

## CHAPTER I

### *India – China Love Hate Relationships*

The political history relations between India and China get worse because of the close neighbor syndrome. The closer they interact, the more friction there will be. Old dispute remains unresolved, new one has risen. Both countries have complicated relationship.<sup>1</sup>

#### **A. Background**

Republic of India and People Republic of China were two countries which located in Asia continental that share so many similarities. As the most populous countries in the world and as Asian giant economic, both countries also become the representative of new emerging trend-setter in international relations and also give a unique combination of very large GDP with significant poverty and low percapita income and living standards. Geographichally, Republic of India and People Republic of China are separated by the highest mountain in the world, Himalaya. They share a border, have fought war and continue compete for geopolitical supremacy in the region. Political ambiguous and distrust on both sides sometimes been at the cost of better economic sense.<sup>2</sup>

People's Republic of China established on October 1<sup>st</sup>, 1949 and India was the first non-communist country to build up diplomatic relations. The official relationship between India and China started on April 1<sup>st</sup>, 1950. Along with the diplomatic relations built by both countries, they have experiencing tension in political area. The tension started when they got involved in

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<sup>1</sup> Zhiqun Zhu. China-India Relations in the 21<sup>st</sup> Century: A Critical Inquiry. *Indian Journal of Asian Affairs*, Vol. 24 No. 1/2 (June-December 2011) Page 7

<sup>2</sup>Ghauri Bhatia. "China and India: A Love-Hate Relationship." <https://www.cnbc.com/2016/08/11/china-and-india-a-love-hate-relationship.html> (Accessed on October 24, 2018)

conflict on 1962, about border dispute. In order to improve the political relationship in the 1960s China through Deng Xiao Ping as the Vice-Premier suggested proposal to settle down the dispute but got rejected by India because according to India, China tried to legitimate the Chinese occupations in Ladakh.

In order to improve their bilateral relations, in 1980s India and China enhance cooperative relations in the field of culture and trade. Meanwhile the border dispute still not yet reached a met point. In 1993, India and China signing of an Agreement on the Maintenance of Peace and tranquility along the Line of Actual Control on India-China Borders Areas under Prime Minister Narasimha Rao's visit reflected the growing stability and substance in bilateral ties. China and India bilateral relationship named the Strategic and Cooperative Partnership for peace and prosperity, between two sides maintained a good momentum of sound and steady growth, and friendly exchanges and cooperation further expanded across the board.<sup>3</sup>

Even-though both countries have experienced a worse political background history, however India and China do not reduce cooperation in other fields. Both countries are trying to strengthen the cooperation in economic sector by signing many agreements. The establishment of several institutional mechanisms, which are India-China Joint economic group on economic relations and trade, science and technology and the India-China strategic and economic dialogue and financial dialogue.<sup>4</sup>

However, this paper would like to emphasize on Joint Economic Group as the main topic. Joint Economic Group was established on 1988 during the visit of Rajiv Gandhi to China. The

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<sup>3</sup> "China-India Relations Embassy PRC in Republic Of India," <http://in.china-embassy.org/eng/zygxc/gxgk/t905755.htm> (accessed November 22<sup>nd</sup>, 2016)

<sup>4</sup> "India-China Economic Relation," <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=97&SubMenuId=0> (Accessed November 22<sup>nd</sup>, 2016)

first session was held in New Delhi on September 18-19, 1989. The establishment of Joint Economic Group was brought a positive contribution to the trade and economic relations between both countries. According to India, Joint Economic Group an important platform for improving trade cooperation with the second largest economic in the world. The 10<sup>th</sup> of Joint Economic Group was held in Beijing in 2014, both countries had maintained their perseverance to expand and branch out bilateral trade and economic cooperations. India and China agreed to take positive steps towards balancing bilateral trade and addressing the existing structural imbalance in trade that has a bearing on its sustainability. Two sides also signed Five-Year Development Program for Economic and Trade Cooperation that lays out a road map for economic comprehensive deepening and balancing bilateral economic engagement.

Along with the establishment of Joint Economic Group, the new conflict was rising on June 11, 2000. India and China were competing for valuable hydropower and water resources on the Yarlung Tsangpo-Brahmaputea rivers in Himalayas. The Yarlung Tsangpo-Brahmaputra river is a 2,880 km trans-boundary river that originates in Tibet, China knowns as the Yarlung Tsangpo, before flowing through northeast India knowns as Brahmaputra river and Bangladesh knowns as Jamuna River. The conflict began after a natural dam burst in Tibet caused flash flood resulting 20 deaths and damaging the infrastructure in the north-eastern Arunachal Pradesh. Some Indian government believed if that was caused by China. However, later subsided after confirmed by the satellite imagery that was the natural dam.

