

# **REGIONALISM IN SOUTH ASIA: A CRITIQUE OF THE FUNCTIONALIST APPROACH**

**By**

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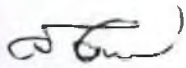
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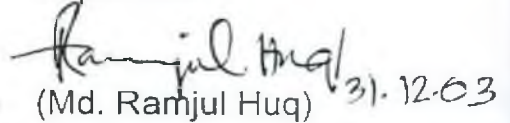
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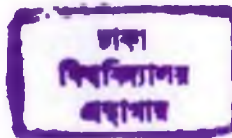
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# Abstract

Regionalism in South Asia in this thesis has been seen as a process spreading cooperation in the region, comprising seven states — Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. As the path of regional cooperation a functionalist line has been adopted. The objective is to cooperate for mutual necessity to address the problems. It is thought that through regional initiatives solution to the problems are possible.

The objective of the thesis is to have a critique on the regional process in South Asia through the criteria derived from functionalism [of integration theory]. In the thesis, how far the process is compatible to the adopted functionalist line and whether the envisaged spread and enhancement of cooperation in attitude, behaviour and institution or organisation are really happening are the pivotal thrust areas. Thus, a theoretical framework of functionalism has been used in the thesis. Also the state, people and individual, and their culture, necessity and limitations, come across in the analysis, with a special emphasis on the emancipation of the masses from poverty and underdevelopment.

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It has been about one-and-a-half decades since the formal floating of the regional cooperation organisation, South Asian Association for Regional Cooperation (SAARC). Later many other organisations within it or beyond have flourished in the region to lead and/or carry out the process. Thus, it is important to study how a functional cooperation process is addressing the regional issues. At the same time, the questions 'why the functionalist line sometimes fails to meet expectations,' 'what should be the remedies to it', and last but not the least, 'is the process in the right track' to guide the entire agendas, and again, how the limitations of the process, if there are any, could be overcome, are addressed in the thesis.





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I must give special thanks to former State Minister for Foreign Affairs, Abul Hassan Chowdhury and then Director General, SAARC, Ministry of Foreign Affairs (in the month of July 2000), Chief Editor of Bangladesh Observer Professor M.A. Munim, Editor of Bangladesh Observer, Iqbal Sobhan Chowdhury, Editor of weekly Holiday Enayetullah Khan, Acting Editor of Ittefaq, Akhter ul Alam and business community leader, then Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) President Yussuf Abdullah Harun. I cannot but thank my university senior brothers and three foreign foreign affairs officials—Director, SAARC, Md. Shameem Ahsan, Assistant Secretary Mohammad Enayet Mowla and Md. Jashim Uddin—for being so affectionate to me and managing me frequent access to the coveted ministry office.

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The thesis took a bit longer time to be accomplished. It may be the case that I am forgetting the contributions of many people and institutions. But I cannot forget the contributions of Havilder Nurul Islam of BIISS, my best friend and once colleague at PKSf Chowdhury Sarwar Murshed, my friend and colleague Shamsul Arifeen, a Canadian intern at PKSf Jolene Zidkovich, my classmate in international relations Khawaza Main Uddin Manu, three Research Fellows at BIISS—Shamsur Rahman, Shamsul Alam, and Sabbir Ahmed, and journalists Abu Jar M. Akkas and Touhidul Islam Shiplu of New Age, Dhaka.

This thesis ultimately became a love affair for me. Sometimes I got puzzled what to do: whether or not to proceed on, or to give in. To make a completion to it I shelved many things to be completed. I could not even concentrate on my family affairs. My family members, including my father and mother, might have been hurt for my 'negligence.' It's time to go back to all of them and go for all of these. Still there is a desire for higher study once more—in Ph.D. or something else.

*To*

My Father, *Shah Jahan Kabir*  
&  
My Mother, *Jahan Ara Kabir*

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## INTRODUCTION

### 1.1 The Phenomenon of Regionalism

Regionalism by definition is thinking, planning and doing regional works or moving for such affairs collectively on a regional basis, in the spirit of mutual cooperation. Regionalism as a process provides a mid-level approach to problem solving, between the extremes of unilateralism and universalism. The scope of regionalism differs from one region to another. In Western Europe, for example, regionalism was taken as a process to resolve internal problems and contain external threats. In Southeast Asia, however, it was adopted as a process of strengthening cultural ties on an incremental basis and of enhancing cooperation for the promotion of trade and investment.

A theoretical discussion on regionalism calls upon the inferences of 'region' and 'ism'. According to Webster's Third New International Dictionary, the word 'region' refers to "... a broad geographical area containing a population whose members possess sufficient historical, cultural, economic, and social homogeneity to distinguish them from others."<sup>1</sup> The same dictionary defines 'ism' as "manner of action or behaviour characteristic of a (specified) person or thing; doctrine, theory or cult; adherence to a system or a class of principles."<sup>2</sup> Thus, it can be said that region is simply a grouping of states following some uniform criteria. A region may also be a real unit defined by an ad hoc problem. To many scholars, mainly Americans, Southeast Asia's principal claim to regional status simply owes itself to the threat posed to the whole area by Communist China. South Asia is well demarcated by physical features. In the north, the land frontiers are demarcated by the Himalayan mountain ranges, making the region an expansive but contiguous landmass without any natural frontiers between countries; exceptions are narrow water corridors between the subcontinent on the one hand, and Sri Lanka and the Maldives on the other.

