relations.

HISTORY

INDIA–CHINA BILATERAL CONTACT IN HISTORY

There is a long history of positive India–China interaction in history. Some believe that the words 'China' and 'mandarin' derive from Sanskrit *cina* (land of the Chin) and *mantri* ('minister'; Veer 2014). That such basic terms of reference used by the world for the Middle Kingdom (or Zhongguo) should come from India suggests the depth of that interaction. It is an inspiring story of contact through pilgrims and monks, of two open societies exchanging learning and ideas, overcoming the rigours of years of travel by land and sea from antiquity onwards. The life stories of Bodhidharma, Xuan Zang, Fa Xian and others are known, recognised and admired to this day in both countries. China's first contact with an equivalent civilisation, and its espousal of learning from it, despite considerable internal opposition, is in vivid contrast to the nineteenth-century 'opening' of China by the West. This is the stuff that makes history attractive to subsequent generations and to national movements.

And yet, for our present limited purposes of regional security and politics, it is worth reminding ourselves that civilisational interaction was in fact largely limited to the first millennium CE, and to the spread of Buddhism along the trade routes which took science, language, religion and superstition with it. And that contact was largely indirect. Initially, contact was mediated primarily through Myanmar, then Central Asia and Tibet, until the maritime routes through Southeast Asia became dominant as relations based on commerce assumed primacy after the tenth century. This is not to minimise the importance to their development of first millennium exchanges between India and China, but to point out that those contacts were largely indirect and became overwhelmingly commercial once Buddhism was 'sinicised' in the late Tang.

For most of history, India was peripheral to the security calculus of Chinese polities, as was China to Indian polities. Pre-Qing China's greatest external security challenges were her inner Asian frontiers beyond the Great Wall where China tried to build and work with a string of vassal states. With the possible exception of shared concerns about the expansion of the Tibetan empire into Central Asia in the late seventh century, Indian and Chinese polities had little to do with each other's security concerns.

India was an intrinsic part of a universe of exchanges with the Persian, Arab and Mediterranean worlds to the west and with Southeast Asia to the east. In the second millennium, both north Indian and Chinese empires faced significant inner Asian continental challenges that they never fully resolved even at the height of their power. The Manchu conquest of Dzungaria was followed rapidly by Russian expansion, and the Mughals never solved the dilemmas of their presence and claims in what is now Central Asia, Iran and Afghanistan.

The second millennium was also characterised by an explosion of purely trading exchanges between India and China, through what were primarily separate Indic and Chinese cultural spheres in Southeast Asia. Unlike the first millennium, apart from a few indirect transfers of technology (such as paper and gunpowder), no significant ideas or ideologies were transmitted directly between the two countries (Sen 2003). The universes of exchanges in the Far East and the Indian Ocean worlds touched each civilisation but they did not interact at their cores.

After the sixteenth century, as the maritime routes came to be dominated by Western imperial powers, exchanges between India and China were increasingly controlled by the Western powers and linked to a larger global system of exchanges. Both the Manchus and Mughals were dynasties that came from outside. Both were toppled or gutted by the West in the nineteenth century, India to be colonised and China to be weakened and shared out among the powers.

The Qing view of India, influenced by the positive memory of Buddhism, was apparent in the Qianlong emperor's preparation of an encyclopaedia on India. The Kangxi-Qianlong conquest of Dzungaria, (Outer Mongolia, Xinjiang and parts of Tibet), in the late seventeenth and early eighteenth century, made Tibet important to China again and brought geopolitics into the India–Tibet–China equation. Even so, Chinese authority and presence in Tibet was intermittent or non-existent for over two

centuries after the occupation of Lhasa in 1720 as part of the Manchu wars against the Dzungars. In 1792, a Chinese army was invited into Tibet to expel Nepalese invaders. But essentially, Tibet went its own way.

It was only with the coming of the British in India that Chinese frontier policy, which treated Tibet at one remove as personally linked to the Emperor, evolved into a foreign policy that saw, by the end of the nineteenth century, that the threat from the British in the opium wars on China's coast was linked to the Tibetan frontier and British presence in India (Mosca 2013). But even when Nepalese rulers sought Chinese intervention in their quarrels with the British in India in the nineteenth century, repeated Imperial edicts reiterated that the Qing empire would not intervene or expend treasure and soldiers on this frontier. Zhao Erfang's 1908–10 occupation of Lhasa was the first time a Chinese army did so against Tibetan wishes. When Zhao's Chinese soldiers were repatriated to China in 1912 after the Xinhai revolution in China, most of them went home through India. Thereafter, Tibet reverted to her de facto independence.

In other words, before modern times, communication and exchanges between India and China were conducted largely via intermediaries and were overwhelmingly commercial after the spread of Buddhism in the first millennium.

INDIA AND CHINA IN THE WORLD SYSTEM SINCE ANTIQUITY

This is not to deny that each, independently, played a significant role in the world system. Until 1800, India and China dominated the Asia-Pacific regional economy and were the motors of the world economy. Many Indians are familiar with Angus Maddison's estimates suggesting that India and China together accounted for two-thirds of world manufacturing in 1750. Peninsular India under the Cholas was the essential link between China's markets and the other sub-systems of what Janet Abu-Lughod has described as the 'thirteenth century world system' (Abu-Lughod 1989). This role persisted for over six centuries after 1000 CE. Until the end of the eighteenth century, there was little to distinguish and surprising similarities existed between the economies of Europe, China, India and Japan (Pomeranz 2003). But this was not reflected in a bilateral political or imperial relationship between India and China. Nor did it result in a place in the twentieth-century popular mind for their relationship. It is possible that the political economy of India and China diverged during Mughal and Ming times, before the rise of capitalism in the West created the great divergence between China and the West. There is work to be carried out by historians on the parallel and then divergent economic paths and roles in the world economy of India and China before the nineteenth century (Parthasarathi 2011).

This history is important not because it is replicable or for its lessons. It suggests that the current state of disengaged engagement combining competition with cooperation is not an aberration but the reality of yet another new situation without deep historical roots that is creating greater complexity in India and China's dealings with one another.

In effect, little in their history, separately or together, prepared India and China to cope with the international situation and each other when they emerged as modern nation-states in the second half of the twentieth century. History provided little experience and no parallels to guide post-colonial state-craft in India and China. It did, however, have several lasting effects on India–China interactions, on their behaviour as nation-states and on their dealings with the rest of Asia.

These effects were largely a result of the impact of Western imperialism and the new states that emerged in India and China.

