Foreign Policy and the Success of India's Democracy
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What is the role of foreign policy in domestic politics? This chapter poses this question to the case of India, and to the specific ways in which the links between foreign and domestic policy may shed new light on the nature of India's democracy. The "surprise" of successful democratic politics in India has garnered significant public and academic attention, but the explanations provided have focused almost exclusively on the nature of domestic characteristics and institutions. Here, I posit that an analysis of India's foreign relations in the period between Independence and the economic reforms of the 1990s can further extend our understanding of the ways in which India's democracy was consolidated. In particular, an evaluation of the contribution foreign policy made to the availability of resources for offsetting the social costs of industrial development, as well as to the nature of domestic political competition, helps to highlight the need for more explicit attention to the relationship between international and domestic politics.

India's post-Independence foreign policy has, on its own, received significant academic attention, and for good reasons. India played a formative and leading role in the Non-Aligned Movement, while also maintaining relations, to varying degrees, with both the Soviet Union and the United States during the Cold War. At the same time, analysts of Indian democracy throughout the Twentieth Century have questioned both the viability and the quality of democratic practice in a large, poor, and ethnically diverse setting. Those who applaud Indian "exceptionalism" highlight historic structural choices, including those of both Independence movement leaders in their commitment to a secular, liberal democracy and British colonists who moved toward democracy during the transition to independence, as well as ongoing efforts to maintain fair elections, mediate ethnic conflict, and promote economic growth.

Fewer analyses have explored the links between these two areas and the relevance of transnational relations to the stability of Indian democracy, particularly during the Cold War era considered in this volume. I address the relationship between foreign policy actions and domestic politics by asking a set of related questions: As a founder and leader of the Non-Aligned

Movement, did India's stance on Cold War relations play a role in stabilizing domestic politics? How did domestic notions of democracy interact with India's foreign policy agenda and relationships with other countries? Did relations with foreign powers, including with regard to aid and arms purchases, interact with domestic politics in important ways?

Drawing on theories of international relations, I explore these questions through an examination of India's foreign policy in this period, its strategic choices about the acceptance of foreign aid, and its specific relationship with major world and regional powers. I show that foreign policy, while not the major driver of domestic politics in this period, played an important role in shoring up democratic processes, particularly in comparison to many other decolonized nations during this period.

What this chapter does not do is question the relevance of existing arguments explaining the success of India's democracy; this analysis is intended to complement these accounts, rather than contradict them. This is in line with the literature as it stands, which does not point to one single cause of success and rather emphasizes a set of interrelated factors that have together supported democratic practice, even through a dangerous interlude of authoritarianism. I posit that these rich explanations can be further strengthened by additional attention to the ways in which previously identified relevant factors, such as the important role of Nehru's leadership, were also shaped by international affairs. Thus, my goal in this discussion is to highlight how foreign policy in the pre-1991 period served as an additional buttress for India's democracy.

Perspectives on India's Democracy

Varshney presents the basic puzzle of Indian democracy: "Democratic theory holds that poverty, widespread illiteracy, and a deeply hierarchical social structure are inhospitable conditions for the functioning of democracy. Yet except for 18 months in 1975-77, India has maintained its democratic institutions ever since it became independent of Britain in 1947."[1] High levels of poverty have persisted in India since Independence, literacy rates have improved but remain high in many places, and both religious and caste-based divides continue to define large parts of social life. Despite these conditions, as Varshney describes, the press remains free, the judiciary is largely free from executive interference, and peaceful transfers of power occur on a regular basis

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[1] Varshney, "Why Democracy Survives," 36.

at both the national and sub-national levels. Simply put, "for more than five decades India's democracy has succeeded against considerable odds."[2]

These outcomes are contrary both to the expectations of democratic theorists and to the empirical experience of most other countries. Democratic theorists note that democracy was instituted in India at a time "when the population was overwhelmingly agricultural, illiterate, occupationally much less specialized than in a [developed] country, and highly traditional and rule-bound in behavior and beliefs,"[3] all characteristics that should make it more difficult to sustain viable democratic practice. According to Ganguly, India's experience also challenges the "expert consensus that some 'floor' level of economic growth is needed before democracy can consolidate."[4]