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<sup>1</sup>. Philip Babcock Gove and The Merriam-Webster Editorial Staff, *Webster's Third New International Dictionary*, Merriam-Webster Inc., Publishers, Springfield, Massachusetts, USA. 1981, p. 1912.

<sup>2</sup>. *Ibid.*, P. 1198.





According to Columbus and Wolf, the major criteria for grouping nation-states into regions are the following:

- a. Geographical criterion: grouping nation-states on the basis of their location in continents, subcontinents, archipelagos, etc., for instance, Europe and Asia.
- b. Military/political criterion: grouping nation-states on the basis of their participation in alliances, or on the basis of ideological and political orientation - for instance, NATO, and the Third World.
- c. Economic criterion: grouping nation-states on the basis of selected criteria of economic development, such as gross national product and industrial output - for instance, industrial versus transitional versus less developed states.
- d. Transactional criterion: grouping nation-states on the basis of volume and frequency of exchange of people, goods and services, such as immigrants, tourists, trade and messages - for instance, the United States and Canada, or the European Economic Area (EEA)."<sup>3</sup>

One can group countries into regions according to a number of other criteria as well, for example language, religion, culture, population density and climate. Thus, regionalism becomes the doctrine or theory that delves into the development of the region on the basis of region-specific issues and programmes. Most scholars think that regionalism must be confined to a specific geographic region. For example, Bruce Russett says 'our groupings will be equivalent to geographers' regional types; while he has found the following typology of regions:

- "a. Regions of social and cultural homogeneity, which are similar with respect to several kinds of internal attributes.
- b. Regions composed of states, which share similar political attitudes or external behaviour, as identified by the voting positions of national governments in the United Nations.
- c. Regions of political interdependence, where the countries are joined together by a network of supranational or intergovernmental political institutions.

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<sup>3</sup>. Theodore A. Columbus & James H. Wolf, *Introduction to International Relations: Power and Justice*, Prentice-Hall of India Private Limited, Calcutta, 1987, p. 284.



d. Regions of economic interdependence, as identified by intra-regional trade as a proportion of the nations' national income.

e. Regions of geographical proximity."<sup>4</sup>

Regionalism, according to the International Relations Dictionary, refers to "The concept that nations situated in a geographical area or showing common concerns can cooperate with each other through a limited membership organisation to meet military, political and functional problems."<sup>5</sup> Webster's Dictionary defines regionalism as "the consciousness of and loyalty to a distinct sub-national or supra-national area usually characterised by a common culture, background, or interests; development of a political or social system based on one or more such areas; the theory or practice of selecting a particular locale or region for subject matter and stressing its characteristic aspects in arts or literature; the study of regional societies as distinct geographical or socio-cultural complexes especially in their relationship to other regions and to the composite national societies of which they form a part."<sup>6</sup> Columbus and Wolf refer to regionalism as "the concept that nations situated in a geographical area or sharing common concerns, can cooperate with each other through a limited-membership organisation to meet military, political and functional problems."<sup>7</sup> All of these definitions of regionalism refer to an integration process between or among the countries. Quite contrary to these is the design of regionalism purported by Gavin Boyd which maintains that "regionalism provides an economy for the decentralisation of political power"<sup>8</sup>. These refer to a decentralisation process for sectionalism or fragmentation in a country or in a region reproducing sub-nationalism.

However, for 'regionalism' the geographical locale of the delegating states is not overwhelmingly important or obvious, rather mutual cohesiveness, understanding and willingness to cooperate are important. In this respect things become clear about the difference between regionalism and region. Thus, we find that regionalism refers to the aptitude, trend and practice of the continuous process of cooperation of states in a region and/or of the extra-regional states. Affinity of states or people may sometimes cross the boundary of 'geographic

<sup>4</sup>. Bruce M. Russett, *International Regions and the International System : A Study in Political Ecology*, Greenwood Press, Publishers, Westport, Connecticut, 1967, p. 11

<sup>5</sup>. Jack C. Plano and Roy Olton, *The International Relations Dictionary*, Third Edition, ABC-CILO, Santa Barbara, California, Oxford, England, 1983, p. 331.

<sup>6</sup>. Philip Babcock Gove and The Merriam-Webster Editorial Staff, *op. cit.*, p. 1606

<sup>7</sup>. Theodore A. Columbus & James H. Wolf, *op. cit.*, p. 287.

<sup>8</sup>. Howard W. Odum and Harry Estil Moore, *American Regionalism : A Cultural-Historical Approach to National Integration*, New York : Henry Holt, 1938, p. 27

region;' such as the United States' membership in the North Atlantic Treaty Organisation (NATO), Cuba and North Korea's socialist connection with Eastern Europe till the mid-1980s, or the Pan-Islamic feeling that created the Organisation of Islamic Countries (OIC). But if we go straight to the business of analysis of regionalism in South Asia, we always see a natural bias for geographic locale of the member nation-states. This present study is not an exception in that respect.

