
Dealing With China

(USI Small Group, 5 August 2015)
Speaking Notes

S. Menon

I. The Nature of our China Problem

1. China's rapid **accumulation of power** and capabilities. Challenge **multi-dimensional**; Present state of play in I-C relations **walking on two legs** — cooperation and competition.
2. Have been **successful since 1988**: maintained P&T on border, built economic relationship. Example of managed and **controlled strategic competition** bilaterally and in the neighbourhood, **and cooperation** on global and economic issues. Depsang, May 2013. For twenty odd years both have behaved as though satisfied with the status quo on the border without a settlement, that they had other priorities than provoking each other.
3. **Why? Balance/equilibrium** (not parity) on the border — capacity to embarrass sufficient; globalised and **open world economy till 2008**; enabling environment of unipolar moment; both countries greatest beneficiaries of two decades pre-2008.
4. But **both** external situation and balance **now changing? Seems so to me.** — railway into Tibet, PLA exercises in Tibet since 2010, China's behaviour in Chumar during XJP Sep 2014 visit. Assertive China post-2008 in SCS etc. XJP's \$46 billion to Pak one week before Modi May 2015 visit. China's new role in Pak and Afghanistan. Also global context and world economy changed — TPP. RCEP — **fragmentation of globalised world economy. Return of geopolitics.**
5. **China has begun building her own order** from the ground up: AIIB, OBOR, Maritime Silk Road, BCIM, RMB as international currency, etc. May 2014 XJP said, "Asia for Asians"; 'Asia-Pacific Dream' -- low on specifics, high on

generalities and bromides. But trend line clear from *taoguang yanghui* to *fanfa youwei*.

1. China has a **hierarchical view of the world; seeks primacy** in region and world, regarding that as natural historical order of things — ‘century of humiliation’, China dream and rejuvenation narratives. Her default tactical method to obtain **psychological dominance**. (Failed with J. Nehru, worked with Henry Kissinger.) Our scare mongers do China’s work, their best propagandists. China is still primarily a regional power, but is **in our region/face**, with rapidly growing accumulation of power and capabilities in our periphery.

II. Dealing with China

1. **Economically**, we face choices bilaterally and regionally. Both excluded from TPP; China will join later after preparing. Bilaterally Modi government appears convinced can harness China to India’s development through infrastructure building and investment. If so, need to **take a stand on BCIM, OBOR and other XJP initiatives** to consolidate and integrate Eurasian landmass and build maritime connectivity. Chinese investment in India not yet visible after one year of courting. In any case, **economic cooperation does not prevent strategic competition**, as China-Japan and China-US relations show. Germany was Britain’s greatest economic partner before WWI. **Trade imbalance** — the uncompetitive have got nowhere to hide in a globalised world.

2. Internal Balancing:

- **Evolution of the border** — 1962 — seventies CSG patrolling limits — eighties maps — presence and Wangdong/Sumdorongchu — last ten years we have increased presence, strengthened and thickened. Border basically peaceful, same disputed areas, but Chinese behaviour could be changing; new generations and leaders without memories or experience on both sides.
- Strengthen border infra, BRO etc.

- **Posture on border:** Mountain Strike Corps best option? — intel, rapid deployment and lateral mobility keys. Need capacity to embarrass not parity, or identical ideas and forces.
- China seeks to freeze present imbalance/situation; we seek to improve further. Border Management agreements accordingly do a bit of both. Clarification of the LAC.
- Internal **jointness** civilian and uniformed. Intel, cyber, covert and special forces capabilities.
- **Boundary Settlement** progress; now ripe for a political decision. But hard: both think future theirs; neither leader has experience at the centre; both strong nationalist appeals. **Settling boundary won't settle relationship** or eliminate strategic competition in shared periphery; boundary no longer as salient, therefore symbol available when needed.
- Have beginnings of **nuclear deterrence** against China.
- **Trans-border rivers:** development in Arunachal; actual impact limited. Emotional issue.
- Should strategic competition intensify, China will come back into play in **NE** (as she has in Afghanistan) countering her Myanmar losses. Already more active in Myanmar insurgencies, and has Paresh Baruah etc in waiting.
- Rest of our **neighbourhood** — SL, Maldives, Bangladesh, Nepal feeling Chinese economic weight and welcomes them to balance India. But Indian **subcontinent not primary focus** of Chinese policy — has less to offer (raw material, energy, markets,) than SE Asia, Central Asia, Africa.