In his review of India's paradoxical democracy, Varshney highlights four sets of arguments that he posits contribute together to a successful democratic outcome, focusing on historical, economic, leadership, and ethnic characteristics. Prior to Independence, the combination of British "experiments with partial self-rule" and the evolution of the Congress Party from an upper-middle-class group to a mass party, entailed both that there was an institutional foundation for competitive politics and that "when the Congress finally came to power at all levels of government beginning in 1947, it had years of invaluable seasoning under its belt, giving India an advantage unknown to many other decolonized nations."[5]

The particular democratic institutions then put in place by the framers of the Indian Constitution helped to facilitate a transition from semi-democracy under colonialism to a full-fledged, independent democracy. This is supported by the findings of a recent multi-country empirical analysis, in which Adserà and Boix show that the constitutional framework of a country can, in two areas, have an effect on the stability of democratic regimes.[6] First, they find that in low income, developing countries, presidential regimes, rather than parliamentarian, are associated with an increased likelihood of democratic collapse. Because presidents have fewer constraints, and more opportunities, to extract rents from the state, it is more likely that they will destabilize the regime. Second, the authors show that federalism is correlated with greater

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[2] Kohli, *The Success of India's Democracy*, 1.
[3] Dahl, *Democracy and Its Critics*, 253.
[4] Ganguly, "Six Decades of Democracy," 32.
[5] Varshney, "Why Democracy Survives," 37-38.
[6] Adserà and Boix, "Constitutions and Democratic Breakdowns."

democratic stability, which they associate with greater decentralization of policy-making, more homogenous political units, and a decreased ability of state actors to extract massive amounts of rents. These findings are important for the Indian case, because they highlight the stabilizing qualities of two primary institutions put into place in the wake of Independence: a parliamentary system and federalist state. From the perspective of institutional alternatives, and given India's wealth of characteristics that democratic theory associates with democratic instability, the best possible institutional configuration for stabilizing democracy is exactly what it has, a parliamentary federalist state.

The economics of democracy are also important, and Varshney highlights the strategic choices made by Prime Minister Nehru with regard to tradeoffs between industrialization and protection of the mass population dependent on agriculture. India was able to industrialize while maintaining a substantial peasantry and democratic institutions, in contrast to the theoretical expectations of Moore,[7] because Nehru "realized that one could not give suffrage to rural India and at the same time extract huge quantities of food from it at below-market prices."[8] Instead, and this is an important point to which I will return below, "resources for industrialization came not from agriculture, but from urban savings and foreign aid (including wheat from the United States)."[9]

Finally,[10] Varshney identifies the relevance of leadership, particularly that of Nehru, for democratic consolidation. Nehru's appreciation for democratic constraints meant that he willingly worked within the institutions set up during the transition from colonial rule and accepted situations, such as judicial rulings, in which his opinion was not aligned with outcomes. More generally, Varshney posits that most of India's political leaders followed this model in the early post-Independence years, when the country's democracy was at the greatest risk of failure.[11] "The democratic temper of India's first-generation leaders contributed handsomely to

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[7] Moore, *Social Origins of Dictatorship and Democracy*.
[8] Varshney, "Why Democracy Survives," 42.
[9] Ibid.
[10] Because it is less relevant to the later discussion of foreign policy in this essay, I do not focus here on Varshney's arguments about the relevance of ethnic relations to India's democracy.
[11] Varshney, "Why Democracy Survives," 48.

building up the system's democratic base. Once such a solid base was in place, it became hard completely to undermine the democratic edifice."[12]

These combined arguments highlight the relationship between the democratic institutions, both formal and informal, established by India's rising leaders before and just after Independence, the restraint that these same leaders displayed in allowing themselves to be constrained by the institutions of their making, and the recognition leaders showed of rapid industrialization's threats to their overall goals of democratic development. More generally, Kohli argues that understanding India's democracy requires a focus on the negotiation of power distributions within society, which "draws attention to such factors such as leadership strategies, in design of political institutions, and the political role of diverse social groups, or, in short, to the interaction of the state and society."[13]

What I offer in the following sections is a new perspective on India's democratic consolidation. I posit that it was India's foreign policy that in many cases helped leaders to navigate these domestic societal alignments. This was particularly the case with regard to choices over tradeoffs between economic development and democracy, in which foreign relations played an important role in supporting democratic practice by alleviating pressures that could, under other circumstances, push elites toward authoritarianism.