This issue gained serious traction in 2008, when China government announced that they plan to begin construction of the Zangmu hydroelectricity dam. Where located on the middle reaches of the Yarlung Tsangpo river. The dam was perceived by many Indian observers as the beginning of a major river diversion project that would dry up the Brahmaputra river.

Speculation and suspicion were further triggered by China rejection to shared information deemed and the contradictory information released by the government. These controversial issues become the triggering fears in India parliament and became the priority in the bilateral exchange with China.

Again, although the conflict still shadowing over the two countries, India put economic cooperation first rather than overcome that border conflict. This was marked by the arrival of India Prime Minister, Narendra Modi to China in 2015 to discuss various aspects India and China relations but they had emphasized on economic cooperation. They would be sign a billion dollar employment contract.

Besides the resources disputes, the latest in a long running series of territory dispute between India and China is Doklam. In 1962, both countries engaged a bloody war and continued to break out sporadically in the decade. Doklam dispute began in July 2017, over a land bordering both countries and Bhutan, in the Himalayas. Even-though it is not part of India's territory but it is close to the 'chicken's neck' strategic corridor the serves as a vital artery between Delhi and its far North Eastern states.

The dispute between two countries escalated when India and China started to blame each other. The Chinese side accuses India of crossing the border twice, provoking and attacking Chinese Soldier. Meanwhile, India said that the Chinese army trying to construct a building on the Indian border that was recognized by the Line of Actual Control. The clash which involvef two army troops, leth 20 people dead from the Indian side and about 40 Chinese soldier died, although there is no confirmation from the Chinese government. The clash occured at a altitude of more than 4,200m.

## **B. Research Question**

India and China experience complicate relations in term of politic. However, they keep strengthening relations in economy. Based on that fact the most appropriate research question is “*why does India keep maintaining economic cooperation with China during experiencing unstable political relations?*”

## **C. Theoretical Framework**

In order to answering question about “*why does India keep maintaining economic cooperation with China during experiencing unstable political relations?*” the writer provides to use foreign policy theory and followed by rational choice theory.

### **1. Foreign Policy Theory**

According to Padelford and Lincoln, foreign policy is the key element in the process by which a state translates its broadly conceived goals and interest into concrete courses of action to attain these objectives and pressure its interest.<sup>5</sup> The national interest of all states is broadly similar. They centre upon welfare of the nation and preservation of its political doctrine and national style of life.

As a pioneer in the formation of Indian foreign policy, Nehru at least has influence in the establishment of India's relations to his neighbor country, especially China. Especially Nehru's policies regarding peace and non-alignment, anti-colonialism and pan-asianism and creating a balance of power in Asia, could have a chance of success when having active cooperation with China, because China's foreign policy is aimed at increasing its economic

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<sup>5</sup> Norman J. Padelford and Georg e A. Lincoln, “The Dynamics of International Politics,” p. 197

strength. and military to achieve hegemony in Asia, despite the endless dispute between the two countries.

According to Prime Minister Man Mohan Singh, the vision of India's foreign policy is based on foreign policy that encourages economic goals, especially India which is increasingly integrated with the global economy and builds a world of open inclusive nations. He also argued that India should involve in major state powers, one of that is China, which should not be treated like an enemy. Basically there are three views in India about how to deal with China, there are: pragmatic, hyperrealist and appeasers. The appeasers see China as a friendly and kind neighbor, they don't think China is threat for India. Despite the fact that China is a rival to India in geopolitical. India's foreign policy agenda has the main suggestion for India to rise up and take advantage of the opportunities provided by the global economic environment. Besides that, the belief that even implements the relationship between India and China in the economic sector is one of the tools to improve the political distrust between both countries.