3. External Balancing Options:

- **Tibet:** Primary cause of 1962, served US and Chinese interests. But today not the issue or lever it was, except as a driver of her Nepal policy. No longer

a driver of China's India policy — therefore accepted integration of Sikkim in 2003. Community and HHDL?

- **Lean to One Side**; US and Israel. Chinese (particularly the PLA) think we have done so under Modi. Reactions already visible: Russia in Pakistan, China in Pak, Afghanistan and NE. (US-Japan, US-ROK, US-Philippines **extended deterrence experience and effectiveness**; will US fight China for you? Will US bring you into UNSC to balance China?)
- **Offsetting Coalitions**: Japan, Australia, Vietnam, US. Same issues of reliability; weak answer because each one seeks cooperative relations with China for himself, and, implicitly, worsening of others' relations with China. China knows this and uses pretext of fear of encirclement to justify her bad behaviour. Utility of both these options hinges on nature of **future US-China relationship**. My sense that after US Presidential campaign rhetoric in 2016, **economic imperatives of interdependence will trump US-China strategic competition** within the US, but maybe not in China. For now, China's Sunnylands "new type of major power relations" is an invitation to US to drop her declared policy of preventing the emergence of a peer competitor in the world, and work with China as an equal partner in the region and the world. Will US reject China's offer at the expense of her own economic future and continued recovery? I doubt it.
- **Working with China**: China cannot yet build a new regional or global order or achieve her international goals (primacy, dominance) alone, or with just Pakistan and North Korea as allies. Hence her assiduous cultivation of Putin, her stress on SCO, BRICS etc. **Will she pay a price bilaterally for multilateral and other cooperation?** Best way to find out is to start a **serious India-China strategic dialogue** on four topics: Maritime Security; Cyber Security; Military Doctrines and Postures; and, Asia-Pacific Order. Need to **think through whether our interests and China's are similar, different or both** in Afghanistan, Indian Ocean, Myanmar etc. and whether there is room to work together. Do not assume that China's sole goal is to encircle India or prevent India's rise. That is beyond her capacity in any case

and is in our hands. I do assume that, like any power, she does not want strong ambitious neighbours or peer competitors and will also use internal balancing, external balancing and offsetting coalitions to achieve her goals.

- **Neighbourhood; Go West and Act East**: Must and will **compete**. Smaller neighbours make it so. We need access to Central Asia and shouldn't end up dependent on Shanghai port — work on West Asia too — e.g. Iran, IPI, TAPI, Chahbahar. In addition to Look/Act East. **IOR, littoral, and subcontinent** the focus.
- **All of the above, simultaneously**: This could be the default option. But the only reliable long-term course is **strategic autonomy and internal balancing**.

5. **Prognosis**:

The right mix of policies **can keep our bilateral relationship with China steady**, allowing us to concentrate on other more important national tasks. **India has levers** to use and should not fall into anticipatory compliance or despair.

To those who worry about the **gap in Comprehensive National Power** between China and India never being bridged, the **prognosis is not necessarily bad**, due to **likely internal developments in China and the international situation**.

- **China's future?** Stock market crash — effect limited unless government perceived as economically incompetent — would cut at legitimacy. Expect a period of **slower (3-5%) growth**, steady middle age, but even that is huge for a \$15 trillion economy. **Serious internal questions**; one-party rule likely to continue, **social and other issues** and increasing individual space and activism. Already evident. Reach of the Party and **ability of leadership to lead change diminishing**. PLA of one-child children! Historically China a **navel-gazing power obsessed with herself**.

- China **a lonely power in a crowded neighbourhood** — unlike last two hegemony, Britain and USA, whose geography enabled them to be external balancers. China has the German problem, or Bismarck's problem without Bismarck— she is smack in the middle geographically and her rise is the problem. **She can not be a balancer.** Her present **dependence on the outside world for her prosperity is unprecedented in her own history.** We have to see how she reacts and learns to deal with it — seeking physical control, or putting in place international mechanisms which assure her of access, and predominance, or normatively through a new set of rules?

3/8/15