India's Foreign Policy After Independence

Analyses to date of India's democracy offer powerful explanations for India's democratic stability in general, but these accounts rarely take into account the temporal context of India's emergence as a democracy. India achieved independence at a moment of significant conflict between two global powers. In many post-colonial states, similar origins resulted in a polarization of sorts that rarely led to consolidated democracy, as I discuss in more detail below. Thus, India was not just successful in its democracy, but it was successful at a moment in time when very few of its peer nations achieved the same goal. The question, then, is not just why did India succeed, but why was India different?

To answer this question, I posit that we must first look to the ways in which India dealt with external actors, before then considering how these choices interacted with internal

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[12] Ibid.

[13] Kohli, *The Success of India's Democracy*, 1

conditions. India's foreign policy strategies in the post-Independence era have been well documented, so I will focus on the philosophies underlying India's approach to international relations and the significance of this approach relative to that of other developing countries at the time. In particular, I offer a brief account of the specific elements of India's foreign policy that, I will argue, display a direct or indirect relationship with the practice of domestic politics in the post-Independence period.

A primary element of India's international stance was the development of an *independent* foreign policy agenda. Analysts note that India's political leadership, and particularly that of Prime Minister Nehru, believed that "recent, hard-won freedom from the colonial yoke would…be meaningless unless it found expression in the international arena. Being subcontinental in size, too, ruled out an assumption of client status for India. An independent voice was not merely a choice, it was an imperative."[14] Thus, India was not only a "new" country; it was a country whose leaders perceived a role for it internationally that would require autonomous actions.

What was less clear at the time of Independence, however, was what this type of self-sufficient foreign policy might look like in the context of an international arena in which the United States and the Soviet Union were quickly establishing themselves as the poles of an international system. Because the United Kingdom, India's former colonial power, was not playing a predominant role in this emerging international power play, the choice of an alignment strategy for India was not immediately obvious. What was clear, was that an alignment strategy of some sort would necessarily be one of the first and most important foreign policy decisions the country's leaders would need to make.

Prime Minister Nehru took this policy opening, born both of India's first democratically elected government and the fluidity of post-World War II period, as an opportunity to shape a new stance on foreign relations that reflected an aversion to aligning with either of the emerging world powers. Instead, Nehru and other domestic leaders saw India as a power in its own right and one that would potentially see greater costs than benefits from siding with either the United States or the Soviet Union. Nehru's strategy of non-alignment emerged from this perspective.

Non-alignment, in short, emphasized a refusal to join any international bloc or alliance, so as to ensure the country's freedom to act in its own interests internationally. The five

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[14] Chandra, Mukherjee and Mukherjee, *India After Independence*, 149.

principles underlying non-alignment, as outlined by Nehru in 1954 and codified in an agreement on trade between the Tibet region of China and India, included mutual respect for territorial integrity between countries, mutual non-aggression, mutual non-interference in domestic affairs, equality and mutual benefit, and peaceful co-existence.[15] In taking this stand with regard to all external affairs, India could not justifiably commit to support the actions of other states, through alignment with an international bloc, which might go against these principles.

The non-alignment strategy was not intended to be the singular approach of one, albeit large, nation. Instead, Nehru felt that a non-alignment was an important tactic for all former colonies. As Chandra et al. describe, "Nehru's understanding was that newly independent, poor countries of Asia and Africa had nothing to gain and everything to lose by falling for the temptation of joining the military blocs of the big powers. They would end up being used as pawns in contests for power of no relevance to them."[16]

The risks of alignment to newly independent states were not, to Nehru's mind, purely, or even largely, international. Instead, Nehru saw the inherently *domestic* implications of foreign relations. For those countries emerging from colonial controls and attempting to build new countries, the most prominent needs of policy-makers "were to fight poverty, and illiteracy and disease, and these could not be met by joining military blocs. On the contrary, India and other similarly placed countries needed peace and quiet to get on with the business of development."[17] So, while India's size demanded that it play an international role, this role itself did not entail that India ignore its domestic policy agenda, or that of what it considered its peer states. Foreign policy itself was directly linked to internal goals.

