

The Indian Elephant on the Move

Bernd Mützelburg¹

Reflecting on Asia I recollect the last session of this year's "Münchener Sicherheitskonferenz" which was devoted to Asia. The panellists were speakers from China, India and Japan. Different as these speakers were they were united in their conviction that the 21st century would be the Century of Asia. They shared a sense of common destiny; they shared, in particular, a strong belief in their own strengths, their own capabilities, coupled with an optimistic outlook and a "can do" determination! I remember their presentations so vividly, because they were in stark contrast with the prevailing mood in Germany.

Since I have arrived in India in March 2006, the Indian elites I met have echoed these sentiments. After almost 15 years of considerable economic growth between 6 and 8%, India is in an up-beat mood, not least because the "economic miracle" still seems to be taking up more speed. Sustainable growth rates of 10% and more seem to be within reach. This growth allows more and more people to move into the middle classes and, with the resulting upwards mobility, has started to transform the Indian society. The overall confidence is mirrored by the Indian share market, the SENSEX, which has nearly quadrupled in 4 years. Leading businessmen I talked to have developed an almost Promethean belief in their ability to create their world. Never mind infrastructural deficits in India they say, we shall create our own cities with our own infrastructure.

Representatives of the Indian government tend to be more sober. Their daily experience in their competitive political framework and the high hopes of their political constituencies make them mindful of the existing obstacles and roadblocks to further progress. Yet Prime Minister Manmohan Singh, himself one of the fathers of the Indian economic miracle, remains determined to push forward with the required reforms, in spite of the rhetorical efforts of his left wing coalition partners and their protectionist impulses to slow down further liberalisation and privatisation.

Nevertheless – deficits, obstacles, roadblocks do remain, whether they are defined as problems or challenges. Where does India stand economically, socially, politically?

¹ Ambassador Bernd Mützelburg, German Embassy New Delhi, India.

I Economic Conditions and Challenges

National and international analysts tend to agree that in case India will be able to maintain its annual growth rate of 6 to 8%, it will in another decade or two belong, together with the USA and China, to the three leading economic powers of the world. According to some, India will have overtaken China as the most dynamically growing country of the world by 2050. Few doubt that India will even be able to increase its present rate of growth to 10% and more. Today already, some sectors of the Indian economy can challenge the global leaders. Software and information technology, but also space technology or bio- and nanotechnology are examples. Add the demographic factor: India is a young country: one third of its population is below the age of 15. So the labour force available for India's development will continue to grow in the coming years. And this will be a labour force which will be better and better qualified. Each year Indian colleges and universities produce 3 million graduates. India trains already now three times as many engineers as Europe. In other words: it is in the process of creating the fundamentals for sustained excellence in science, research and technology.

As much as I find this optimistic outlook contagious, advising a small dose of sobriety is called for. The factors retarding or impeding dynamic growth on a sustainable basis are clearly visible. The physical, but also the administrative infrastructure are already now under duress. Roads, airports, ports, water management, electricity, waste disposal, health structures and basic education, in particular in the agricultural areas require massive improvements in order to cope with the demands of the 21st century.

One must not overlook either that the impressive growth rates are valid but for a fraction of the huge country. Notwithstanding the breathtaking growth rates of the last decade, the overall GNP of India with 500 billion € is in the range of the one of the Netherlands. Of the 1.2 billion Indians, not more than 300 million contributed to it. The average GNP per person is 570 US\$. A mere 30 million Indians pay income tax, due for salaries above 70 Euro. 9 out of 10 Indians still work in the non-organised sector lacking social security. One third of the Indian population is illiterate; one third of all undernourished children of our globe live in India.

The core issue, economically, but also socially and politically will therefore be, whether India will succeed in also including those, who are not yet part of the recent economic upswing and whether it can expand the dynamism of sectoral growth to the whole economy. Given the appalling dimensions involved this is, indeed, an awe-inspiring task. Its success will depend in particular on the performance of agriculture, held back up to now by a number of constraints the most important ones being paucity of resources, availability and management of water and deficits in the marketing structures and storage facilities. To the credit of the Indian government it must be recognised that it has introduced a number of measures aimed at stimulating growth in the agricultural sector ranging from irrigation projects over the

improvement of rural infrastructure to the funding of food for work and employment guarantee programmes in rural areas.