## **1.2 Evolution and the Growth of Regionalism**

Regionalism essentially evolved from two sources — the first one from the United Nations (UN) framework. The prolific growth of regionalism since World War II stemmed from a new emphasis placed upon regional integration in Europe as means for achieving national interest goals. The UN Charter encourages regionalism as complementary to the objectives and activities of the international organisations but provides that all regional actions will be consistent with the purposes and principles of the UN. Article 52 of the UN Charter provides that nothing in the present Charter precludes the existence of regional arrangements or agencies for dealing with such matters related to the maintenance of peace and security as are appropriate for regional action, provided that such arrangements stay consistent with the purposes and principles of the universal organisation. This approach virtually dealt with the issues of high politics.

The second source of regionalism was the World Order Model (WOM) which evolved by the works of the great peace researchers of the 1960s. At that time the thinkers like Gustavo Lagos of Latin America, Razni Kuthari of Asia, Ali Majrui of Africa and Carl Fredrich von Weizsacker of Europe<sup>9</sup> could conceive of a world beyond the Cold War and of regions where there would be intensive cooperation among or between the states in a region. The objective was to bring about a structural change towards a global governmental mechanism. The World Order Model Project (WOMP), launched and conducted under the direction of World Order Institute in New York, possessed some basic values called as 'relevant utopia'. "The five values are peace, ecological stability, economic well-being, social justice and participation."<sup>10</sup> The

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<sup>9</sup> . The articles of the great researchers were: i. Ali Majrui, "World Culture and the Search for Human Consensus", iv. Razni Kuthari, "World Politics and the World Culture", ii. Carl Fredrich von Weizsacker, "A Skeptical Contribution", iii. Gustavo Lagos, "The Revolution of Being", see Jurgen Deading, "Recent Advances in Peace and Conflict Research: A Critical Survey", vol. 27, Sage Library of Social Research, Sage Publications, Beverly Hills, London, pp. 51-61.

<sup>10</sup> . Jurgen Deading, *Recent Advances in Peace and Conflict Research: A Critical Survey*, vol. 27, Sage Library of Social Research, Sage

WOM's fundamental premise is that the present structure of the international system is incapable of tackling the problems that beset it; these problems are global in nature and their resolution is possible only through concerted approaches of the nations that is certain to transcend national boundaries. The problem is that the nation-state is still the fundamental actor in the international system. This unit is, by its very nature, self-seeking and inward-looking and therefore, cannot cooperate with other self-same units to check the dangers that threaten the system. Thus, it is necessary to change the existing system for the sake of cooperation. The peace researchers saw regionalism as a process to change the existing system and to preserve the diversity of culture and society. They saw it as a device to build supra-national attitude and thus as a hallmark for allegiance to a new unit other than the national ones. In that period many labelled those great researchers as 'armed-chair intellectuals', but today it appears that they were far ahead of the time to give the world order a vision of cooperation. The South Asian regional cooperation matches well with the values of the World Order Model envisaged by the peace researchers.

The UN-framed approach to regionalism was in most cases misused by the military alliances in the Cold War era. The military alliances negated the very premise of globalisation and deterred peace in most cases rather than promoting it. On the socio-economic front, the UN-framed approach was applied through various regional economic commissions, such as Economic Commission for Latin America (ECLA), but it failed abruptly. However, the second trend, outlined by the WOM, tends to uplift cooperation in the socio-economic aspects. It sets its goal with limited objectives in a particular region. The theme is like this — a small organisation, which is restricted geographically, could easily cope with common problems of its small number of neighbours more effectively. Interestingly, organisations, such as European Commission (EC) and Association for South East Asian Nations (ASEAN), evolved inherently and predominantly through the UN-framed mechanism, are now poised to achieve goals that are similar to those of the WOM. The evolution of European Union (EU), North American Treaty Agreement (NAFTA), ASEAN Free Trade Agreement (AFTA), etc., and their *modus operandi* bear the characteristics of this model. All of these evolved and now work predominantly for cooperation in functional fields of regional problems with technical, economic and cultural



aspects being major areas. These are basically organisations having functional objectives in specific regions.

### 1.3 Notion of Regionalism in South Asia

In response to the question 'what is the prime necessity of cooperation among or between the South Asian countries, 56% of respondents of the survey of the present study singled out 'economic development', 26% chose 'political understanding' with a clarification that this understanding produced the others necessary for regionalism; and the rest - 18% - chose 'establishing peace', but none had chosen 'cultural cooperation' as the prime reason for cooperation. Says Syed Nazam Rafique on the poverty level of South Asia, "We share the third largest bloc of engineers in the world, but cannot build adequate housing for millions of people living in unimaginable conditions. A region, which has the third largest pool of doctors in the world, but is losing the battle against infant mortality and diseases. A region, which shares classic literature in some 30 odd languages, but cannot raise the literacy level above 30%. A land which lofts spacecraft high above and explodes devices of spectacular destruction, but cannot adequately feed its people."<sup>11</sup> It may also be argued that more people live in the Ganga-Brahmaputra-Barak basin than in all of Africa or the Americas or Western Europe and that these 400 million people constitute about 50 percent of the world's poorest."<sup>12</sup> However, these resources remain untapped. Not only that, this region possesses the cheapest human resources in the world. Thus, there remains a tremendous scope for cooperation in this region for the better life of millions of deprived and distressed. A South Asian scholar says, "regionalism, with its supposedly limited geographical scope and its shared interests and values, is bestowed with an effective way of tackling problems of economic development, inter-state conflict, and the hegemony of superpowers."<sup>13</sup> Thus, regionalism in this region means a cooperative process of the states through mutual understanding to resolve the problems faced by the people from all aspects of life - economic, social or political.