On the basis of both non-alignment and the desire for a strong, independent international role, India engaged, or chose not to engage, in a diverse set of foreign policy activities. In terms of international alliances, India did not side with the United States or the Soviet Union in the Cold War, as I address below, but it also did not choose to engage in broader partnerships that, by default, also linked it to one or another side of this power struggle. In particular, it "neither joined nor approved of the Baghdad Pact, the Manila Treaty, SEATO, and CENTO which joined

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[15] United Nations, 1958
[16] Chandra et al., *India After Independence*, 149.
[17] Ibid.

countries of West and East Asia to the western bloc."[18] In doing so, Indian officials operationalized non-alignment as a proactive strategy to retain control over foreign relations. As Nayar and Paul posit, "What underlay the refusal to join either power bloc was the fierce determination to be independent and master of one's own foreign policy rather than handing over its management to the superpower leading one bloc or the other."[19] This focus on "foreign policy autonomy" is arguably seen as "the most fundamental aspect of Nehru's foreign policy."[20]

More specifically with regard to bilateral relations with the United States and the Soviet Union, while the balance of India's activities vacillated over the decades under consideration, at no time was either country explicitly ignored for the sake of relations with the other. Hardgrave and Kochanek argue that India's non-alignment was "a tightrope act of attempting to balance its close relationship with the Soviet Union and its desire to maintain friendly relations with the United States and the West."[21] However, the strategy can also be seen as an attempt, at least in the early post-Independence years, to balance against the power of the United States post-World War II while the Soviet Union was gaining power. As a result, others argue that it was in "this circumstance of the U.S. as a hegemonic power and the assertion by India of foreign-policy independence that were sown the seeds of the largely conflictual relationship between the two states, casting them as adversaries for a long time to come.[22] Thus, relations between the three states experienced an ebb and flow over the following decades, often influenced by interactions with other large neighbors such as Pakistan and China, but overall India was able to maintain its non-alignment strategy to a reasonable extent through the initial decades of her independence.

Arms purchases represented a primary element of negotiation within India's foreign policy strategy, and are an area often emphasized by analysts of non-alignment. To some extent, India is perceived to have relied heavily on Soviet suppliers for arms, such that it was relatively dependent on the U.S.S.R. for these purchases by the late 1970s.[23] However, under Nehru's leadership, India purchased military equipment from France, the United States, the United Kingdom, Sweden, Japan, and Germany, as well as from the Soviets (Chandra et al. 1999: 151).

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[18] Ibid.
[19] Nayar and Paul, *India in the World Order*, 124.
[20] Ibid.
[21] Hardgrave and Kochanek, *India*, 475.
[22] Nayar and Paul, *India in the World Order*, 125.
[23] Hardgrave and Kochanek, *India*, 475.

Thus, "dependence on any one country was avoided and better bargains could be driven since potential partners knew that rivals existed" (Ibid.).

A similar diversification strategy was pursued for domestic economic development. The United States did not support Nehru's strategy for a planned economy and thus was relatively unwilling to provide direct assistance for industrial development. The Soviet Union, on the other hand, saw a stronger reflection of its own domestic strategies in India's economic plans and actively supported heavy industry development by the public sector.[24] The U.S. and other Western countries were instead willing to provide financial and in-kind assistance to back broader developmental goals. India's leaders saw the potential benefits of both types of support and thus "sought to secure its independence by balancing its dependence on the West for aid and loans with Soviet credits and technical assistance."[25]

In all of these ways, and particularly through the efforts of Prime Minister Nehru, India attempted to create an environment in which state leaders could make choices on international policy issues on the basis of *India's* interests, not the interests of any partner or bloc leader. This ability was, to Nehru, the defining feature of an independent India. As he put it, "What does independence consist of? It consists fundamentally and basically of foreign relations. That is the test of independence…Once foreign relations go out of your hands into the charge of somebody else, to that extent and in that measure you are not independent."[26] Thus, while foreign policy was seen as the key to national independence, it can also be understood as an expression of India's own democratic idealism. The pressure to join a particular military bloc was perceived to be a threat to the country's ability to take each situation and determine an appropriate course of action based on the specific nature of the problem at hand, not any previous promise to support a particular actor. "Non-alignment meant having the freedom to decide each issue on its merits, to weigh what was right or wrong and then take a stand in favor of right."[27]

India's independent stance also served as an example to other states. "Non-alignment came to symbolize the struggle of India and other newly independent nations to retain their independence from colonialism and imperialism. India being the first to become independent