Both India and China have taken the form of the nation-state from their encounter with Western imperialism. They act as sovereign Westphalian states today though, for most of history, they, like Tibet, interacted as civilisations, economies and nations. In the modern era, only two of the three made the transition to becoming modern states, internationally recognised as such.

With the coming of colonialism and Britain's imperial occupation of India, the instruments, idea, practices and accoutrements of a modern Western state were introduced into India. In China, the Western powers chose to keep a weakening Manchu Qing dynasty in place (but not in power), to prevent any one of the Western powers from dominating this huge market and originally rich economy. Large sectors (such as the Imperial Maritime Customs) and areas (such as the Treaty Ports with extra-territoriality) were taken over by the imperial powers. Other sectors, such as the army, were modernised or westernised by the Chinese themselves in the hope of strengthening their nation to stand up to foreign imperialism. Thus, imperialism and foreign occupation brought the modern state into India and China, and Western ideas of the state and nation were adopted by nationalists and thinkers. The national goal became, in one form or the other, how to make India or China a strong, prosperous, modern state. In both India and China, there were and remain significant internal differences about how that goal should be achieved, but the goal has been clear and can be said to have been set as a result of foreign imperialist occupation and aggression and the internalisation of Western ideas of the state and nation. The humiliation for India and China of being reduced from being among the richest and most-advanced societies in the world in 1750, to becoming among the poorest, weakest and least industrialised countries in the world in a matter of two centuries, has been a powerful spur for the development of India and China into modern states. It has also had a powerful corollary in their determination to achieve power and agency in the international order that would make their renewed subjugation or humiliation impossible in future.

Today, India and China have embraced modernity, characterised politically by the nation state, economically by industrialisation and ideologically by an emphasis on progress and liberation. Profoundly different from each other, their development after the eighteenth century was historically contingent on differing experiences of decline and imperialism. India and China are today huge societies with deeply rooted cultures and new nationalisms following different pathways.

The other lasting product of the imperial encounter was the idea of pan-Asianism which the national movement in India fostered. In India, this took different forms, of a pan-Asian cosmopolitanism for Tagore, (in which he was disappointed within his lifetime by Japan's behaviour in Korea and China) and of a pan-Asian political vision for Nehru. Pan-Asian political ideas had much less appeal in China after Liang Qichao, and in the face of Chinese exceptionalism. They were soon discredited by Japanese militarists' use of slogans, such as a Greater East Asian Co-prosperity Sphere to justify their war in China. Immediately after WWII, the practical limits of these ideas, in terms of their ability to shape politics and power, were soon revealed at the Asian Relations Conference in New Delhi in 1947. Official Chinese and Japanese reactions in the early 1950s were also negative as they both joined and displayed loyalty to rival alliance systems. It took the bipolar order and alliances imposed by the two super-powers on Asia by the mid-1950s to breathe life into pan-Asian politics at Bandung and into the non-aligned movement, making pan-Asian politics a way for the less powerful to find space and a voice in the international system.

NATION STATES

Despite romantic ideas of the other propagated as part of the process of nationalist awakening in both countries, the fact that the Republic of India and the People's Republic of China brought little historical baggage to their relationship in 1950 was both an opportunity and a risk. It meant that the two states could write on a *tabula rasa* and build a relationship as they wished. But it also meant that they had little real understanding of each other and were prone to make mistakes in building that relationship. And that is exactly what happened in the 1950s and early 1960s.

COPING WITH THE COLD WAR WORLD

India and China emerged as free nation-states in the post-WWII, a bipolar CW world, where Asia was devastated by the effects of the war, not only where actual fighting had taken place but also, in India's case, where it had been bled white and driven to famine to support the war effort. Asia was still a continent fighting for freedom from the old imperial powers in Indonesia, Malaya and Indochina, where the ideological lines between communism and patriotism were visible to the great powers but were not always clear to Asians. New regimes and elites had come to power in most Asian countries, but decolonisation still had to fully infuse the thinking of the new elite in states that were ideologically diverse, ranging from communists to traditionalists to liberal reformers and all shades in between. In the practice of their initial policies in Southeast Asia, India sought to export freedom and decolonisation, while China sought to export revolution and communism.

Given their poor economic condition and the need to build their fragile new polities, it was natural that both India and China sought to harden their own sovereignties and to promote Asian solidarity as a hedge against outside powers. Nehru was first off the mark, organising the Asian Relations Conference in Delhi in March–April 1947. Nehru saw it as a new era, and hoped for a resurgent Asia, with newly independent countries coming into their own. China took a while to reconcile her proletarian internationalist and defence treaty obligations to the Soviet Union with the demands of Asian solidarity, and only did so in time for the Bandung Conference in April 1955. China actually wanted a more structured and formal arrangement to organise the Afro-Asian countries. Zhou Enlai proposed at Bandung that there be a permanent Afro-Asian Secretariat and later revived the idea in the early 1960s. Most others, including Nehru, opposed this idea, seeing it as creating yet another bloc rather than addressing the issues facing the newly independent nations. Both India and China found the idea of Asian solidarity useful to their pursuit of independent space in the international system. But their goals diverged. For China, Asian solidarity was a useful defence against the West; for India, it was meant to promote her autonomy from both east and west and strengthen her had in dealing with both.

Internally, the Chinese state under the communists launched a much more radical and successful attack on agrarian hierarchical society including its religious aspects than anything the Indian state was able or willing to do. This is clear from the resulting literacy rates, relative poverty levels, land cultivation rights and gender relations in both countries. To some extent, this explains the differing effects on the Indian and Chinese economies and societies of the liberalisation and opening up that both countries introduced during the 1980s and pushed into high gear in 1991 and 1992. After three decades of 10 per cent growth, China is today the world's largest trader, the largest economy (by some measures) and is creating an international economic system that is increasingly integrated with her economy. The social effects of economic growth in China have been radical, with implications for one-party rule and state control that are far from fully understood in China and abroad. India, on the other hand, has enjoyed over 6 per cent growth for over 30 years with relative social and political stability, and the disruptive effects on social order are only now becoming evident. In India, these policies have been implemented in a vibrant civil society and open public sphere, unlike China. The result is crises of legitimacy in China for the one-party system since the Cultural Revolution, which India has avoided. But the price of maintaining the old social order in India has been considerably less flexibility in the choice of policies going forward.

When it came to their foreign and security policies, each followed a different path. While Nehru chose non-alignment, China chose alignment. Nehru struck out on his own, outlining a policy independent of the Soviet and Western blocs, even before India was politically free. China, in a pattern that she was to repeat in the future, chose to align with one superpower, the Soviet Union at that time, signing a defence alliance with her, and to use that alliance for her own development and to manage her

periphery in Korea and Indochina. Her decision to enter into the Korean War against the USA was both a defence of her new communist regime and an attempt to polarise the situation to catalyse Soviet support.