II India's Political Role

The enormous progress made in India's economic and social transformation has clearly further enhanced its political weight and influence. The prosperity gains, the upward-mobility and concomitant growth of the middle class, the higher levels of participation have strengthened the sense of identity and belonging and thus furthered the stability of the Indian democratic system, in terms of population the largest democracy in the world surrounded by neighbours whose democratic traditions are but weakly rooted.

Based on its emerging strengths, India is in the process of re-defining its political role, both in the regional and in the global systems. It is outgrowing its role as a receiver of humanitarian and development assistance. After the Tsunami catastrophe and the Jammu/Kashmir earthquake, it did not only renounce foreign aid, but helped others to cope with the humanitarian emergency. In Afghanistan, it contributes in a major way to rebuilding the country and its institutions. Nevertheless, for some time to come, it will remain in part a developing country and as such a forceful voice for the interests of the Third World. Its role as a speaker of emerging economies in the WTO-talks bears witness to this.

In its region, India has been the great power looked upon with suspicion by its smaller neighbours. This asymmetrical relationship has, indeed, not made regional integration easier. India's increasing weight will require an even more careful balance between its interests in maintaining and promoting peace and stability in the region and the respect for the principle of non-interference. India endeavours to be seen as the anchor country for regional stability rather than the regional hegemonial power. Yet given the threats, dangers and instabilities existing in and emanating from its crisis prone neighbourhood, steering the course between respecting its neighbours' sovereignty and the reproach of neglecting its responsibilities towards regional stability requires artful diplomacy.

Centuries of recurring invasions into India have made Indians fierce defenders of their self-determination, asserted by self-reliance and autarky. They have also created a nation yearning for recognition and respect, as one of the world's great civilizations and a major power. The attention India is given recently by an endless series of visiting world leaders is thus a source of great satisfaction. So is the Indo-American nuclear deal, the meaning of which is not restricted to giving India access to nuclear fuel and technology for civilian use thus answering its growing energy needs. For the Indian elites it is at least as important to leave the corner of the international pariah and to be recognised as major power – on a par with other nuclear weapon states – and as a respected strategic partner by the most powerful of all, the USA. Yet, this impatience for recognition will surely not be allowed to

outweigh the over-riding Indian concern for autonomous decision-making. In fact, the most heated debate between the Indian government and opposition is as to whether this agreement curtails India's freedom to decide for itself what it deems necessary for its defence. Or, in the telling words of Brahma Chellaney: "India should hedge against the risk that entanglement with the global hegemon could stunt its strategic potential and influence" (*The Asian Age*, 25. march 2006, page 7).

In consistency with its claim for sovereignty and self-determination, India is committed to a multi-polar international system, based on international law and multilateral cooperation amongst equals. One aspect of this view is that India feels only bound by international rules it has expressly agreed to – and adamantly rejects what it perceives as "uneven treaties". India is e.g. clearly willing to join the "mainstream" in nuclear non-proliferation – and will scrupulously observe non-proliferation requirements including tight export controls – but not at the price of joining a multilateral treaty cementing its inferior status.

Another aspect is that India envisages for itself the role of one of the poles in the multi-polar world of the 21st century, as a global actor who shapes its relations with the other global actors according to its own interests, mindful though of the responsibilities this role entails. India has understood that in order to assume this role, it had to leave ideological ballast behind, it had to open to the world and to engage and integrate both into its region and into the global system. Accordingly, it has developed its "look East-Policy" and reaches out to SAARC and ASEAN; it has engaged with Pakistan in the "composite dialogue" aimed at defusing the Kashmir-conflict by organising mutually beneficial traffic and cooperation across the line of control; it is in the process of resolving its differences with China, in particular the border issue, and of establishing broad-based constructive cooperation with it. And last, but not least, India has formed "strategic partnerships" with the United States, the European Union, the UK, Germany and Russia which have deepened, broadened and intensified the relationships with these partners to unknown levels. Apart from their bilateral gains, these strategic partnerships are seen in India as "insurance policies" against one-sided dependencies and thus as pillars of a balanced multilateral system.

India's commitment to effective multilateralism, in particular through the United Nations and the International Financial Institutions, is a third aspect. Its efforts for the reform of the United Nations in support of United Nations Secretary General Kofi Annan are in line with its belief in the need for a rules-based multilateral system. They also aim at an improved representation and influence for India in international fora, such as the G-4 initiative, undertaken in partnership with Brazil, Japan and Germany for a more representative and thereby more legitimate United Nations Security Council. Denying the emerging power-house India a permanent seat in the primary body for the maintenance of international peace and security will, it seems,

become a less and less tenable proposition. India's regular invitations to the G-8 meetings indicate a growing awareness to this effect.