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[24] Chandra et al., *India After Independence* 159.
[25] Hardgrave and Kochanek, *India*, 475.
[26] As quoted in Nayar and Paul, India in the World Order, 127.
[27] Chandra et al., India After Independence, 149.

rightly gave the lead to other ex-colonies in this respect."[28] Other states were enabled to engage internationally in a similar way and over the following decades the Non-Aligned Movement came to play a role in international politics. "In the UN, for example, whose membership had swollen with their [post-colonial states'] entry, the one country, one vote system enabled the non-aligned bloc, often helped by the Soviets, to check dominations by the western bloc. Non-alignment, thus advanced the process of democratization of international relations."[29]

Other post-colonial states, however, were somewhat constrained in their ability to fully act on this example. Nehru noted that, "I can understand some of the smaller countries of Asia being forced by circumstances to bow down before some of the greater Powers and becoming practically satellites of those Powers, because they cannot help it…But I do not think that consideration applies to India."[30] Thus, the differences between India and other post-colonial states should not be completely ignored. It is perhaps explicitly these differences that enabled India to take advantage of non-alignment and, in doing so, increase the probability that its democracy would succeed. It is to this argument that I now turn.

International Politics and India's Democracy

As noted above, analysts have made great strides toward understanding how Indian democracy survived and consolidated in the face of substantial obstacles. But these analyses have focused almost entirely on the nature of domestic institutions and constraints. In light of the last section's discussion, this focus seems somewhat limited. Prime Minister Nehru himself clearly believed that international politics were directly relevant to the Indian state's ability to pursue its domestic goals. International relations theorists would likely agree, arguing that the nature of global power relations and the placement of a country within the international sphere can have important effects on domestic politics. Given India's emergence from colonialism, like many other developing countries, during a period of major international upheaval, it seems only appropriate to consider how the play of international politics may also have contributed in important ways to the development of Indian democracy.

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[28] Chandra et al., *India After Independence*, 150.
[29] Ibid.
[30] As quoted in Nayar and Paul, *India in the World Order*, 130.

In this section, I argue that by promoting non-alignment, Nehru removed the possibility of relying on a single external actor for support, but in doing so, created the potential opportunity to acquire even greater external resources for domestic needs than might otherwise have been the case. A commitment to democratic practice tied Nehru's hands with regard to non-democratic domestic behavior—he had to rely on a functioning state within the confines set up by the Constitution—but his emphasis on non-alignment as a key element of foreign policy increased his ability to draw on multiple sources of support, without strong conditions, and to promote stable economic growth within a democratic regime. At the same time, non-alignment also restricted support for any domestic interests that could potentially have threatened the Congress Party's dominance during the early years of democracy, such as the Communist Party(ies). Thus, Nehru's government was able to establish basic democratic practice within a largely one-party state, which, while not authoritarian,[31] possessed many elements of state control that have been associated with economic development in other contexts.

This argument is informed by analyses of the relationship between domestic and international politics. Gourevitch offered one of the first accounts of how international relations can affect domestic outcomes by stating, in its simplist form, that, "political development is shaped by war and trade."[32] In other words, "the distribution of power among states" and the nature of international economic relations can have an important effect on domestic politics.[33]

More specifically, according to Gourevitch, state leaders are expected to make domestic policy choices that enhance or protect their position in the international state system. Because "the anarchy of the international environment poses a threat to states within it: the threat of being conquered, occupied, annihilated or made subservient," states are incentivized "to organize themselves internally so as to meet these external challenges."[34] Put otherwise, "War is like the market: it punishes some forms of organization and rewards others."[35] Following this logic, and because states differ in their placement within the international system, we should expect to see differing choices over domestic political structures. "The vulnerability of states to such pressures

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[31] Huntington, *Political Order*.
[32] Gourevitch, "Second Image Reversed," 883.
[33] Gourevitch, "Second Image Reversed," 882.
[34] Gourevitch, "Second Image Reversed," 896.
[35] Ibid.

is not uniform since some occupy a more exposed position than others. Hence, the pressure for certain organizational forms differs."[36]

In the case of India, as noted above, Prime Minister Nehru believed that India was too large, and thus too important in the international system, to play a subservient role internationally. This belief was fundamental for shaping India's stance on non-alignment. Yet, this did not imply that Nehru must impose an authoritarian government domestically. Instead, India could potentially use this international role help ensure the success of the electoral system preferred by political elites, representative democracy. But what were the mechanisms by which this could occur?