Regionalism is one of the popular macro approaches that the states in different regions have accepted as a path to promote development and peace; recently it has been a concept studied

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<sup>11</sup> . Syed Nazam Rafique, "Democracy, Development and Defence", Paper Presented at the International Seminar on *Governance and Development : South Asia in the Twenty First Century*, organised by the Bangladesh Institute of International and Strategic Studies (BISS), Dhaka, 21-23 December, 1996, p. 3.

<sup>12</sup> . B. G. Verghese, "River Waters", *World Focus*, March 1982, p. 22

<sup>13</sup> . AP Rana, "Regionalism as an Approach to International Order: A Conceptual Overview", *International Studies*, Vol. 13, No. 6, 1979, p. 491

intensively by researchers. The regional organisations like NATO or the Warsaw Treaty Organisation (WTO), in the shape of military alliance reached their peak during the Cold War era. But regionalism of today's nature and shape gained momentum in post-Cold War era. Virtually the advent of the Gorbachev phenomenon in Europe, and the dismantling of bipolar rivalry in the world pageant in the mid-1980s brought about a favourable environment for its growth. Said Stephen C. Calleya, "The increase in regional arrangements since the end of the Cold War is partly due to the fact that great powers and regional powers welcome the opportunity to participate in the collective security and cooperative frameworks where the costs of foreign policy actions are shared among several actors. Although common historical links, cultural and linguistic background plus a common civic culture continue to influence regional constellations, the post-Cold War era has seen an increase in the impact that geo-economic and geo-political facts have on the foreign policy direction that countries decide to adopt."<sup>14</sup> The absence of Cold War rivalry also contributed to the reshaping of nature, and even to the remoulding of its concept to a great extent. Today the literature of international relations treats 'regionalism' as common jargon of the discipline.

South Asia has embraced regionalism as a development process and confidence-building measure. The main thrust of it is to enhance economic and cultural gains of the member countries through mutually beneficial communications and transactions, to explore regional resources and to solve regional problems through negotiation and peaceful means. In the course of time, political or 'contentious issues' also have tactically paved the way to enter into the very process of regionalism in South Asia.

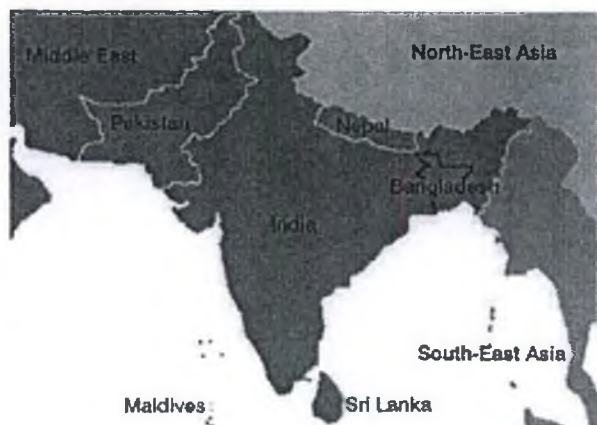
South Asian regionalism received a viable institution in 1985 when on December 8 the heads of the governments or the states of the seven countries signed the Charter in its first Summit in Dhaka. "This was seen as a clear manifestation of the peoples of South Asia to cooperate with each other in search of solutions to their common problems."<sup>15</sup> This region is endowed with numerous factors that enhance the possibility of cooperation in a region, such as common cultural environment, interdependence, etc. Moreover, some non-political regional organisations have emerged to help the process, SAARC being in the forefront.

<sup>14</sup> . Stephen C. Calleya, "Closing Remarks: Regional Dynamics in the Post-Cold War World", in Stephen C. Calleya, *Regionalism in the Post Cold World War World* (ed.), Ashgate, England, 2000. p. 233

<sup>15</sup> . SAARC Secretariat, *SAARC in Brief*, Kathmandu, November, 1995, p. vi



**Figure-2: The map shows Bangladesh's India-locked position. It shares small border with Myanmar and has sea-outlet that can easily be cordoned by India through its blue water navy. Nepal and Bhutan have no sea-outlet.**



The SAARC Preferential Trading Arrangements (SAPTA) has been agreed upon by the states to enhance co-operation in trade and investment. Overall, the regionalism in South Asia guided by SAARC is following the functionalist line of cooperation.

Cooperation through institutional process in South Asia is now on in all of the tiers. However, the pace of the progress may be another question. Cooperation efforts in Track-One, Track-Two, and Track-Three are occurring in this region. Track-One cooperation generally refers to state-to-state co-operation. Track-Two refers to co-operation between people or organisations of the region, having access to the *loci* or decision-making elite. Even in the absolute people-to-people level co-operation is possible at Track-Three. To give added vigour and manoeuvrability to the official track or Track-One, Track-Two has taken off through the buoyant steps of the academicians, intellectuals and development activists. Their initiatives have been visible in the activities of various pressure groups — business community leaders, women's rights leaders, cultural activists, non-government organisations (NGOs), etc. In the first Dhaka Declaration, like some other summit declarations of SAARC, it was vowed “to increase interaction and further promote people contracts at various levels among the member countries.”<sup>16</sup> “Track-Two diplomacy, which may be defined as an unofficial dialogue between disputing polities conducted, directly or with the help of a third party, by influential citizens, who normally have access to their governments and/or have ability to influence the public opinion. The goal of track-two diplomacy is usually to prevent or resolve conflicts, or build confidence between the

polities they represent.”<sup>17</sup> Such elite exercises are distinct from peace efforts made by individuals or grassroots level organisations that normally do not have significant impact on state policy or a wider public audience. The communication at the grassroots level, be it by individuals or organisations, belong to the typology of cooperation in Track-Three.

