

China, India and the ASEAN nexus: A historical view

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2000 years of civilizational flows between India and China have been largely peaceful and productive in religious (Buddhism) and trade relations.



Maritime Trade route in Asia from c. 1000 CE

China/India: Historical state-society relations

On the eve of the Industrial Revolution in the 18th century, China and India were the world's largest and 3rd largest economies.

- China imperial state unified by Confucian bureaucracy and literati
- Society below literati enjoys autonomy and different religious and cultural practices
- State-oriented literati elite

- Economic and legal practice of British empire creates a unified infrastructure
- British state after 1860s permits social and cultural autonomy
- Community & civilization-oriented elite

China/India historical developments

Nation-Building: Parallel modern political & mobilizational movements

- CHINA 1644-1911: Manchu empire
- 1898-1911: reform and revolutionary movements
- 1920s: anti-imperialist mm of Sun Yat-sen
- 1930s-40s Mao Zedong's anti-Japanese imperialist mass movement.
- 1949 Communist victory

- INDIA 1757-1947: British empire
- 1880s-1920s: moderate and radical nationalist mm
- 1920s-1947: anti-imperialist mass movement of Gandhi and Nehru against British
- 1947 Indian independence

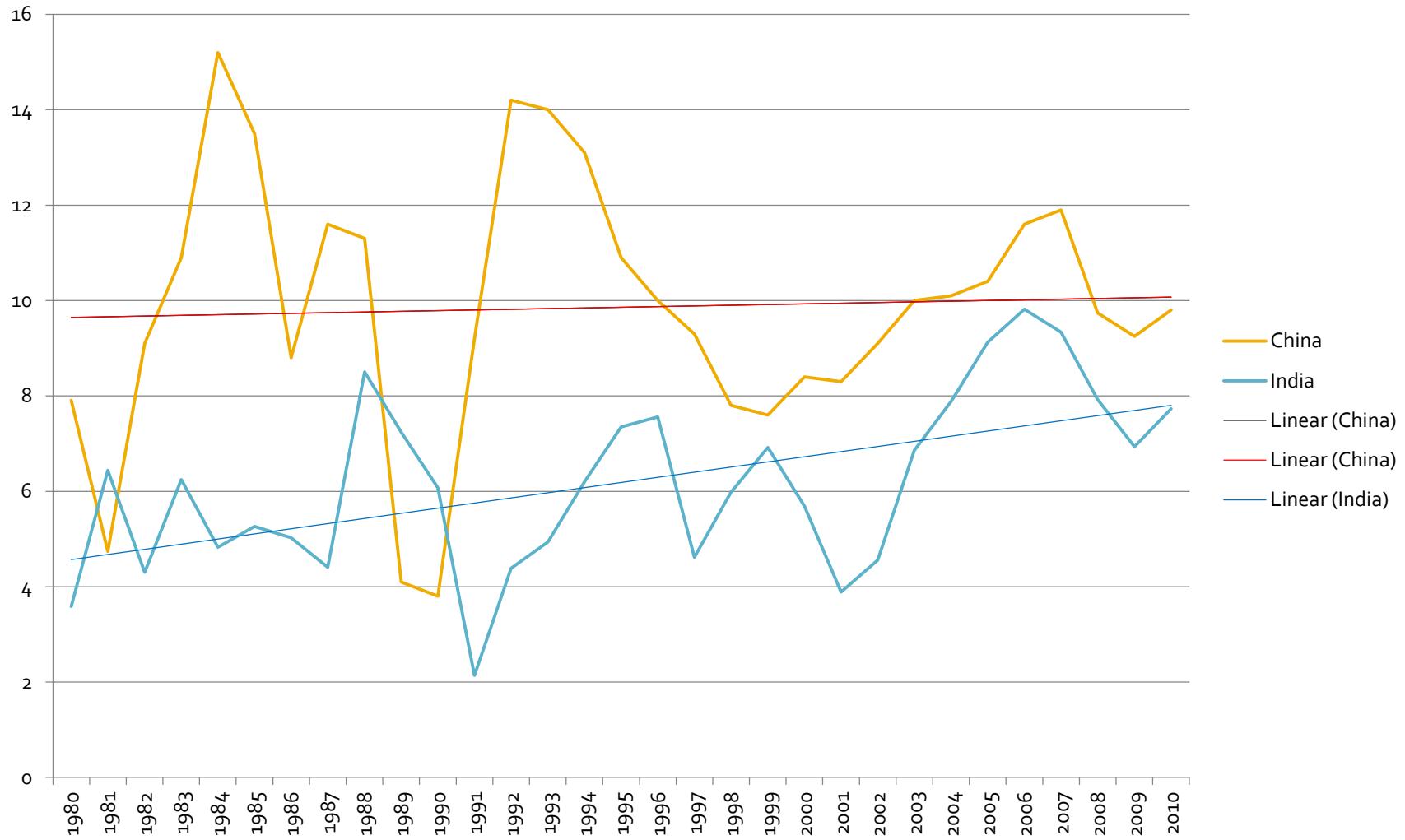
Twentieth century political systems

Central planning dominated resource mobilization and allocation in both nation-states after 1950.

- Chinese political elites are revolutionary and statist
- Seek to radically transform peasants into revolutionary citizens
- CCP's Leninist party structure very effective at mobilization for development and state purposes
- Political rights are deferred for economic rights