Later work helps to provide insights into the mechanisms linking international and domestic policy outcomes. Analyses such as those by authors in the Keohane and Milner[37] edited volume and Goldstein[38] addressed the more specific relationship between international actors and domestic economic outcomes, while another stream of research has focused on the link between international factors and the *emergence* of democracy,[39] as well as the *deepening* of democracy.[40] Rudra's[41] analysis is perhaps the most germane here, as it focuses on the role of greater participation in globalized markets on the nature of democratic consolidation. A key element of her argument emphasizes the role for "safety nets" in "providing social stability and maintaining political support for the existing authorities."[42] This social support is a necessary element of increased participation in global markets because it helps to offset the threat of economic and political instability for elites who could be threatened by the effects of increased market competition on the poor majority.

Rudra's argument is relevant for the Indian case because it highlights the implications of an important theory of economic development often attributed to Huntington[43] in which development requires a strong, if not authoritarian, state hand to manage the significant social

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[36] Ibid.
[37] Keohane and Milner, *Internationalization and Domestic Politics*.
[38] Goldstein, "International Law and Domestic Institutions" and "International Institutions and Domestic Politics."
[39] Pevehouse, "Democracy from the Outside-In?"
[40] Rudra, "Globalization and the Strengthening of Democracy."
[41] Ibid.
[42] Rudra, "Globalization and the Strengthening of Democracy," 705.
[43] Huntington, *Political Order*.

and economic dislocation that occurs during the process of industrialization. The poor, often dependent on subsistence agriculture, face economic dislocation from industrialization and the resulting instability can threaten the government. In a democratic regime, this can take the form of an electoral threat, which viably puts the ruling, democratically elected government at risk. In an authoritarian regime, the state has more substantial resources available to put down this threat, through the use of force, and so may have a greater chance of retaining power.

However, in democratically run states, government overthrow is not a predetermined outcome. In those cases where the government can offset economic threats to large segments of the population, perhaps most generally through social welfare spending,[44] elites may be able to balance the benefits of economic growth with stable democratic practice. This evokes the more general argument made by Polanyi regarding the importance of social protection in shifting from feudal to capitalist economic practice, and highlights the even greater importance of this protection in those regimes that rely on majoritarian rule for their stability.[45]

This dynamic was particularly relevant for maintaining domestic democracy in India, because it helps to explain the moderated development strategy taken by the Indian state. "Nehru was aware of the formidable, novel and unprecedented character of his effort to develop the country economically on the basis of a democratic and civil libertarian political structure. No other country had attempted this so far."[46] In practice, this meant that state leaders, rather than pursuing rapid growth at the cost of social welfare or forsaking growth altogether, looked to find a balance between these strategies. Unlike "most other nations and societies [that] had used authoritarian and administrative measures and institutions during the period of their economic take-off," this meant that India did not push economic growth beyond the bounds that could be managed by the state in terms of retaining social and political stability. "Nehru was aware that his path of development might slow down the rate of economic development. But the Indian people, he felt, were willing to pay this price for the sake of a democratic political order."[47]

This perspective, in general, is not new to analysts of Indian democracy.[48] What I propose to contribute here is the theoretical and empirical observation that planned industrial

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[44] Rudra, "Globalization and the Strengthening of Democracy."
[45] Polanyi, *The Great Transformation.*
[46] Chandra et al., *India After Independence*, 176-7.
[47] Ibid.
[48] Varshney, "Why Democracy Survives."

development alongside strong state support for social welfare was *enabled* by Nehru's strategy of non-alignment. Even with a moderate economic development strategy, political stability implied a need for resources to support the demands of social development if the state embarked on a substantial process of industrial development. These resources were available to the Indian state in large part as a result of a foreign policy strategy that maximized leverage in relations with foreign powers.