In South Asia the chosen path of the functional cooperation process gradually gains maturity. Although cooperation is very necessary in the region, the process of cooperation still faces various constraints. Sometimes the process loses dynamism and becomes stagnant because of the idiosyncratic behaviour of the national elite, and the stereotyped policies of the states. Even prudent national leaders may fall pray to the pragmatism of popular pressure at the national level. As leaders seldom brave losing the national election, the fear of losing the governmental power may obstruct resolution to regional problem. Thus, the process needs a continuous push to keep it on the right track. Track-Two works to keep pressure on Track-One. Not only internal, but also external elements may play a significant role in Track-Two. The success of cooperation in any track lies in its the trickle-down to Track-Three i.e., cooperation at the individual or people-to-people level. The role of all these tracks becomes more desirable and vital when the official process loses its dynamism or when the regional parties detract from the path of peaceful interactions.

#### **1.4 Focus of the Study: Functionalism and Regionalism in South Asia**

The philosophy of functionalism maintains that not only crisis and conflicts but also co-operation and convergence can compose international relations. This idea is quite similar to that of the World Order Model (WOM) evolved by the great peace researchers. It pleads for the development of piecemeal cooperative organisations, which would be most effectively established at the regional geographic level and in the economic, technical, scientific, social and cultural sectors. Thus, functional cooperation happens in these sectors and in the sectors alike. The exponents of functionalism think that the vested interests of the nationalist governments hinder solution to many relevant issues in a given region, but if the nations work together for common causes following the line of regionalism they can get rid of these hindrances, to a great extent. The proponents of functionalism stand against the ‘kill or be killed’ philosophy of the

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<sup>16</sup> . SAARC Secretariate, *Dhaka Declaration, 1985*, First SAARC Summit, para 8

<sup>17</sup> . Sundeep Waslekar, *Track-Two Diplomacy in South Asia*, International Centre for Peace Initiatives, Bombay,

realist paradigm. To many scholars, functionalism is the most insightful critique of the security or conflict regimes of international politics. Critics sometimes castigate functionalism as it undermines 'sovereignty' of the states and 'nationalism' of the people. Responding to the criticism the father of functionalism David Mitrany said, "In the first place, the functional approach does not offend against the sentiment of nationality or the pride of sovereignty. Instead of a fictitious formal equality it offers even to the weakest of countries the assurance of non-domination and of an equality of opportunity in the working benefits of any functional activity in which it participates."<sup>18</sup> In its inception the term 'regionalism' referred only to state-to-state contact. Gradually it advanced from direct communications at the official level to an institutional mechanism. Now, a cooperation process goes on in all possible tiers and tracks in South Asia—state-to-state, organisation-to-organisation, people-to-people, etc. The network of regional co-operation increases in a continuous process, directly or indirectly being imbued by the mechanism of the South Asian Association for Regional Cooperation (SAARC). Other catalyst institutions are playing their role to enhance cooperation in this region. Research institutions, NGOs, university teachers, former bureaucrats, journalists, etc., are active in Track-Two. Direct interactions of common people across the borders are also being ensued. This is co-operation in Track-Three. For convenience we again remember the basic thrust of cooperation in South Asia: the strategic issue of alleviation of poverty through the increasing of cooperation in culture, trade and economy, and emboldening the confidence-building measures between or among the states. The forerunners of regionalism in South Asia adopted a functionalist line for solving those issues through cooperation. In other words they have adopted a functionalist approach for the resolution to common problems of the region. The focal point of the study is to observe the regional process in South Asia through a critique of the functionalist approach.

South Asia is one of the developing regions of the world. There are many issues in the region that have cross-border effects and their solution by a single-state effort is impossible. Thus, regional cooperation may be one of the most acceptable alternatives to address these problems. The main thrust of regionalism in South Asia is to enhance and enlarge economic and cultural

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India, ACDIS Occasional Paper, 1987, p. 1

<sup>18</sup> . David Mitrany, "The Prospect of Integration: Federal or Functional?", Joseph Nye Jr , *Peace in Parts: Integration and Conflict in Regional Organisations*, Little, Brown and Company, Boston, 1968 , pp. 65-66.



gains of the member nations through mutually beneficial regional transactions to explore regional resources, and to order regional problems through understanding and peaceful means.

Initiatives for cooperation on peace and development are necessary in periods of peace as well as crisis. Thus, it is important to study how the prevailing problems can be overcome, how cooperation in the different tracks is addressing the issues, and why the process of functional cooperation 'spills over' from one sector to another, and from one track to another. At the same time, the question of why cooperation in the functional approach cannot meet expectations should be addressed, and last but not least, if it fails to address peoples' demands and desires, what is the alternative, especially for small states like Bangladesh. Thus, it is the prime rationale of this study to address the question of whether the ongoing process of cooperation in South Asia is the right track; and if it is not, then to explore alternatives. It is true that South Asia is a region backward in most elements of development. It may lack the knowledge necessary to make the process successful. The civil-society people, through discussions, seminars, symposiums, etc., are trying to consolidate the total thought process on regional cooperation: how to bridge the gaps amongst themselves, how to turn the fruitful discussions of the problems to solution, and how to direct the national development and peace endeavours towards solving the problems, and to what extent this is possible.