- Indian political elites worked within a framework of competitive politics
- Seek to integrate popular politics into a common identity agenda, often linguistic, caste or religious
- Weak mobilization apparatus for delivery and development.
- Competitive politics emphasizes political and communal rights.

GDP Growth Rates (at Constant Prices) 1980-2010



India-China: Comparison of reforms

- 1991 Indian Liberalization
- Legal and financial infrastructure
- Strong local entrepreneurship
- Technology enabled service sector (not dependent on physical infrastructure)
- Diaspora role in knowledge services and remittances
- Principal success in service sector exports till recently.
- 2011-12: mfg exports rising over 50%
- Industry and services reforms dominated. Agriculture lags behind

- Deng Xiaping reforms from 1978
- Strong local and central government economic initiatives and outlay
- Excellent physical infrastructure and manufacturing base
- Massive diaspora and foreign investment in manufacturing
- Value-added export-oriented manufacturing
- China's structural growth more consistent and predictable
- Agriculture reforms preceded industry. Services lagged behind.

Areas of Tension

Border Issues Hindi-Cheeni bhai-bhai (co-op till 1957) Tibet issue (1954) Agreement between the India and PRC on the Trade and Intercourse between the Tibet Region of China and India. Panchsheel =Westphalian doctrine for de-colonization.

- 1962 war over border disputes over the MacMahon Line. 1980s swap proposal of Aksai Chin & Arunachal, but sticking points in India (politics) and China (lever).

Strategic Issues: 1998 Indian nuclear test. US-India-Japan co-operation 2005-9; 2012: nuclear submarine; rocket launch.

- Maritime power and string of pearls. Media images and media wars exacerbate.
- Pakistan (and Kashmir) : all-weather friend of China. India: Tibet and Taiwan.