As noted earlier, India relied predominantly on the Soviet Union for industrial development support. The U.S.S.R. "readily came forward with assistance in the building of the Bhilal steel plant in 1956",[49] as well as other plants in the future. One analyst noted that, in "1973-74, it was estimated that '30 per cent of India's steel, 35 per cent of [her] oil, 20 per cent of [her] electrical power, 65 per cent of heavy electrical equipment and 85 per cent of our heavy machine-making machines are produced in projects set up with Soviet aid.'"[50] While Western powers also supported steel plants, such as "the British in Durgapur and the Germans in Rourkela,"[51] the United States was much less interested in providing support to the growth of India's planned economy.[52]

With regard to support for general economic development, however, the US, as well as other Western powers, was substantially more generous. During the period 1961 to 1969, the United States gave India, on average, $667 million per year in aid.[53] This represented more than 50% percent of the total direct aid received by India from foreign sources during this period,[54] which is estimated at just over a billion U.S. dollars.[55] This aid was important in absolute terms, but also because the ability to draw on multiple international sources for support meant not only that India would not be disproportionately reliant on any particular partner, but also because it potentially enabled a larger amount of economic support overall. Thus, India was in a better position than most of its peer states in terms of its ability to access international resources. This seems doubly important when we consider the post-independence experiences of many of these peers with regard to democratic consolidation.

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[49] Chandra et al., *India After Independence*, 159.
[50] Ibid.
[51] Ibid. See also Goldman, "A Balance Sheet of Soviet Foreign Aid."
[52] Ibid.
[53] Government of the United States, *Statistical Abstracts*.
[54] Government of India, *External Assistance Brochure*.
[55] This is based on an average exchange rate in 1969 of U.S. $1 = Rs. 7.5.

I have already emphasized the Cold War context of India's decision both to engage in a strategy of non-alignment and, in doing so, to create the potential to receive aid from both sides of the great power divide. However, the importance of this strategy to India's democracy is made starker through reflection on the experiences of India's peer newly independent states during the same period. While this era in many regions marked the end of the colonialism, the indirect influence of the Cold War powers on other states, particularly developing countries, entailed an important shift in the nature of international influence.

Recent empirical analysis highlights the relationship between international interests and domestic politics during the Cold War era. Building on evidence from African country case studies, Dunning argues that "During the Cold War, foreign donors prioritized strategic considerations and the spread of their political influence in sub-Saharan Africa…[which] may have diminished the credibility of donors' threats to make the disbursement of further aid conditional on the adoption of domestic democratic reforms."[56] In other words, the competition between the Soviet Union and the United States for influence in post-colonial Africa states (and elsewhere) affected these powers' ability to influence domestic outcomes. Under these conditions, "to the extent that donors actually prefer to promote democracy among recipient countries, threats to make aid conditional on the fulfillment of democratic reforms may not be credible, because withholding aid from autocratic countries could mean losing clients to the other Cold War power."[57] As a result, aid-interested countries may potentially resist the adoption of democratic practices while still benefiting from aid, even from those countries with an interest in promoting democracy.

Dunning examines this hypothesis in the African context, using data on aid receipt and democratic outcomes both during and after the Cold War. In the pre-1987 period, he finds no relationship between overseas development assistance (ODA) from OECD countries and state scores on Freedom House's democracy ratings. This finding is consistent with the idea that Western powers were willing to provide aid regardless of domestic political conditions. In the post-1987 period, however, ODA is positively associated with democracy scores.[58] These

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[56] Dunning, "Conditioning the Effects of Aid," 410.
[57] Dunning, "Conditioning the Effects of Aid," 411.
[58] Dunning, "Conditioning the Effects of Aid," 417-418.

findings "lend support to the hypothesis that the impact of aid on regime type varies between the Cold War and the post-Cold War periods."[59]

The underlying logic of this relationship dynamic is that client states used the threat of defection to the other patron to minimize pressure on domestic leaders to enact and follow strong democratic institutions. These states tended not to have strong state institutions endowed to them by previous colonial administrations,[60] let alone the same experience with, and ideology of, democracy that existed among the first leaders of India. Because they could threaten to switch between international blocs, they did not have pressure to gain this experience or shift their ideological inclinations. As a result, many state leaders, relying on authoritarian or semi-authoritarian strategies, utilized the threat of defection to extract rents from the aid provided by their patrons. The extraction of state resources for personal use has been common across Africa,[61] and sources of international aid only increased these resources.