On the one hand, India's relations with both superpowers and their allies remained relatively fluid and open until alliance structures, such as the Central Treaty Organization (CENTO) and the Southeast Asia Treaty Organization (SEATO), came to Asia in the mid-1950s. Many Indians saw these alliances as a mortal blow to Asian unity and resurgence, as divide-and-rule again. (History was to prove them right about the politics but wrong on the economics.) China, on the other hand, now saw Asian diplomacy and solidarity as offering her a way out and options, locked as she was into the Soviet bloc, a position that she found increasingly constricting and unsatisfactory, especially after Khrushchev's 1956 20th Party Congress de-Stalinisation speech and its implicit attack on Mao's status and policies, and when unconditional Soviet support to China's regional policies (on Taiwan, Indochina and India) was neither automatic nor wholehearted.

It is certainly arguable that the different policies and paths that the Indian and Chinese states chose in the mid-twentieth century determined the subsequent trajectory of their states, economies and societies, as also China's place in post-war global governance structures.

Despite their different approaches to the international system and Asian solidarity, both India and China tried in this formative period to lay the foundations of a constructive bilateral relationship, an attempt that did not succeed. For all their similar experience of imperialism, difficult as it was, and their professed commitment to Asian solidarity, their interests and external power balances had to be reconciled and dealt with. The Chinese People's Liberation Army (PLA) entry into Tibet in 1950–1, whose 'return' to the motherland China undertook even when postponing similar actions for Taiwan, Hong Kong and other claims, brought Indian and Chinese troops face to face across a border for the first time in history. Dealing with this fact and reconciling their interests and positions on the boundary were among the first issues the new states had to address. This they failed to do, for reasons and in a process that are not detailed here. The consequences of that failure were the border conflict of 1962 and the long deep freeze in India–China relations that followed.

This is not the place to go into the reasons for or the course of the 1962 conflict. But its effect for a quarter century was that India and China followed active adversarial policies against each other. Their inability to reconcile their interests or to overcome Chinese suspicions of Indian objectives in Tibet led directly to the Chinese decision to initiate the 1962 conflict. That conflict also spurred India's nuclear weapon programme, making it a cross-party national effort within the country. India became the strategic glue in China's ever closer ties to Pakistan, stretching to the internationally unparalleled Chinese supply of nuclear weapons and missile technology to Pakistan.

It was only after China broke out of her self-imposed isolation of the Cultural Revolution, and after India's first moves to engage the world in her economy in the

1980s, that they resumed meaningful bilateral communication, and even a level of mutual coordinated action internationally. Throughout this period, India and China were ranged on opposite sides of major Asian issues, such as Afghanistan and Cambodia. Their initial steps to improve relations tracked movement towards resolution of those Asian issues. The 1980s were a seminal period for the upgrading of the bilateral relationship. As Indian and Chinese troops came into increasingly frequent contact in the border, tensions heightened, eventually leading through a prolonged face-off at Sumdorongchu to the 1993 Border Peace and Tranquillity Agreement. The period also saw seeming recognition of India's role in Asia alongside China by Deng Xiaoping. The Tiananmen incident, for a while, made India an important country for China to keep on her side when communist regimes were falling elsewhere and China might be the next target of regime change efforts by the USA.

POST-CW, SOVIET COLLAPSE, A GLOBALISED WORLD

It took the changes of the late 1980s that led to the collapse of the Soviet Union and the end of the CW order to shake India and China into a form of cautious engagement that resulted in a *modus vivendi* between them. As the world entered its unipolar moment with the USA as the sole superpower, both India and China saw it as in their interests to concentrate on their own economic development, putting aside and managing their bilateral differences. Their reaction to the end of the bipolar world order was similar—to strengthen ties with the new hegemon, the USA, to begin a 360 degree foreign policy of multiple engagements with major powers, while attempting to pacify their own peripheries. Each of these policies had some success in itself. Their overall effect on China and India's economic transformation was phenomenal. The two decades between 1989 and 2008 were their most successful economic development and growth years in history. The effect on Asia as a whole, as manufacturing chains and trading links grew, was to lift all boats on the rising economic tide of globalisation and liberalisation and opening up of Asian economies. Asian economies were also increasingly integrated with China through this period. In 1990, only one of China's neighbours had China as its largest trading partner. By 2008, all of them but one did, with China replacing the USA in most cases.

The social and political consequences of the Asian growth spurt of these decades were more complex, within and between countries. Between states, shifts in the economic balance soon affected the balance of hard power and the political choices that elites made. One of India's responses to the narrowing strategic space occasioned by a single super-power world was to become a declared nuclear weapon state in 1998. China, for her part, accelerated and increased the ambitious scope of her long-term military modernisation programme.

Within states, unprecedented numbers of people were lifted out of poverty. But income inequality, regional disparities and economic and financial fragility also

increased. The rise of new, aspirational and young cohorts, using information and communication technology (ICT) and modern technology and exposed to the world, forced one-party rule in China and traditional party politics in India to evolve and change. More authoritarian, conservative and avowedly nationalist governments came to power in both countries after the effects of the economic crisis of 2008 began to be felt. Economic success bred the conditions for the rise of the ultra-nationalism that we see today.

Bilaterally, this was when India and China firmed up their modus vivendi by signing the Border Peace and Tranquility Agreement of September 1993, agreeing to respect the status quo on the border pending a negotiated settlement of the boundary. They then proceeded to put in place a series of confidence building measures to reduce risk. As a result, the India–China border has been generally peaceful. They have developed bilateral trade and cooperated in the international system on climate change, WTO negotiations and other issues where they could make common cause.

TODAYS'S WORLD

The 2008 world economic crisis changed several fundamental assumptions and realities in Asia and the world. The fragility of the global financial system was exposed, at a time when the USA was over-extended militarily and politically in the Middle East and Afghanistan. In effect, the worst economic crisis in 70 years hit when the political direction of the world order was in doubt and reinforced that trend. The resuscitation of the G-20 of major world economies for a greater role in overcoming the crisis seemed to show that older Bretton Woods institutions and the G-8 could no longer manage.