## **1.6 Objective of the Study**

The overall objective of the study is to revisit the whole process of regionalism or regional cooperation in South Asia with the yardstick of various criteria of the functionalist approach. The specific objective of the study are:

- (a) to determine the present state of co-operation in South Asia;
- (b) to extract the philosophy or theory of functionalism;
- (c) to examine the regional co-operation in South Asia on the various criteria of functionalism. This will correspond to the various phases of functionalism: pre-functionalism, functionalism and post-functionalism; at the same time, this study will examine cooperation with a consideration of attitudinal, behavioural and structural (or institutional) aspects;
- (d) to provide an assessment of the ongoing process of cooperation; and then
- (e) to draw concluding remarks.

## 1.7 Methodology of the Study Dhaka University Institutional Repository

This is a medium-sized study following a cross-sectional study design. The study design allowed the researcher to explore relevant retrospective data and information. Purposive random sampling method was followed in the study.

i. *Selection procedure:* First of all, the sample was chosen considering the only broader criterion 'knack' for international relations and regional cooperation. Here some fundamentals worked as endowments for selection. These include knowledge, expertise, involvement, and enthusiasm of the informants in or about regional cooperation in South Asia. The communities of teachers, researchers, politicians, journalists/media people, practitioners of international relations, i.e. officials in the Ministry of Foreign Affairs, Dhaka were accepted for the selection. At first the attempt was to select an equal number of people from the sub-set of the sample, selected at random. But due to inconvenience of communication with politicians and leaders of the business community a greater number of teachers, students and journalists were to be accepted in those 'slots'. A compact figure of 100 people was questioned on different issues relating to regional cooperation in South Asia through a prescribed questionnaire. Three politicians including one minister; twenty one teachers of Dhaka, Rajshahi, Chittagong and Jahangirnagar Universities; seven foreign ministry officials; twenty journalists including seven editors; seven leading businessmen including three business community leaders; twenty five university students of international relations at the university level; twelve government officials other than that of the Ministry of Foreign Affairs; and five commoners helped by responding to the prescribed questions. Due to lack of financial support and other shortcomings all informants were selected from Bangladesh.

ii. *Data Collection:* Data were collected through a questionnaire-based survey. Secondary data were collected from books, theses and/or dissertations of the predecessor researchers, journals and periodicals, monographs, resolutions, communiqués, proceedings of meetings, and other relevant documents. Along with this, the study observed the happenings in the international pageants as well as that of the regional milieu in general, particularly of South Asia.

iii. *Validation of Data Collection:* Several cross checks and triangulation were done to validate the data. Cross-sectional and retrospective data were merged together to see the pattern of



similarities and dissimilarities. Triangulation was done by comparing the research findings of the published works—research reports, monographs, theses or dissertation papers, articles, etc. Researchers' notebooks and interviews of key informants were also consulted.

iv. *Time Frame of the Study*: The tentative time frame of the study was one year. Within the first three months, finalisation of research proposal, sampling procedure, selection of informant groups and then individuals, and draft questionnaire preparation were completed. Then a small pilot survey was undertaken to test the questionnaire; it was finalised in one week. Data were collected and simultaneously checked and analysed in two months time. In five months the dissertation was written and revised. The time frame allowed the researcher to make necessary changes. However, as the researcher was occupied in a demanding position in the field of development and as the position preoccupied the researcher with frequent trips outside Dhaka, it took some time to complete the thesis and then present the study to the appropriate authorities.

### **1.8 The Scope and Organisation of the Study**

Regionalism in South Asia is the continuation of the growth and spread of regionalism in the realm of the international system. The scope of this study was to evaluate the overall process undergone by the countries of South Asia with regards to cooperation in the needed areas for mutual benefit. The study also delved into its prospects. With this end in mind, a theoretical framework of functionalism has been used in this dissertation from which indicators or criteria were explored to examine the regional process. This study attempted to have a critique of the regional order and of the regional process, and their prospects and constraints. Thus, the organisation of the thesis will follow an outlined thematic thrust. It reviewed the theories and concepts relating to functionalism. The indicators were solicited from various theories of this approach and then, these indicators can critically be seen in the context of regionalism in South Asia. An assessment and a conclusion, along with some recommendations, are offered. The thesis may be organised in the following chapters corresponding to the organisation of the thoughts:

i. *Functionalism as a Tool of Analysis: Concepts and Theories*. The main focus of this chapter is the understanding of the concepts and theories of functionalism.

ii. Deriving Indicators/Criteria from the Theory and Concept of Functionalism. This advances towards a critique of regionalism through the functionalist approach.

iii. Functionalism in South Asian Regionalism: The Critique. A critical look will be given to the derived indicators in the context of regionalism in South Asia.

iv. Assessment of South Asian Regionalism: Trends and Practice of Cooperation. The focus is on SAARC as an organisation and SAARC as a spirit. An assessment juxtaposing South Asian regionalism and the adopted path of functionalism to achieve potential gains is offered.

v. Conclusion and Recommendations. From the overall interpretation findings are furnished in a brief and some recommendations hereby will be offered.