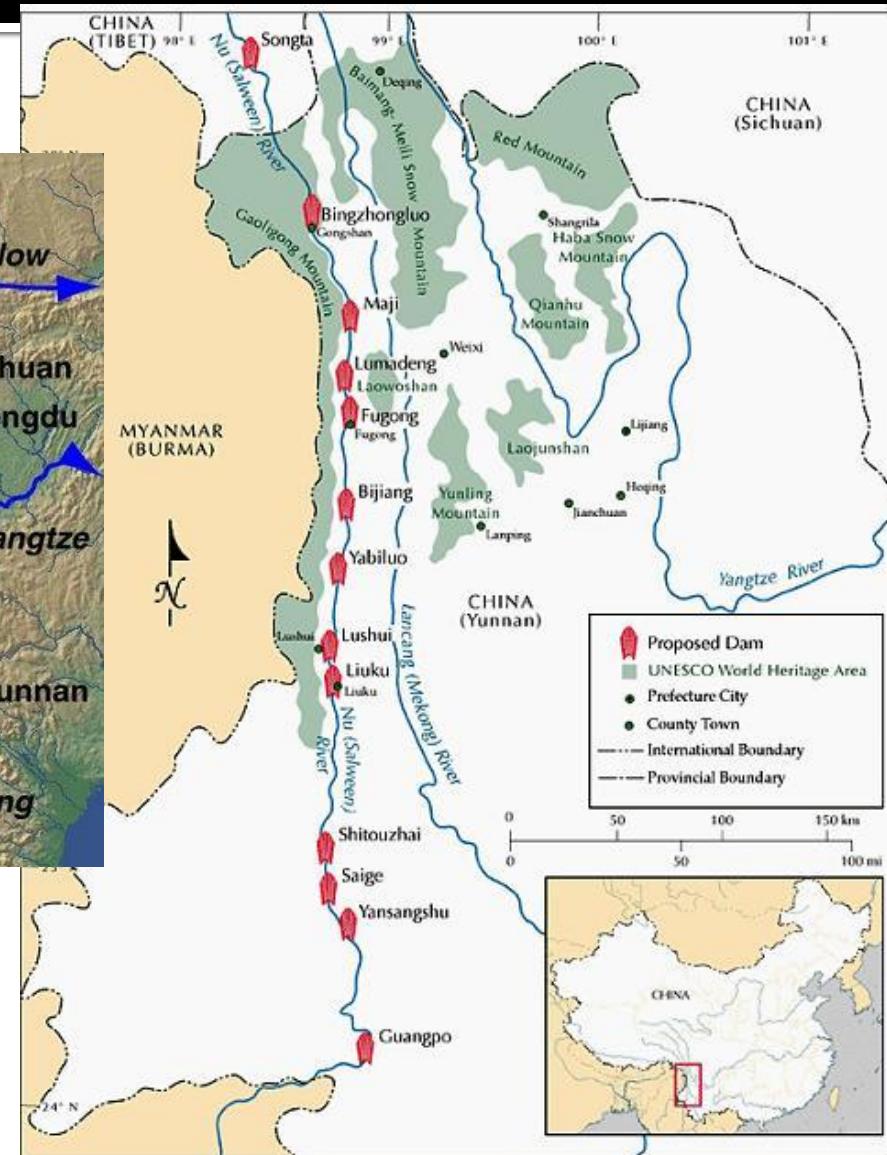
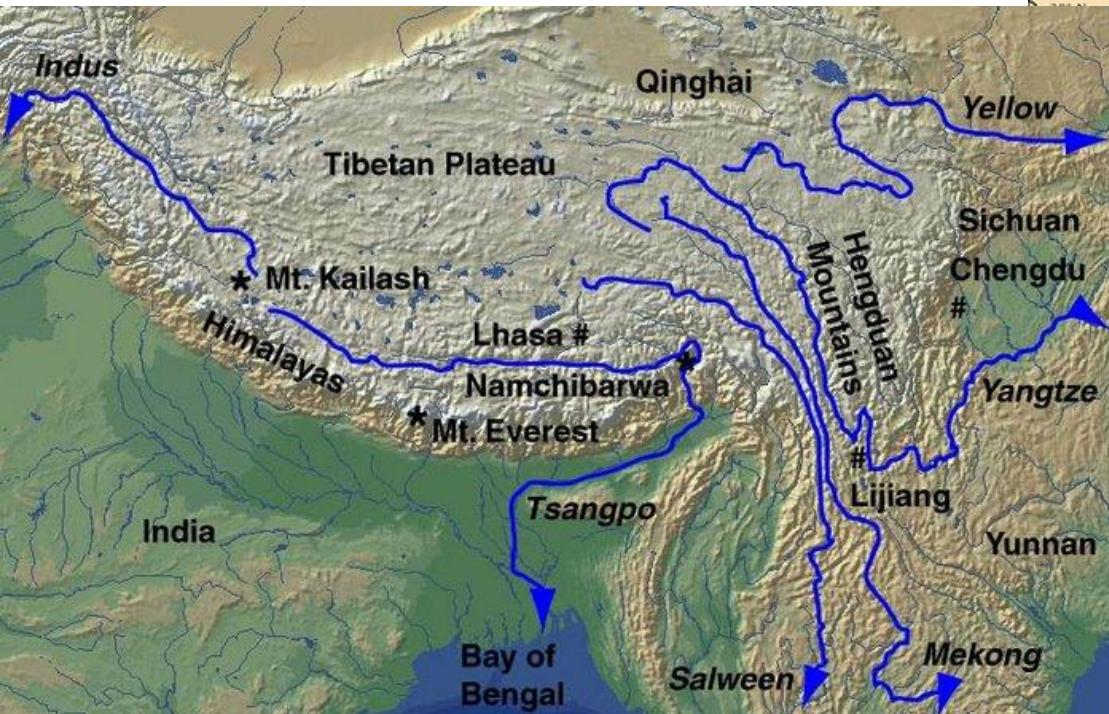
Economic Issues: competition over developing world, especially in Asia and Africa and resource competition in Middle East, LA and Australia.