Overall, the global environment for India and China worsened considerably after the 2008 crisis with the return of protectionism in most advanced economies, the increasing provincialisation of Europe, the deterioration in the situation in the Middle East from which both draw the largest portion of their oil supplies and the rise of terrorism and religious extremism. Both the security and economic conditions are today worse than they were a decade ago for India and China's further growth. Both countries adjusted their domestic economic policies, making major infusions of liquidity into their economies to overcome the effects of the 2008 crisis. They are today dealing with the hard financial consequences of those crisis measures. The crisis also exposed how overextended the USA had become as a result of wars in Iraq and Afghanistan, reflected in her diminished ability to produce desired political outcomes in the Middle East through the use of military force. The Western international order's capacity to deliver security and prosperity to most of the world has markedly shrunk. Simply put, the international order is failing to deliver.

Externally, India and China drew different conclusions from the 2008 crisis. Both saw an increased global role for themselves in a revived G-20 and elsewhere, though

actual change in international governance has been slower and less evident than either would have hoped for. Some in China saw opportunity in what they considered the terminal decline of the West after 2008 and acted assertively as though China's moment had come. India, on the other hand, reacted defensively to what it saw as the end of the supportive external environment that she would have preferred for many more years of internal transformation. The new government in India after 2014 chose to double down on its relationship with the USA, strengthening strategic partnership and declaring a joint vision for the Asia-Pacific with the USA, and making adjustments in trade and energy policy and the climate change positions that eased the relationship with the USA.

Despite differences in political and economic systems and between their societies, both China and India turned to strong, authoritarian and conservative leaders in their last leadership transitions, (as did Japan). In all three countries, the new leaders used the opportunity created by the post-2008 crisis to centralise power in their own hands and to increase the stridency of their appeals to nationalism as a source of political legitimacy. Populist ultra-nationalism is flourishing in Asia, on the Internet and otherwise, even though governments are normally careful in what they say on the record about each other.

DIFFEREING RESPONSES TO THE 2008 CRISIS

After 2008, China, apparently acting on the presumption that a West in decline would accommodate her drive for primacy in Asia, attempted a two-track strategy, neither track of which has succeeded entirely. The first was to increase her commitment to her two de facto allies, Pakistan and North Korea, while bearing down in her immediate periphery on Japan, Vietnam, ASEAN and others in the SCS and the East China Sea. The other was to offer a joint condominium to the USA in the guise of 'a new type of major power relationship', which, in the Chinese understanding, would leave each to pursue their own 'core' interests. While initially tempted, the USA soon realised that accommodating China's definition of her own core interests in the SCS and elsewhere would circumscribe the US ability to operate throughout the Asia-Pacific, lose her allies and offer little in return on core US concerns. The balancing responses to these Chinese actions were a US 'pivot' to Asia and the formation of informal countervailing coalitions by powers in China's periphery; India, Japan, Vietnam and others have increased their defence, security and intelligence cooperation considerably. China reacted to the initial pushback by readjusting her strategy in 2012 from a largely political and military strategy, particularly in the SCS, to a broader geo-economic strategy, using her economic strengths, crystallised in the One-Belt-One-Road (OBOR) proposal. How that will fare in practice remains to be seen, as it involves some of the most unstable and terrorist-prone areas in Asia in Pakistan and elsewhere, and seeks to build maritime bases and facilities in the crowded maritime space from Gibraltar to the Western Pacific which remains militarily dominated by the USA.

A third policy option that is logically available, but that China has not yet tried, is to work with significant powers in the region and her periphery—consulting with Japan, India, Indonesia, Vietnam and South Korea, for instance,—to evolve a new security order in Asia-Pacific, based on mutual respect for core concerns and managing differences that exist. This would require an accommodation (and redefinition) of China's and others' core interests that may be politically difficult for leaderships in the present ultra-nationalist climate. While the process of redefinition and reaching agreement on core interests is underway, confidence building measures (CBMs), crisis management mechanisms, and communications arrangements between the powers would be required to restore a sense of security in the Asia-Pacific. It would be logical to start such a process with maritime security, where all the major Asian powers, including China and the USA, have a common interest as significant trading nations in maintaining freedom of navigation throughout the region. The more difficult issues that any collective security system would have to address would be the effects on the Asia-Pacific of terrorism and non-state actors, of political and state fragility in west and Southwest Asia, and its spread to Southeast Asia, since states (such as Pakistan) are themselves involved in abetting and creating these phenomena, of military doctrines and postures and of nuclear proliferation and deterrence.

Since the 2008 world economic crisis, both economies have slowed, with China, the more globally integrated, slowing more than India. Both recognise that they need to undertake fundamental readjustments and reforms to their economies and have announced ambitious plans, China in the 3rd plenum of the 19th Party Congress in 2012 and India in the Modi-led Bharatiya Janata Party's (BJP) election campaign in 2013–4, but they have yet to show the requisite political will, capability and resilience to undertake those changes in practice.

India has been cautious in her economic responses so far, concentrating on her own manufacturing and infrastructure deficiencies rather than taking a leading role or being active in the negotiations of the RCEP and other international trading arrangements. She has moderated her stand on climate change to exploit the economic opportunity that has opened up to address her own energy security needs though renewables. Politically, on the other hand, the present government has been much more outspoken on issues, such as the SCS and supportive of the US role in the Asia-Pacific, announcing a joint vision of Asia-Pacific security with the US President in January 2015, and participating much more extensively in naval and other exercises with the USA and her allies in the region. As India concentrates on building her hard power and strengthening links in her periphery, which is also in large part China's periphery, it is likely that India and China will increasingly rub up against one another.

In economic terms, China is responding to stagnation in her major markets in the West, to the fragmentation of the globalised economy represented by the TPP, etc., and to the relatively long period before she can readjust her economy to rely on domestic demand rather than external markets. Internally, China is trying to reform her economy to meet the higher standards of the TPP, to move up the value chain and

to create an innovation economy. If history is any guide, China could well be successful in building an innovation economy under a tightly controlled political order (Elvin 1973). After all, for most of history, China was by far the most innovative and creative economy in the world. Externally, she is building alternatives in terms of trading arrangements (like the RCEP), payments arrangements (promoting the use of the Renminbi), financial institutions (like the Asian Infrastructure and Investment Bank) and physical connectivity to consolidate the Eurasian landmass and maritime space throughout Asia (through the Belt and Road Initiative). The Belt and Road Initiative (BRI), in particular, leverages economic asymmetries favouring China in the region built up since 2000. The US dilemma is that several of her partners and allies are more economically integrated with China than with the USA. The proposed TPP may have reversed that trend but now faces an uncertain future.

While these Chinese initiatives do not yet amount to an alternative to the US-led Western order, they do offer China, and other powers, alternatives to the Bretton Woods and other Western institutions and financial markets, and Asia is increasingly being integrated into these arrangements in practice. While these are primarily economic responses, they are clearly driven as much by the geopolitical outcomes that they will produce for China. And their effect, if they are successful, will be to remake Asia by tying its economies and ultimately its politics to China.