In the whole course of analysis there will be attempts to justify the functionalist approach in the regional cooperation of South Asia.

## FUNCTIONALISM AS A TOOL OF ANALYSIS: CONCEPTS AND THEORIES

### 2.1 Introduction

Functionalism grows from a functional relationship. "This occurs when a definite relationship exists between two variables, as for example, between the price of commodity and the quantity of it demanded in the market".<sup>19</sup> However, David Mitrany, a British social scientist used this theory of economics in international relations. As a result of both World Wars, Mitrany saw the nation-state to be lacking in its stability either to preserve peace or to improve the social and economic well-being of its inhabitants. Thus he developed a theory to provide a vision of integration of the forces of the states for their mutual development. Later this theory of integration were developed by many, such as Ernst B Hass, Juhan Galtung, Amitai Etzioni, and so on. Three main approaches—pre-functionalism, functionalism and neo-functionalism—are visible in those theories. These stages of functionalism will be discussed below, while a brief discussion of a fourth approach, will follow.

#### 2.1.1 Pre-functionalism

The functionalist, along with the neo-functionalism, approach to integration is the most established approach in the analysis of regionalism. Thus, some scholars think that analysis of a certain integration process in the stage of pre-functionalism is also pertinent and that become more relevant when we work on a subject like regionalism in South Asia, where regionalism is yet to mature.

In his examination of the European Coal and Steel Community (ECSC), Ernst B. Hass found that only after the ECSC had been in operation 'successfully' for several years, that the leaders in large numbers came forward to be pro-community. The experience of gains from the ECSC stimulated the leaders to go to the forefront with other efforts for European integration, including the Common Market. Thus, there was a marked tendency of the people, who had experienced gains from supranational institutions in one sector to favour integration in other sectors. Hass suggests that decisions made in organisations at the international level may be

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<sup>19</sup>. J. L. Hanson, *A Dictionary of Economics and Commerce*, Fifth Edition, The English Language Book Society and Macdonald and Evans Ltd,



integrative. "Earlier decisions spill over into new functional contexts, involve more and more examples, call for more and more inter-bureaucratic contacts and consultations, meeting the new problems which grow out of the earlier compromises."<sup>20</sup> Thus, there is an 'expansive logic' which contributed to 'spill-over' from one sector to another. The process is one whereby the nations 'upgrade' their common interests. In collaboration with Philippe Schmitter, Hass has set forth three sets of variables which seem to intervene consistently between the act of economic union, and thus, to the possible end of 'political union.' The first set, 'background variables' include the size of member-units, the extent of social pluralism within the units, elite complementarities, and transaction rates among units. The stage in which these variables become explicit can be labelled as the pre-functional stage. When these appear to happen in a region for a mutual purpose it may be called pre-functional regionalism. Conceptually, if the 'process variables' that include decision-making style, rates of transaction, and the ability of governments to adapt to the crises or ups and downs in the formative stage of the regional unit, then those variables belong to the neo-functional category.

Amitai Etzioni has examined efforts in the formation of political units at a level beyond the nation-state. He suggests that any study of political unification may pose four major questions: Under what conditions it is initiated? What focus directs its development? What path does it take? And what is the state of the system affected by the process once it is transited?<sup>21</sup> Etzioni's objective of asking such questions is to understand the evolution of the unification process — from its inception up to its maturity. His unification model involves four stages: (1) the pre-unification states; (2) the unification process, i.e., integrating power; (3) the post-unification process, i.e., integrated sectors; (4) the termination state. His first question — 'Under what conditions it is initiated?' — is relevant to the phase of pre-functional co-operation. According to Etzioni 'for integration to occur, it is necessary to have interdependence among the participating units'.<sup>22</sup> Thus, the condition of mutual interdependence and the state from which cooperation venture in the functional aspects moulds that process that can be called pre-functional regionalism. Thus happens 'subconscious' regional co-operation without any explicit motive of cooperation between or among the member states. It can be said that there is a natural

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London and Polymouth, 1977. p. 218.

<sup>20</sup> . Ernst B. Hass, *International Integration: The European and Universal Process*, International Organisation, Vol. XV, Autumn, 1961, p. 372.

<sup>21</sup> . Amitai Etzioni, *Political Unification*, New York: Holt, Rinehart and Winston, 1965, p. 14.

<sup>22</sup> . *Ibid.*, p. 34

feeling of cooperation for mutual necessity in a region without any institutional support. As for example, it is the stage prior to the arrival of ECSC in Europe, in South Asia it can be traced in the age prior to Ziaur Rahman's informal parleys with the regional governments for an organisation in the early 1980s. Members of the pre-functional process do not necessarily belong to the same international organisation. A feeling of commonality in a cooperative attitude in a certain region, may be referred to as the pre-functional stage of regionalism.