## 2. Rational Choice Theory

Rational choice theory is one of approaches in international relations post war study. It has helped define the contemporary theoretical debates about international politics and give advanced to understanding such topics as the implications of anarchy and the possibility cooperation.<sup>6</sup> Rational choice is known as a methodological approach that explains individual and collective outcomes in terms of individual goal-seeking under restraint. Rational choice theory offers a formal analysis of the process of rational decision-making under the assumption that individuals are capable of making reasoned choices based on their goals and beliefs. The central

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<sup>6</sup> Walter Carlsnaes, Thomas Risse. Beth A Simmons. *Handbook of International Relations*. (London: SAGE Publisher: 2012)

premise of the theory (and consequently of the explanation it provides) is that human behaviour is goal-directed and calculating (Little, 1993: 40).<sup>7</sup>

*The rational choice is frequently identified as the paradigmatic approach to the study of international relations and foreign policy. Rooted in economics (e.g., von Neumann and Morgenstern 1944; Friedman 1953), rational choice conceives of decisions as means–ends calculations (Zagare 1990; Morrow 1997). Decision-makers choose among a variety of options on the basis of their expectation that the choice selected will serve some goal better than the alternatives. This is frequently framed in terms of a simple cost–benefit analysis; decision-makers are expected to select the choice which has greater expected net benefits (i.e., benefits minus the costs) than those of other alternatives under consideration. However, many rational theories may simply posit a preference ordering over outcomes (Morrow, 1997).<sup>8</sup>*

The basic principle of this theory is often developing in terms of hyper-rational choice actors with powerful calculating abilities. The theory is open to combine limits to their capacities or restrain on their decision-making. Rational choice theory will be showing the consequents about every decision made by the decisions makers. Not all the result of decision based on the target from the decision makers.

In its implementation, the author takes the Joint Economic Group as an outcome form of maintaining India's cooperation with China during the unstable political relations between the two countries. The joint economic group was an initiation by Indian prime minister Rajiv Ghanji when he visited Beijing in 1988. After years the relationship between the two countries froze. The Joint Economic Group is a dialogue between Commerce and Industry Minister. The forum is considered to be a forum for India to convey issues faced by the two countries, especially for deliberate ways to boost two ways of commerce and reduce trade deficits.

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<sup>7</sup> Maria Bakalova. An Inquiry into the Rationale Behind Violent Ethnic Conflicts: A Rational Choice Perspectives. *Economic Alternative*, Issue 4 (2013). Page 104

<sup>8</sup> David Brule and Alex Mintz. "Foreign Policy Decision Making; Evolution, Models and Methods". <http://internationalstudies.oxfordre.com/view/10.1093/acrefore/9780190846626.001.0001/acrefore-9780190846626-e-185#acrefore-9780190846626-e-185-bibItem-113> (Accessed on May 15, 2018)

But of course in its implementation, the cooperation within the Joint Economic Group did not go according to India's wishes. Not only reaping benefits from the existing cooperation, India also receiving losses as a consequence, one of the deficits that often occur.

#### **D. Hypothesis**

India keeps maintaining economic cooperation with China while experiencing unstable political relations is because: India needs access to capital, credit, skills and market to climb the productivity ladder. Rising trade contributed to an erasing the border issue.

#### **E. Method Of Research**

In order to complete this research, the writer provides the qualitative method of research, through exploring the data collected in the form of literature study. The research data obtained through secondary data collection is document study. Which are from the academic journals, books, news, working paper, and research that already done by the researcher that related to the topic.

#### **F. Research Purpose**

The purpose of this research is to explain and analyze India and China relationships. Both countries share two sides of relation between politics and economy. In the other hand is to fulfil writer's undergraduate thesis in Department of International Relations and becomes the requirement to attain the bachelor degree from International Relations department, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta.



## **G. Range Of Research**

In order to conduct this research, the writer will be providing the range of research there is the last decade political issues between both countries. The economic cooperation made up by India and China in 2007-2020. The reason why the writer limits the period from 2007-2020 is because the issues still happen until nowadays and it is interesting to discuss both politic and economy. However, the writter will add the span of time to support the research.

## **H. System Of Research**

The systematic of research that will be elaborated more inside this undergraduate thesis as follows:

Chapter I: Consists of the background of India and China love-hate relationship. And followed by research question, research purpose, theoretical framework, hypothesis, etc.

Chapter II: Explains India and China general relations. The root of conflict happen in 1962 and issues rise in this decades face by both countries.

Chapter III: Describes India foreign policy and it's directions and briefly India's foreign policy towards China.

Chapter IV: Describes India and China relations in specific ways: Joint Economic Group. Followed by analyzing cost and benefit as the result of economic cooperation

Chapter V : Conclusion. Consist of India's action for maintaining economic cooperation is the right choice or not.