CHALLENGES AND OPPORTUNITIES

REGIONAL

It is too early to say whether the Chinese attempt to remake the Asia-Pacific and whether the Indian effort to continue its own rapid transformation will succeed. This will depend on their internal developments, where in both cases, earlier political, economic and social instruments no longer seem effective, and there is a tentative effort to build new practices and institutions of governance and politics. Here, again India and China are heading in different directions. As the Indian states gain power and federalism strengthens, China is centralising power and control of society and the polity. And these internal pressures have foreign policy consequences. For instance, no matter how discomfited, China will not pull the plug on North Korea and its nuclear weapons programme, for fear that the fall of one of the few remaining communist regimes in the world will give its own people wrong ideas.

The outcome will also depend on the changing Asia-Pacific situation in which they operate.

The traditional dominance of the US 'hub-and-spokes' alliance system as a provider of security in the Asia-Pacific has been considerably eroded. Though US military preponderance in the Asia-Pacific is still overwhelming, for the first time, the USA has

to consider Chinese military responses before deciding to deploy or using the threat of force in China's near seas and the Western Pacific. This is a considerable change from 1996 when the US response to the Taiwan crisis caused by Chinese missile firings across Taiwan was to steam two aircraft carriers through the Taiwan Straits. This could not be repeated today. Witness US circumspection in dealing with Chinese claims and actions in the SCS. The US 'pivot' to Asia itself is an acknowledgment by the USA that in the changed reality she needs to work with regional and local partners and can no longer be the sole provider or underwriter of an Asia-Pacific security order.

Today, neither the traditional US-centred 'hub-and-spokes' alliance system as a provider of security in the Asia-Pacific, nor a potential China–US understanding or G-2, can settle or manage the consequences of the return of geopolitics, the arms build-up, maritime disputes and flashpoints, or balancing behaviour by China's neighbours that we see in the region.

(It could be argued that similar geopolitical imbalances in the Middle East have led to similar uncertainty there as well. It is true that the Gulf Wars established Iranian predominance in an arc through Iraq to Lebanon by eliminating Iraq as a checking or balancing power. But the basic balance of power between the major regionals—Iran, Turkey, Israel and Egypt—has not changed as drastically as in the Asia-Pacific. Apart from great power ambitions of Turkey and Iran, issues in the Middle East basically arise from weak state formation, non-state actors and the role of religion in politics, unlike in the Asia-Pacific. In the Asia-Pacific, security issues are still primarily between states and settled by traditional means between states.)

China does not yet have a new order to propose in the Asia-Pacific or globally. Nor does India. Both say that they seek adjustments in the present order. Nor can a G-2 impose a new order on a crowded Asia-Pacific with several rising powers. The vacuum or the absence of order and institutions is therefore being filled through natural evolution from the bottom up. The Eurasian landmass is being consolidated, connected, OBOR and other economic and trade initiatives are working their changes, and a continental order is forming in Eurasia. But the maritime order is contested, harder to envisage, despite its positive sum nature and the common interest in freedom of navigation, of the trading nations, particularly China and the USA as the two largest trading nations on earth. Disputes and flashpoints are alive again from Korea to the East China Sea and the SCS, and there is heightened activity on the disputed India–China boundary.

The return of geopolitics to Asia-Pacific means not just that 'the strong do as they will and the weak do as they must'. It also means that great powers contend for mastery. In Asia-Pacific, classical security dilemmas now are evident between China and Japan, China and India, India and Pakistan, China and Vietnam and other pairs, where actions taken in what one state regards as legitimate self-defence provoke another state to respond with matching or countervailing actions. As both sides feel increasingly insecure and forced to respond, they set up a cycle of escalation. This phenomenon is most evident in the pattern of naval build-ups through the region. Offensive weapons, such as submarines and missiles, and power projection instruments, such as aircraft

carriers, are now platforms of choice for China, Vietnam, India, Japan and others. And an overlay of strategic competition between the USA and China is building up.

The other sign of the return of traditional geopolitics to the Asia-Pacific is balancing behaviour by all of China's neighbours. Internal balancing is evident in the military build-ups. External balancing is clear from other steps to strengthen defence and security ties with like-minded countries. Japan has changed its interpretation of its pacifist Constitution to permit the use of its forces abroad. The increased frequency and scope of defence, intelligence and security exchanges between China's neighbours—India, Japan, Vietnam, Indonesia, Australia and, to a lesser extent, South Korea—now amount to an undeclared but informal coalition. The US–Japan Security Treaty has been upgraded, Japan is now supplying weapons to the Philippines and the navies of India, Japan, the USA and Australia exercise together in the Indian Ocean and the seas near China.

Preparing for the future in a region with these characteristics has become even harder for all the powers. Among the many reasons for this are as follows:

- China and the USA are among the most economically integrated powers and yet they do not seem to be able to avoid security competition. This suggests that economic interdependence does not prevent or control security conflicts. (It did not before WWI in Europe, and emotion often trumps reason in politics.) Since the globalised economy seems to be fragmenting into regional blocs, such as the TPP, RCEP and so on, both China and the USA have steadily on-shored increasing parts of the global value and manufacturing chains since the 2008 crisis began, and economic interdependence seems a weaker restraint on great power behaviour than before.
- There is increasing talk of a Thucydides Trap for China and the USA in their attempt to accommodate rising Chinese power in the existing order, of which China remains an ambivalent beneficiary. Perceptions matter and guide actions, and such talk can be self-fulfilling prophecy.
- It is getting harder to predict Chinese behaviour as the regime deals with internal stresses caused by an economic slowdown and the social consequences of structural adjustment. Does anyone dare predict the outcome of the XIX Party Congress in 2017?
- It is also getting harder to predict US behaviour, as the 2016 presidential election campaign showed. In the past, both China and the USA have shown remarkable adaptability and resilience, and an equal capacity to inflict wounds on themselves.
- We are confronted with new security issues, such as cyber security, and contested global commons—whether in outer, cyber or maritime space.
- And, there is no regional or global security order which can be relied upon to settle disputes and hotspots or to deal with new security issues. The maritime order is contested as we have seen in the SCS and East China Sea. And the

Eurasian landmass is being consolidated by China through initiatives, such as the BRI, Asian Infrastructure Investment Bank (AIIB), pipelines, roads, railways, fibre optic cables, increasing use of the Renminbi (RMB) and other financial and trading arrangements. (She is now assisted by a Russia pushed out of Europe by Western sanctions, and by NATO and EU expansion into her 'near abroad' in Georgia, the Ukraine, etc.)

