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EDITORIAL ANALYSIS

Three Lessons from 1991 for an Age of Shocks

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Three Lessons from 1991 for an Age of Shocks

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Every fact web-verified against primary sources

THE LIFT LINE

1991 was not just an economic rescue; it was a lesson in how a nation converts a shock into a strategy. Three of those lessons, reform as statecraft, diversified partners and domestic strength, are the compass for India in today's age of disrupted certainties.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The year 1991 is where economics and foreign policy meet, which makes it a bridge topic across GS Papers 2 and 3. It lets you argue that **strategic autonomy** rests on **economic strength**, that diplomacy must **diversify** rather than depend, and that anticipation beats reaction, all of which are exactly the linkages examiners reward when they set questions on India's foreign policy.

It also gives you a durable analytical spine. Instead of narrating current events, you can extract **three transferable principles** and apply them to any contemporary shock, from tariff wars to technology restrictions, which is the mark of a mature, framework-driven answer.

GS Paper 2: India and its neighbourhood, bilateral and global groupings, and effect of policies of developed and developing countries on India's interests.

GS Paper 3: Indian economy, issues of planning, and mobilisation of resources, including the significance of the 1991 liberalisation.

For **Prelims**, hold the specifics: the **1991 balance-of-payments crisis** saw India's foreign-exchange reserves fall to weeks of imports, prompting the **LPG reforms** of Liberalisation, Privatisation and Globalisation; the end of the **Cold War** and the **collapse of the Soviet Union** removed a key partner and pushed India to launch the **Look East Policy**; India's posture evolved from non-alignment toward **strategic autonomy** and **multi-alignment**; and economic strength is the foundation of foreign-policy autonomy.

For **Mains**, the transferable line is that **reform is statecraft**. A country's external freedom of action is a function of its domestic economic base, its spread of partnerships, and its ability to anticipate rather than merely absorb shocks.

BACKGROUND AND CONTEXT

In 1991 India faced twin ruptures. At home, a **balance-of-payments crisis** drained reserves to near-empty, forcing the **LPG reforms** that opened a closed economy. Abroad, the **Cold War** ended and the **Soviet Union collapsed**, dissolving a partnership that had underwritten India's security and diplomacy for decades. A lesser response would have been to muddle through; instead India treated the crisis as an opening, liberalising the economy and reorienting its foreign policy toward Asia through the **Look East Policy**.

That episode reset the grammar of Indian statecraft. Non-alignment matured into **strategic autonomy** and, over time, **multi-alignment**, in which India builds overlapping partnerships with the United States, Russia, the European Union, the Gulf and East Asia, refusing to be locked into any single bloc. The relevance today is that the world has re-entered an age of shocks, tariff wars, chokepoint disruptions and technology restrictions, and the 1991 playbook offers three lessons for navigating it.

THE CORE ARGUMENT / ISSUE

Lesson one: reform is statecraft

1991 proved that economic reform is not merely domestic housekeeping; it is the foundation of external strength. A nation that grows and modernises earns the leverage to act independently. The **first lesson** is that the surest foreign policy begins at home, with a competitive, resilient economy.

Lesson two: diversify partnerships

The Soviet collapse taught India the cost of over-dependence on a single partner. The **Look East Policy** and, later, multi-alignment were the answer: a spread of partners so that no single rupture is catastrophic. The **second lesson** is to widen the portfolio, engaging the West, Russia, the Gulf and Asia simultaneously on India's own terms.

Lesson three: anticipate, do not merely react

The 1991 crisis was survivable because policymakers eventually acted decisively, but its severity owed much to delayed adjustment. The **third lesson** is the value of **scenario-based, anticipatory diplomacy**, preparing for tariff shocks, supply-chain chokepoints and technology curbs before they arrive rather than after.

LESSON	1991 ORIGIN	2026 APPLICATION
Reform is statecraft	LPG reforms after the BoP crisis	Continued domestic reform for external leverage
Diversify partnerships	Look East after the Soviet collapse	Multi-alignment across US, Russia, EU, Gulf, Asia
Anticipate shocks	Late adjustment deepened the crisis	Scenario planning for tariffs, chokepoints, tech curbs

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Treat foreign policy as resting on a **domestic base**, a **partner spread** and a **time horizon**. The domestic base is economic strength, which sets the ceiling on autonomy. The partner spread is diversification, which sets resilience against any single shock. The time horizon is whether you plan ahead or react late, which sets the cost of each shock. When you analyse any external challenge, ask which of these three is weak. This frame keeps your answer from becoming a chronology of events and turns it into a diagnosis, and it reflects India's **multi-aligned, interest-first** posture rather than any bloc loyalty.

THE DIAGRAM IN WORDS

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1991 twin shock (BoP crisis + Soviet collapse) -> LPG reforms build domestic strength -> Look East diversifies partners -> non-alignment matures into strategic autonomy and multi-alignment -> apply three lessons (reform + diversification + anticipation) -> navigate 2026 shocks (tariff wars + chokepoints + tech curbs) -> interest-first, multi-aligned autonomy
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WAY FORWARD

1. **Keep reforming at home.** Sustain the domestic reform momentum, in manufacturing, trade and technology, because **economic strength** is the true source of foreign-policy autonomy.
2. **Deepen the partner portfolio.** Continue **multi-alignment**, engaging the United States, Russia, the European Union, the Gulf and East Asia simultaneously so that no single rupture can dictate India's choices.
3. **Institutionalise anticipation.** Build **scenario-based diplomacy** that war-games tariff shocks, chokepoint disruptions and technology restrictions in advance, converting surprise into preparedness.
4. **Guard interest-first autonomy.** Frame every partnership around India's national interest rather than bloc loyalty, preserving the freedom of action that 1991 first made possible.

PYQ LINKAGE AND PRACTICE

UPSC has asked on the 1991 reforms, India's move from non-alignment to strategic autonomy, and the interplay between economic strength and foreign policy. This editorial lets you present a **three-lesson framework** that ties GS3 economics to GS2 diplomacy, giving your answer analytical structure rather than narrative.

Practice question: "The lessons of 1991 remain a guide for Indian statecraft in an age of shocks." Discuss how reform, diversification of partnerships and anticipatory diplomacy can help India navigate today's geopolitical uncertainty. (250 words, 15 marks)

Sources: Indian Express, Ministry of External Affairs, PIB

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