- Chinese trade surplus; fear of Chinese investments in India; restricted access to Indian pharma and software

Political Issues: Dam building and water diversion on Yarlung Sangpo– Brahmaputra.

- Political systems and governance models: competition over soft power at home and abroad.

Himalayan Rivers: Conflict & Cooperation



Sources of Co-operation

- Massive trade potential: start in 1990s, only \$70 b now, expected to be \$400 b by 2020 at half the rate of present growth (is larger than present US-China trade). **Deepening eco interdependence**
- Presence for 10 years of Huawei – biggest Ch multinat; Bangalore centre alone employs almost 2000 employees; has multimill \$ contracts. Also Xindia Steel Ltd and many others with multi-billion investments. BRIC bank and RMB loans for big companies in India.
- Opportunities of Chindian companies (with comparative strengths in software and hardware) will be invincible.
- **Rising status-quo powers**, not anxious to shake the boat. Often co-operate on global issues: climate change, food security, trade policies and environment vs development issues.
- China and India are increasingly convergent in their concern over the future of Pakistan (esp after Xinjiang)
- 2010: China recognized India as one of the most important bilateral relationships and there is recognition of co-op win-win possibilities.
- Wen Jiabao's visit in Dec 2010 resulted in Jt Communique on coop– annual exchange of foreign ministers; massive expansion of Ch lang teaching in Indian schools, cultural exchanges and other CBM
- Declared both are part of “*Asian family... to promote peaceful and stable regional*



<http://westheavens.net/en>



Indian artists Dhrupadi Ghosh and Prajakta Potnis will be dispatched to Shanghai in Septe

[West Heavens: India-China Summit on Social Thought](#)



CAA/Zhejiang Univ.



从西天到中土：
West Heavens:India-Chi

Seven most important Indian social thinkers and scholars were invited to give 14 series of

[Place · Time · Play:India-China Contemporary Art Exhibition](#)

October 24 - December 20, 2010 Waitanyuan and Novel Plaza, Shanghai

Asian Regional Integration

- Regions have emerged strongly after Cold War –Europe, NAFTA, Mercosur, and now Asia.
- ADB reports increasing integration of 16 Asian countries, including ASEAN + China, Japan, Korea, Taiwan, Hong Kong and India increases markedly after Asian financial crisis.
- Before 1998, trade between these Asian countries is 33%; after 1998 goes up to 52%
- Basis of integration is vertical supply chain production networks. Chinese product has Japanese capital, Taiwanese hardware, Indian software etc.
- Financial integration is weaker – but growing now in this present crisis. Enhancement of Chiangmai initiative to 120billion dollars. Idea of Asian currency unit.
- Also much more integration in tourism, high and popular arts (TV dramas, anime) and religions.
- ASEAN is hub of Asian integration. India is increasing its interdependency with the region, particularly with individual and ASEAN FTA. India now stands as ASEAN's fourth biggest trading partner and accounts for ten per cent of India's global trade
- ***Importance of Regionalism:*** Regions permit smaller clustering of sovereign or semi-sovereign agencies to tackle spill out of problems from globalization.
- Need to co-ordinate common and linked problems of regional public goods. Climate change, public health, and environment.
- Regional involvement can pre-empt China-India confrontation which will have terrible fallout on world and Asia in particular. Rising tensions might effect Singapore through ethnic links.

China and Southeast Asia over the last Century

China's goals in SE Asia were pretty consistent since late Qing: restore its rightful status as global power and influence in its old tribute zone .

Also ethnic Chinese population in SEA is wealthy, influential and willing to assist. During early PRC, this was the only zone of influence it could have in Asia and create its foundation as regional power.