And yet, unlike nineteenth-century Europe, there is also a strategic adjustment underway in the Asia-Pacific today to accommodate China and other powers' rise, and not just pure conflict or competition or struggle for mastery. China, which historically was a land power and still thinks of the sea in territorial terms, is turning into a maritime power. The USA wants to continue to be able to operate without hindrance throughout the region, deploying its navy from its West Coast to the Persian Gulf. What we see in the SCS, for instance, is both of them trying to assert their rights while minimising the risk of direct bilateral conflict by accommodating each other. China and the USA have begun drafting codes of conduct for unplanned encounters at sea and in the air and are learning to implement them.

A WAY FORWARD

Asia-Pacific is the region which has most reaped the benefits of cooperation, and the costs of security competition and misadventures must be obvious to everyone. Asia-Pacific has the most to lose from conflict of any kind. Yet, the current discourse and security paradigm are clearly no longer sufficient to ensure confidence and the peace that continued growth and improvements in human welfare in the Asia-Pacific region require. There is no inherent virtue in the way things are today. Besides, it is getting harder and less credible to speak of a world order today. So what might be done in the Asia-Pacific to bring some sense of security or a regional security order into being?

The first thing we need to do is to clear our minds. Forget nineteenth-century Europe and the old world order. Forget stability as a goal. Rising powers, convinced that the future belongs to them, will not commit to maintaining present inequality, which is what calls for strategic stability sound like to them. Even if they pay lip service to strategic stability to prove their peaceful intentions they will not act on that basis. Therefore, forget models such as the Commission on Security and Cooperation in Europe (CSCE) or the Concert of Europe, which fixed the status quo in concrete. The Asia-Pacific is unlikely to have a Helsinki moment, a big bang agreement making existing borders permanent, agreeing norms and establishing regional institutions—not least because Helsinki is seen by many thinking Asians as having led directly to regime change in Russia and the destruction of the Soviet Union.

The task of building a new Asia-Pacific security architecture is complicated by an ideational problem that we do not always recognise,—quite apart from the inapplicability and irrelevance of West European experiences to the Asia-Pacific. Before the West established primacy in these waters and lands after the eighteenth century, history left the Asia-Pacific with two sets of experiences and ways to think of international order and security, neither of them Westphalian. One was the Northeast Asian experience of a hierarchical and relatively homogenous Confucian political order (Kang 2010).[2] The other was the South and Southeast Asian experience of an open, plural and multi-entity (I almost said state) arrangement—(I hesitate to call it an order for that implies greater homogeneity),—of multiple universes in contact with each other, based largely on trading and economic links rather than a common political idea or order (Rajagopalan 2014). If there was a common ideological foundation here it was Buddhistic. These two experiences or orders were not exclusive of each other but different. They did not prevent the sub-regions and countries of the Asia-Pacific from trading, working with, or learning from each other and driving the world economy. This history matters today because by not recognising the past for what it was, or building false constructs as hyper-nationalists in the region are now doing, we find it difficult to think realistically about the present and future.

Today, Asia-Pacific's security and political problem is not to impose stability but to manage change in an inherently unstable period, in ways that mitigate the dangers of change and promote mutual benefit. That can be carried out in three ways:

- Building institutions and habits to manage change rather than trying to freeze the present. What this means is creating dialogues between the powers in the region to discuss the real security issues: military doctrines and deployments (including nuclear weapons and deployment); cyber security and security of the commons, particularly maritime security.
- It also means setting up crisis management mechanisms before the crisis is upon us so that we have in place and rehearsed channels of communications and responses to foreseeable situations. We need safeguards for high-risk situations.
- Out of these could evolve rough and ready, and practical, rules of the road, (like the recent US–China agreement on cyber-crime, which is far from comprehensive or watertight but marks a beginning).
- To my mind, this does not require new institutions but the better use of existing ones like the East Asia Summit mechanism.

Since Asia-Pacific's security issues are unique in themselves, the solutions will also have to be singular and unique. I do believe that the present security and political challenges in the Asia-Pacific, unlike West Asia, are manageable.

[2] See also Wang (2011) and Zhang (2015).

This would require powers like the USA to actively participate as fully committed members in these arrangements. The USA is hardly an extra-regional power given her extensive presence and commitments throughout the region. And it requires a change in mindset, abandoning the long-standing US policy goal of preventing the emergence of any peer competitor and the idea of functioning as an external balancer to a contested Asia-Pacific balance. It would also require China to accept an order that is relatively flat, non-hierarchical, not centred on any single power and bound largely by existing international law. Hub-and-spoke security systems, whichever the hub, are unlikely to be compatible with equal participation and mutual respect among several powers, each of which is capable of disrupting security arrangements—a disadvantage that applies equally to the previous architecture as to OBOR, which could be new versions with the same drawbacks. Grounding the order in international law is also important. We all recall the consequences of the pre-WWII rejection of the League and the Geneva Conventions by Japan, the USSR and Germany.

I personally doubt that a working regional order in the Asia-Pacific can be constructed immediately, in the midst of such rapid change, when so many powers in the region want to change the status quo and believe that their position will improve in the future: China to achieve primacy or at least parity with the USA; Japan to become a 'normal' power; India to achieve the international influence that she feels her domestic transformation requires and so on. With so many revisionist powers making different demands of the order, the result could well be a lowest common denominator order, long on good sentiment and short on capacity to provide security. However, I do believe that the search for a new regional order is worth undertaking in itself, to find solutions to existing security issues in the Asia-Pacific.

The other reason why a search for a new, open and plural Asia-Pacific order is worth undertaking is the presence of nuclear weapons and the effects of geopolitics and technology on nuclear deterrence in the region. Witness Pakistan's accelerated acquisition of nuclear weapons and their delivery systems with China's assistance, its move to possess tactical nuclear weapons, and the threat of those weapons falling into the wrong hands, of which there are several in Pakistan. Also the North Korea's acquisition of a nuclear arsenal and doubts witnessed about the deterrence extended by the USA to allies, such as Japan and South Korea. North Korean nuclear weapons and actions, and Chinese inaction, have changed Japanese and South Korean calculations. Today, the SCS and East China Sea are important to China and others not just as waterways for trade, but as the virtual lake from which Chinese Ship Submersible Ballistic, Nuclear (SSBNs) must escape to pierce the 'first island chain' if they are to avoid detection and undertake meaningful deterrence patrols. For a country such as China, with a professed no-first-use doctrine, survivability of her nuclear deterrent is crucial and that is best provided by her nuclear submarines. Other developments in China's nuclear weapons programme—mixing nuclear and conventional weapons in their deployment on the same missile types, MIRVing and MARVing warheads on missiles, deploying anti-ballistic missile (ABM) and anti-satellite (ASAT) systems

and making the Second Artillery another combat arm of the PLA—could presage modifications in China's doctrine of no-first-use of nuclear weapons. These changes are rapidly changing the nuclear weapons calculus and deterrence parameters in the Asia-Pacific. Steps to enhance security in the region cannot ignore these changing realities and perceptions.

