

Jörg Wolff: India – One of the Winners of Globalisation

Within the last ten years, India has achieved some remarkable transformation successes. Although this agricultural country features a rising economy, an interesting growth market, and encouraging development results, it still presents contradictions and contrasts. Lacking an impact on politics, the economy nevertheless supports the current atmosphere of new departures. Having already performed a paradigm shift in foreign policy in the last decade, there is no doubt that India is at the beginning of a fundamental economic, technological, and developmental transformation.

India's recent policy of opening and reforming the economy is beginning to bear fruit. The latest forecasts for the next fifteen years mention growth rates of up to seven percent a year and predict that by 2050, the country will be the third biggest national economy worldwide. The dimensions of India's economic output are remarkable. Its per capita income has risen by 79 percent within the last few years, its dynamics showing similarities to China's. Furthermore, the country's economic productivity has grown considerably as well.

This positive situation results from a restructuring of the economy, a growing domestic demand for goods and services, private consumption, increasing exports, and a net inflow of capital from abroad. India's most important trade partner is Asia itself. 28.3 percent of India's exports go to Asia and, in turn, 21.1 percent of India's imports come from Asia. Foreign direct investments have gone up as well. India is being perceived as a promising future market. Within the last years, the country has integrated itself more and more not only into the Asian but also into the global economy. It understood how to benefit from the advantages of globalisation.

To be sure, the trends named above have not yet affected the large mass of India's poor. Economic growth has not reached the rural areas where the majority of India's population of 220 million lives below the poverty line. Nevertheless, the absolute number of India's poor is decreasing, despite all the development problems and the deficits regarding social indicators that are still enormous. India will probably continue to be a country with great social tensions and political problems in the future. However, it certainly may push ahead its development process if it manages to maintain its high growth rates over the next ten years.

Yet India's economic upward trend was not able to bring about a political upswing, as the election results of 2004 show. Rural infrastructure deteriorated, the quality of the country's leadership declined, and the citizens felt that the basic services of the state were insufficient. On the other hand, corruption and a populist, Hindu-motivated 'vote bank' policy were on the rise. In response to this, the UPA government presented its Common Minimum Programme which includes selective privatisation, deregulation, further liberalisation, adopting laws to secure the right to work and social security, strengthening rural incomes, increasing education spending, reducing budget deficits, improving the infrastructure, and an economic growth of between seven and eight and a half percent. These goals have not yet been reached because the reform process is faltering and even threatens to stagnate.

Despite its deficits, India's political model attracts worldwide attention. It symbolises an endeavour to hold together one billion people of different linguistic, religious, and social backgrounds in a single unique community which is culturally and ethnically diverse as well as democratic and pluralist – an endeavour that has been successful for almost sixty years. Within the whole region, you will not be able to find another liberal-democratic tradition that is rooted so deeply in the awareness of the population like that of India. India represents the alternative democratic model par excellence, not only for Asia but also for Africa and Latin America. As a

partner of the West, India will probably play a key role influencing future global shifts of power.

India's foreign policy is guided by principles which have remained stable for a long time. Two of those principles are sovereignty of decisions and – a carryover from the non-aligned movement of the Cold War era – the primacy of an exclusively self-serving foreign policy. For this purpose, the country intends to align its national goals with geopolitical and globalisation trends - a country that rejects unilateralism and advocates solving conflicts peacefully. Not least because of these realities does India, which is situated at the intersection of various sub-Asian regions, constitute a place of economic and political stability in the middle of turbulent and conflict-laden South Asia.

India is endeavouring to break down the historical barriers in its environment, and to bring the planned South Asian free trade agreement to a conclusion. However, economic integration is currently being delayed by the deeply-rooted mistrust and the internal political difficulties of its neighbours. The fact that the future of Afghanistan, Sri Lanka, and Pakistan is uncertain due to the activities of radical networks urges Delhi towards containing religious extremism in the region, which calls for involving both China and the US. More than ever before, India is now willing to cooperate with the US which assisted the country in its struggle against Pakistan in 1999 and withdrew from the Kashmir conflict. Despite unresolved border questions, India maintains normal relations with China on the basis of shared economic interests. Moreover, India seeks to expand its relations with Japan, with whom it arranged for a strategic partnership in 2005.

Finally, years ago, India initiated a new 'look East' policy to protect its interests in Asia, based on the belief that developments in the region will have a direct economic and political effect on the country. This new policy aims not only at upgrading bilateral relations but also at establishing a cooperative structure in the region which will involve ASEAN, the East Asian Summit, and the Shanghai Cooperation Organisation.

Within a few years, in fact, India has developed into one of the key players in Asia, where a renaissance of traditional power and interest-based alliances seems to loom ahead. The question remains whether this will lead to a multilateral Asian system taking root, in which China might assume a leading role.

India's 'look East' policy marks the beginning of the country's new role as a substantial regional power. The Indian nation has paved for itself a way towards the modern age and consolidated its role on the global plane. Europe is seen as a natural partner by India, with whom it shares many convictions. Moreover, both support certain initiatives, such as the promotion of multiethnic and pluralist democracies. Such a common basis certainly has a special value when it comes to mastering future global challenges.