Even during Mao era, except Cultural Revolution, China had complex strategy of good state-to-state relations and limited revolutionary support.

After 1980, abandon national claim on ethnic Chinese and give up support of communists who were often Chinese. Thus PRC also minimized ethnic tensions with Chinese within SEA. Increasing numbers of Chinese students go to SEA

Real engagement with SEA comes after Asian financial crisis when China did not de-value currency, offered limited assistance when West ignored the region..

China is also able to utilize the regional context to both balance its bilateral relationship with Japan and US and to serve as a foundation for its international

Role of ASEAN

- Rise of China and India can be good for Singapore and ASEAN economically.
- China of course is a global power but it seeks a base in SEA, the historical region of and for its economic and cultural expansion. In 2009 Dec, South Korea's exports to China jumped 94% compared to Dec 2008; Taiwan 91% and even Malaysia by 53%. Massive Chinese infra in continental SEA and draw IndoChinese to China– despite political tensions.
- Since 1990s, esp. since Asian Financial Crisis until recently, it has played a co-op role & signed TAC and other agreements agreeing to play by ASEAN rules.
- India has recently awakened to SEA and signed FTA; EAS etc. Sees integration with ASEAN as eco and strategic opp.
- Although ASEAN is not necessarily very effective in achieving its proclaimed, specific goals, there is a second order level at which it has been more successful.
- Goal of ASEAN is to achieve long-term peace by creating responsibilities and obligations among powers to act within their normative scheme.

ASEAN Regional Order

- Although ASEAN is not necessarily very effective in achieving its proclaimed, specific goals, there is a second order level at which it has been more successful.
- Goal of ASEAN is to achieve long-term peace by creating responsibilities and obligations among powers to act within their normative scheme.
- Enmeshment and commercial diplomacy have been means to tie down the powers and benefit materially by treaties and FTAs with the long term goal of integration (ASEAN +3, EAS, APEC, ARF).
- Apart from FTA with China, Japan, India and others, they have succeeded in getting all the powers to accept ASEAN core principles in the Treaty of Amity and Co-operation.
- Although China prefers ASEAN+3; US prefers APEC, Japan and India prefer EAS, all different platforms are being patronized by ASEAN. No power can easily afford to ignore or upset this web of inter-dependencies.
- Thus, they are creating the basis of an open and inclusive regionalism which creates commitments to regional prosperity and peace, but is a much looser architecture than European Union which may resemble a supra-nation-state. It resembles to a limited extent, the model of the European Union, but lacks the features of a fully-fledged supranational organization.

China and Future of Asian Regionalism I: Prospects

ASEAN avoids dependence on a single great power. US remains great power and military ally; China is big regional and economic power; Japan and India occupy next rung.

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- Thus, they are creating the basis of an open and inclusive regionalism which creates commitments to regional prosperity and peace, but is a much looser architecture than European Union which may resemble a supra-nation-state. It resembles to a limited extent, the maritime Asian trade networks, because of the separation of political, economic and military levels and power.
- In recent years there have been growing tensions in S China Sea, with China occasionally denying the rights of smaller countries to the seas. It thus may signal new challenges to ASEAN unity and architecture.

China and Future of Asian Regionalism II: Challenges

- In the last two years, there have been several incidents between Philippines and China and Vietnam and China. The Chinese are of course militarily far more superior. It may be causing SEA to lose confidence in the idea of 'peaceful rise of China.'
- India seems to have wisely stayed out after Vietnam involvement after 2011; allowing US to play the 'pivot' towards the Pacific.
- There is indeed a growing trend of great power chauvinism in Beijing regarding the maritime regions. The Chinese strategy is also to challenge the small powers with the possibility of military action, so that these powers have to pull out their navies, but also have to think twice before engaging China militarily.
- At the same time, however, in July 2011, ASEAN and China agreed on a set of guidelines on the Conduct of Parties in the South China Seas in Bali. The hope is that a formal code binding all parties would be eventually established.
- This month (April 2012) the Chinese Foreign Ministry said no country—including China—claimed sovereignty over the entire South China Sea.
- This suggests that ASEAN regional system of interdependencies is working, and may be the best way of eliciting Chinese co-operation. Indeed, perhaps the time is ripe to create a regional maritime architecture.