Perceptions are often as important as reality, for states act on them. We are being fed two competing narratives: One is of the inevitability of China's rise, a return to a historical norm of a predominant China in Asia replacing a declining USA and the other is that our future prosperity and stability depends on continuing the existing order to which we owe our past successes. To my mind, this is a false choice for most Asians. In reality, China is rising, but the USA is not necessarily declining.

Both narratives tell powers other than the USA or China that they must choose sides or risk being marginalised, or worse. Both China and the USA try to convince other countries in the Asia-Pacific that they must choose between them and that this is their only choice. I do not think so. Presenting the choice as between China and the USA is both unrealistic (because the other powers have chosen both, for different purposes) and false (because neither the inevitability of the rise of China nor the decline of the US is graven in stone). US–China competition and the objective situation give other powers room to manoeuver. It is open to them to balance, hedge and, if they wish, to bandwagon as they choose, and also to work with other rising and established powers in the region,—most of whom reject all assumptions of centrality and superiority—in other words, to pursue their interests independently.

For me, the best Asia-Pacific security outcome that we can hope for is the emergence of a paradigm consisting of a complex and dynamic inter-state system of pragmatic accommodation and balancing, with a layering of power interactions between the USA, China and other powers, creating predictability and secure spaces.

INDIA–CHINA BILATERAL RELATIONS

It is within this fluid and challenging context that India and China have to manage their relationship, a relationship that is also causally central to Asia-Pacific security.

Let me explain. The present challenges of India–China relations are both bilateral and geopolitical. A tranquil border, even with an unsettled boundary, is less of a problem for the region and the two countries than their geopolitical competition in the overlapping periphery, in the maritime zone with the world's busiest shipping lanes and fastest growing economies, and in access to resources. The linkage between the evolving Asia-Pacific environment and the conduct of India–China relations is expressed in incentives or disincentives for managing them that the evolution of China–Japan, China–US, Russia-China, Russia–US cooperation and rivalry create. A stable regional order would certainly contribute to stable India–China relations, and vice versa.

For 40 years, both India and China have followed policies that combine engaging with balancing the other; they have adjusted the proportion or emphasis between these two policy prongs as circumstances and the other's behaviour dictate. Today as well, China's renewed commitment to Pakistan and other balancing actions in India's periphery go alongside Chinese economic and political engagement with India. India too works on defence and other links with China's other neighbours while continuing to engage China in India's economy. Given international uncertainties and their internal and other preoccupations, both countries have an interest in managing their differences and being seen by the world to cooperate. For China, this could ameliorate opposition in the periphery to her stepping out; for India, it would increase her leverage in dealings with other powers.

Since the early 1980s, formalised in prime minister Rajiv Gandhi's visit to China in 1988, India and China have had a modus vivendi in place: negotiate differences, build relations on commonalities; work together globally and respect each other's major sensitivities. They have had a strategic framework and communication with each other which kept the peace while each concentrated on other, more important relationships and concerns, primarily the USA and their own economic development.

This is no longer so.

Today India–China relations are under stress, with the proportion of balancing actions increasing relative to bilateral engagement, as many recent instances attest: China's technical hold on Masood Azhar's listing as a terrorist by the UN 1267 committee, joint PLA–Pakistan Army patrols in Pakistan occupied Kashmir, China's opposition to India's Nuclear Suppliers Group (NSG) membership, the unprecedented entry of 1,000 PLA troops into Chumar during President Xi Jinping's September 2014 visit to India, and so on. The OBOR makes Pakistan a strategic necessity for China, additional but independent of its concern to balance India. Pakistan's ability to block India's historic and natural routes to central Asia also contributes to China's Eurasian strategy.

India–China relations are at another moment of choice. The old framework is no longer effective, for several reasons. Neither the Xi nor Modi governments seem to be particularly adept at strategic communication with the other. Summit level meetings cannot substitute for the grind of diplomatic and other engagement and problem solving. Both the Xi and Modi governments use foreign policy for domestic political advantage to a far greater degree than previous ones. This makes difficult the continuity, accommodation and compromise essential to defuse or move on from situations of conflict or friction. (This phenomenon is more stark in their relations with smaller neighbours: China with the Philippines and Vietnam; India with Pakistan and Nepal.)

In December 1996, Chinese President Jiang Zemin told the Pakistan National Assembly that they should do with India what China was doing: negotiate the issues that divided them but not allow those issues to prevent the development of a bilateral relationship. The commitment that China has demonstrated to Pakistan in the last

few years is very different from that moderate and neutral advice. China was relatively neutral on J&K through the 1990s and early years of this century. She is now allowing the official media to question India's locus standi in J&K and comment on India's internal affairs, is undertaking joint military patrols with the Pakistan Army in Pakistan occupied Kashmir, and has considerably increased her presence there. The Xi government has reportedly agreed to sign a defence agreement with Pakistan, something that both Zhou Enlai and Hu Jintao had declined. What sensitivity to each other's core interests was apparent in the past between India and China is no longer evident.

In addition, their definitions of core or significant interests have changed and grown for both China and India. As China's perception of her own power and position have changed, we have seen the SCS added to her list of core interests, Tawang added to her growing demand on the India–China boundary, and a heightened sensitivity on territorial and maritime disputes. In India, ultranationalist discourse has not been quite as conscious, unified or clearly articulated as in China, but it is also beginning to be evident and is internally expressed as questioning the nationalism of critics and dissenters and externally mostly in commentary and responses to Pakistan.

The regional context has also changed. India is not integrated economically into Southeast Asia as China is. Even in India's immediate neighbourhood, the Indian subcontinent, the situation is changing. The economies of Bangladesh, Sri Lanka and Nepal are increasingly integrated with that of China's. As their overwhelming dependence on the Indian economy weakens, the prospect of Chinese PLAN bases ringing India in Chittagong, Hambantota and Gwadar becomes ever more possible and likely. Unless India's 'neighbourhood first' policy soon acquires tangible shape in connectivity, trade and economic projects with these countries, India's maritime fears and China's forward defence of Malacca could become reality.

Besides, the international situation has changed—it is more polarised than it has been since the CW. While that creates some space for India and China, it also forces them to make harder choices.