Yet, this logic also implies that most client states were also strategically aligned with only one major bloc in the Cold War. If states used the *threat* of defection to their advantage, then they could not logically use that threat against both sides, assuming at least minimal transparency in international alignments, which seems reasonable during the Cold War period. Indeed, at least in the 1960s, analysis of African countries' foreign policy actions showed strong tendencies toward one or the other sides of the international divide.[62] Thus, these states, in general, did not have the same leverage that India did to extract resources from both the Communist bloc and the West. Alignment implied access to rents without pressure to promote particular domestic institutions, but it also entailed fewer sources of aid in the international community. Thus, while both the aligned African states and non-aligned India were able to evolve domestic political institutions according to the interests of domestic political elites, India had access to a wider range of external resources to support this process. In India, this meant the consolidation of democratic institutions, whereas in many African states, a pattern of semi-authoritarian extractive rule was substantially more likely to evolve during the Cold War period.

This argument, that access to diverse sources of aid helped India to negotiate the dynamics of industrialization and democracy, is only one side of the non-alignment coin. Prime

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[59] Dunning, "Conditioning the Effects of Aid," 419.
[60] Leonard and Straus, *Africa's Stalled Development*, 10.
[61] Bratton and van de Walle, *Democratic Experiments in Africa*, 66-68.
[62] McGowan, "Africa and Non-Alignment," 289.

Minister Nehru's foreign policy strategy also had a second important implication for India's domestic political affairs. By maintaining a relationship with both the United States and the Soviet Union during the Cold War, India's government elites did not alienate either side to an extent that could be detrimental to the ruling Congress Party's hold on power. In particular, the relatively warm relationship between Nehru and Soviet elites meant that leaders of parties in competition with the Congress Party could not take advantage of Soviet largess in order to quickly build a viable opposition. Specifically, "Indo-Soviet relations served to undercut the Communist Party of India and to 'domesticate' the communist movement in India."[63]

The weakening of domestic opposition in this manner, at least temporarily, helped to strengthen the hold of the Congress Party on national power while not invalidating democratic practice. Alternate parties continued to compete and win seats in regularly scheduled elections, but they could not draw on conflicts between ruling elites and external parties to extract substantial electoral resources. This electoral strength and stability for Congress meant that they could behave in fashions more like an authoritarian state than would be the case in a highly competitive electoral environment.

This second claim is relevant because it serves as the foil to the first part of my argument. India's ruling elites had the power, through relationships with both sides of the Cold War, to draw on substantial external resources to support both industrial development and domestic adjustment. But, at the same time, low levels of electoral competition, in part also enabled by these relationships, meant that leaders could, if need be, push policy in directions that might not be broadly popular. Thus, the government had the flexibility to enact policies deemed necessary to promote development but also had the resources to balance any extreme negative outcomes from these efforts. This combination of resources made the pursuit of economic development in a democratic context a more viable option than was the case in most other post-colonial states, all else equal.

Conclusion

The discussion in this chapter offers a view on the relevance of India's foreign policy to domestic institutions and the practice of democracy. I have highlighted the role of Prime Minister Nehru in particular, because the strategy of non-alignment is fundamental to the

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[63] Hardgrave and Kochanek, *India*, 507.

benefits India received domestically from its strategic position internationally. In this sense, Nehru as an individual was perhaps fundamental to foreign policy outcomes described here.

At the same time, the Congress Party's emphasis on democratic practice throughout the Independence movement implied that a democratic government was an almost definite outcome of independence and this expectation was codified in India's Constitution. Consequently, with regard to the domestic political system, democracy was the expectation of the majority of parties involved, and the approval of the Constitution for the most part tied the Prime Minister's hands in terms of initial electoral practice. While this was not sufficient for democratic consolidation in many other post-colonial states, the previous democratic experience of state leaders helped to increase the likelihood of success.

Thus, this analysis does not depend on a purely executive or institutional explanation for the ways in which foreign policy contributed to democratic consolidation. Rather, I argue that Nehru was able to take advantage of the foreign policy that he largely designed, in order to facilitate broader domestic goals within a particular set of established institutions and societal dynamics. Like the established explanations for India's democratic success that this chapter complements, I highlight the ways in which local state-society relations, and in particular the power of agricultural interests within India's democracy, shaped the decisions of state leaders. It was this context that made measured industrial development, enabled by foreign technical assistance and balanced by foreign aid for broader social development, the most viable economic development strategy. Yet, it was India's foreign policy strategy that in many ways made this domestic outcome, and the stable democracy it promoted, possible.

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