India has another unique feature which makes it a strong pillar of a globalised world order: it has over the centuries been an "arena of civilisational encounters" which have produced a rich common, yet multi-ethnic, multi-religious culture based on interconnected diversities that – by mere self-interest – learnt tolerance and mutual accommodation.

India is not only the second largest Muslim country in the world, but it also contains the largest Muslim community living within a liberal democratic order. The integration of this Muslim community is a model in itself – the moderate and modern Muslim community this integration has created demonstrates that the "clash of civilisations" is not inevitable, or, in the words of Amartya Sen: that "identity is not destiny".

India's size, its economic dynamism, its growing intellectual capital as brain pool of the world, its model character as a stable multi-cultural, multi-ethnic, multi-religious democracy are bound to make it one of the global players of the 21st century.

III The Indo-German Strategic Partnership

The Indo-German Strategic Partnership, agreed upon by Prime Minister Manmohan Singh and Chancellor Gerhard Schroeder in October 2004 has been re-affirmed by Chancellor Angela Merkel and Prime Minister Manmohan Singh as a result of the latter's visit to Germany in March 2006.

In addition to agreeing to a further intensification of cooperation across the board, the two Heads of Government highlighted three sectors of strategic import:

1. The deepening of their strategic and security dialogue including the work towards an agreement on bilateral defence cooperation,
2. The establishment of an Indo-German Energy Forum at senior officials level and including representatives of the private sector,
3. The decision to set up an Indo-German Science, Research and Technology Centre at an early date.

The strategic relevance of the first and second point being obvious, let me elaborate on the third one: Indian President Abdul Kalam has in his book *Envisioning an Empowered Nation – Technology for Societal Transformation* set out the "Leitmotiv" for Indian development: the establishment of a knowledge based economy and society. This objective is based on the conviction that leadership in science and technology is essential for the ability of constant innovation needed to remain competitive under the impact of globalisation. Furthermore, India is aware that its main challenge – including the masses of its population living in absolute poverty into economic development and social transformation – will only succeed with the help

of state of art technology. One of the best examples for the direct impact of high technology on poverty reduction is the Indian space programme: this very successful satellite programme, conceived for civilian uses, has allowed education programmes transmitted by satellite and covering the whole country, e.g. in tele-medicine; it is being used for weather and early warning forecasts essential for harvesting and the prevention of natural calamities etc. As early as 2004, India has spent 1% of its GDP for science and research; it endeavours to double these allocations until 2007. Due to the priority, consecutive Indian governments have given to Science and Research, India according to "Rand-Corporation Classified" ranks 24th on the index of the 192 nations of scientific relevance. The asset, on which India relies in building world class Science and Technology are its huge human resources. In particular in Natural Sciences India has dramatically increased the numbers of its students. India holds the globally second largest pool of English speaking scientists and engineers. The number of its universities has increased from 209 in 1990 to 300 in 2005, seven of which counting amongst the 20 best universities in Asia.

Due to these efforts, India is about to repeat its advances in IT-Technology also in Bio-Technology and the Pharma-Sector with annual growth-rates between 35-40%. According to the *UNESCO-Seimer Report* 70% of the Pharma-patents issued in the USA between 1990 and 2002 have been given to Indian institutes and companies. No wonder that 100 of the Fortune-500 companies have established Research and Development-Centres in India. High scientific standards, low wages and a huge domestic market will continue to strengthen this trend.

India's ambitions for global technological leadership are also manifest in its endeavour to participate in all major global research-projects such as ITER, GALILEO, GLONASS, FAIR etc. It is not deterred by the massive costs of participation, for it rightly regards these expenses as good investment into a bright future.

The particular appreciation India always held for German Science, Research and Technology is mirrored today by the respect of German Science and Research for the great achievements India has made over the last decades. Thus, there is a great mutual interest in linking up, in learning from each other and in further advancing together. German Scientific institutions like Max-Planck-Gesellschaft and Helmholtz-Gemeinschaft are more and more engaged in India. The Deutsche Forschungsgemeinschaft has recently opened office in New Delhi. Manifest projects have been initiated in fields like artificial intelligence, nanotechnology, medical research and material sciences which not only foster academic exchange, but also strengthen the link between Science and Economy in both countries.

The establishment of the Centre for Science, Research and Technology will give a further strong impetus to this future oriented cooperation between India and Germany. It is a major contribution to enable both countries to become winners in the ever fiercer competition of globalisation.