But none of these factors makes purely adversarial India–China relations inevitable. It is how India and China choose to deal with them that will determine the future trajectory of India–China relations.

Now, more than ever before, India and China need a real strategic dialogue to evolve a new strategic framework taking the relationship forward in the new situation. This can be done, and some of its elements are already visible. It would involve harnessing China's economic strengths to India's development. (To those who doubt that this can occur when geopolitics and strategic competition divide, consider the extent of China–US economic interdependence in the midst of their strategic competition. This is not to say that economic interdependence prevents conflict. Clearly not, as Britain and Germany showed in WWI. But it serves both countries' interest and builds stakes in the relationship.) The framework also requires an understanding on core concerns and sensitivities, particularly new sensitivities, through better communication and dialogue.

As for the international situation, climate change may no longer offer the possibilities for joint international action that it did in the past, as it moves from an international negotiation into competitive business. But as significant trading nations, both China and India still have to adapt and coordinate where they position themselves on the big issues of the international trading order, including the TPP. Interestingly, the new situation makes issues, such as energy security and maritime security from Suez to the Western Pacific, ripe for an India–China discussion and possibly cooperation. For instance, both India and China, perhaps India more than China, continue to be directly affected by the instability in West Asia that is compounded by regional competition and the eroding ability of the West and Russia to maintain order in the region. This is surely an issue on which both India and China need to think together, when even the USA and Russia are attempting to coordinate and cooperate in West Asia.

Take, for instance, BRI, President Xi Jinping's signature initiative which India is hesitant to endorse, not having been consulted, and because the China–Pakistan Economic Corridor passes through Indian territory in Pakistan occupied Kashmir. On the face of it, connectivity in the region and the world is an economic asset so long as it is free for use by anyone for peaceful and legitimate purposes. But clearly, it is the strategic, military and geopolitical implications of BRI, the all-roads-lead-to-Beijing implications that explain the region's hesitant embrace of the initiative. For BRI has come when China has reorganised the PLA into an expeditionary force, when China has declared a military strategy of projecting power, and when China is opening her first naval base abroad in Djibouti. These are issues, surely, which should be discussed and clarified between the powers and between India and China, if suspicions are to be allayed and the initiative is to make progress and become a reality. If any subject is ripe for a strategic dialogue between India and China, it is BRI.

As for handling differences like the boundary, China's presence in Pakistan occupied Kashmir and her assistance to Pakistan's nuclear weapons programme, Tibet, the SCS, cyber security and others, a dialogue is essential to prevent miscalculation by either side. Indeed, given the salience that nuclear issues have now acquired in the relationship it would make sense for both India and China to begin discussing their nuclear doctrines, postures and how they perceive their security being affected by developments in the nuclear field.

This new bilateral framework has to be worked out when the bilateral India–China balance has shifted against India in the last 30 years, as the gap increases between the two countries in economic terms. The picture is more mixed for the hard indicators of power, now that nuclear weapons and military modernisation programmes have entered the calculus. On the other hand, the political balance in terms of the international situation has actually improved from an Indian point of view. But ultimately it is India and China who must sort out their differences themselves, and others can only be a factor in their calculations rather than facilitators or determinants of outcomes.

It also needs to be done when public perceptions of each other have hardened in both countries. A Pew poll in April–May 2016 in India suggests that the Indian public's perception of China is worsening over time. According to the poll, only about a third (31%) of the Indian public expresses a favourable opinion of China. Positive views of China are down 10 percentage points in the past year, but unchanged from 2014. Another 36 per cent voice an unfavourable opinion and 32 per cent have no opinion. According to other recent Pew polls, the picture on the Chinese side is no better: Only 26 per cent of Chinese hold a favourable view of India and about six-in-ten Chinese (61%) express a negative opinion.

For the Indian public, the fundamental problem is that China, unlike the USA, is not seen as supporting India's rise. This is the reverse of perceptions in the 1950s. Until this question is addressed by Chinese actions on the international stage, it is difficult to see the climate of opinion that would help a democracy like India to build a constructive China policy.

CONCLUSION

To sum up, over the last three decades India and China have displayed a pragmatic ability to manage their differences and to react constructively to the changing situation around them in Asia, leaving themselves free to enjoy one of the most transformative periods in their history.

Today both this ability and the supportive external environment for their domestic transformations are in doubt. Their ability to manage differences and continue on the path of the last 30 years is in doubt because of the nature of their internal politics, the rising tide of ultra-nationalism in their societies and elsewhere, the more complex international economic environment, and the fact that they have reached the limits of past patterns of governance, politics and growth. The existing modus vivendi between them needs to be re-calibrated, and a new equilibrium found, since both seem to have expanded their definitions of their core interests and are displaying much more sensitivity, and now that domestic constituencies are more active participants in foreign policy debates in both countries.

They also attempt their bilateral adjustment in a difficult regional and global context. The question is whether the Asia-Pacific can manage its political and security uncertainties going forward and build an order that delivers.

It is in the region and the world's interest that both India and China succeed in their internal transformations. All the likely consequences of their failing are dangerous and worrying, for themselves and the region. Equally, it is in India and China's common interest that global economic readjustments not fragment the globalised economy and not prolong the already tepid and slow global recovery from 2008.

The year 2008 was a warning bell on the contemporary crisis of capitalism. On present trends, we should now prepare for a period of growing autarky and falling international trade. There must be serious doubt about whether open global economics can flourish in a time of major political transformation and heightened security sensitivities.

For the Asia-Pacific region, the changed security situation and geopolitical challenge is manageable if we show good sense, managing change and accommodating rising powers rather than trying to impose strategic stability, and if we stop making our so-called and newly discovered 'core interests' non-negotiable. I believe that the international system can shift to accommodate new powers—this will take an effort but must be done. As someone said of old age, I prefer it to the alternative. Peace is essential to consolidate economic gains and establish political positions, habits and institutions of cooperation. And with so many rising powers and shifting balances, the emerging Asia-Pacific order will have to be open, inclusive and non-hierarchical.

Consider the Asia that would result if we were to fail to build a regional security order in the Asia-Pacific or to manage complex relationships like that between India and China. If we fail, the resulting insecurity would prevent solutions to the challenges that economic success has thrown up for rapidly growing and changing societies and economies like ours. The economic challenges should not be underestimated and may indeed be harder to solve than security dilemmas.

All the countries of Asia have a stake in this attempt. Whether we have done enough only time will tell. Whether we are successful will determine the future of Asia and Asian countries and influence the rest of the world. Asia is the key and remains central to the world's future. What happens here will determine the future of the world economy and its future security.

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