### **2.1.2 Functionalism**

Functionalism, according to Webster's Third International Dictionary, refers to "... a theory of culture which analyses the interrelatedness and interdependence pattern and institutions within a cultural complex or social system and which emphasises the interaction of those forms in the maintenance of socio-cultural unity or in meeting bio-social requirements; any doctrine or practice that emphasises practical utility or functional relations; a system of functional organisation or representation; the theory and practice of achieving cooperation or union between government units by gradual integration of economic and other functions rather than immediate political federation."<sup>23</sup>

This definition refers 'functionalism' as to functionalise the units performing specialised tasks. David Mitrany, who developed the concept of functionalism, assumed that functional activities influence international activity and contribute to world peace and development. Virtually, the basic strategy of the functional approach was 'to shift the focus of attention from divisive political issues to non-controversial technical ones'. According to him, the complexity of modern society created new sets of problems, essentially technical and non-political in nature, in the solution of which the technical experts must have an upper hand. Because of the vastness of these problems that could not be solved at the national level; rather a cooperative attitude and actions could help. This collaboration would create trans-national ties among the nation-states. Thus, as an alternative to conflict, Mitrany suggested, "the gradual creation of a trans-national web of economic and social organisations and the remoulding of attitudes and allegiances to make the masses of people more amenable to international integration."<sup>24</sup> He believed that

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<sup>23</sup> . Philippe Babcock Gove and The Merriam-Webster Editorial Staff, op. cit. p, 921.

<sup>24</sup> . Qouted in James E Dougherty and Robert L Pfaltzgraph, Jr., *Contending Theories of International Relations*, New York: Harper & Row, 1981, p. 420



activities in different functional areas could bring various nations together which would ultimately contribute to world peace. This is known as the doctrine of ramification.

Mitrany argued that successful collaboration in any particular technical field or functional area would have the leading effect to persuading the governments who are convinced of the benefits of cooperative endeavours in expanding similar collaborative ventures in other fields. In the functionalist thrust the main importance lay in the reduction and side-tracking of political aspects by initiating regional action on non-political, non-controversial issues at lower or any other appropriate and possible levels of decision making authority.<sup>25</sup> Notwithstanding this, the socio-economic forces and their implications could transcend political boundaries and barriers only to an extent, and not beyond.

### 2.1.3 Neo-functionalism

Integration theory reflects its main preoccupation with the socio-economic interests while pressure groups are the main agents of the process. Integration as a process has been dealt with by Ernst B Hass. He analysed international relations with the use of an elaborate theoretical framework and defined integration as a process "whereby political actors in several distinct national setting are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states."<sup>26</sup> In this regard he also justified the use of systems theory in developing his own framework for the 'ability (of the system) to link the will of the governments with the shape of the world to come.' He assumed that "integration proceeds as a result of the work of the relevant elite in the governmental and private sectors, who support integration for essentially pragmatic rather than altruistic reasons. Elite having expectations of gain from activity within a supranational organisational behaviour are likely to seek out like-minded elite across national frontiers."<sup>27</sup> He referred to the process as (the concept of) 'spill-over' which is very similar to the Mitrany's doctrine of ramification. While presenting his theory, Hass acknowledged indebtedness to Mitrany but differed with him on some points, such as 'it is almost impossible to

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<sup>25</sup> . Joseph S. Nye, *Peace in Parts: Integration and Conflict in Regional Organisations*, Boston, Little Brown, 1971. Also his, *International Regionalism*, Boston, Little Brown, 1968; Stanely Hoffman, "Discord in Community: The North Atlantic Area as Partial International System", *International Organization*, Vol. 17, Summer 1963.

<sup>26</sup> . Quoted in Dougherty and Pfaltzgraph, *op. cit.* p. 421, Ernst B. Hass, *The Uniting of Europe: Political, Economic and Social Forces*, (Stanford University Press, Stanford), 1958, p. 16.

<sup>27</sup> . Quoted in Md Abdul Halim, "The Philosophy of Science: Assessment of Integration Theory", *Social Science Review*, vol. VI, June &

divorce technical tasks from politics, or welfare activities from power.' Along with putting efforts into refining functionalist theory of integration by upholding 'power,' what Mitrany ignored, Ernst B. Hass simultaneously recognised that "functionally specific international programmes, if organisationally separated from diffused orientations, maximise both welfare and integration."<sup>28</sup> Such programmes are expected to produce organisations whose 'powers and competence' grows keeping pace with the expansion of conscious tasks. As a result of the learning process he advanced the corollary that integrative lessons learned in one functional area would be applied in other areas that would eventually supplant international politics. Thus, crucial to neo-functionalism is the 'gradual politicisation of the actors' purposes which were initially considered 'technical' or 'non-controversial' or 'non-political'. In response to initial 'technical' purposes the elite agree to consider the spectrum of means considered appropriate to attain them. The agreement of the elite/governments involves politicisation. Here a welfare-orientation is also achieved. But this needs two clarifications: that regional voluntary groups are more likely to achieve integration rapidly and smoothly than that by a universal organisation, and the experts who have responsibility to no one at the national level may find that their recommendations are ignored. In this respect Hass suggested the joining of the expert managers of functionally specific bureaucracies together to meet a specific need. He said, "International integration is advanced most rapidly by a dedication to welfare, through measures elaborated by experts aware of the political implications of their task and representative of homogenous and symmetrical social aggregates, public or private."<sup>29</sup>

In his work on the International Labour Organisation, Hass developed a model, which brings together the functional analysis of general systems theory and refines the 'spill-over' concept. Now, the concern becomes to what extent the international organisation can transcend national boundaries and thus transform the international system. Government policies, the product of the interaction of national actors and their environment, constitute inputs into the international system. The organisations and accepted bodies of law form the structure of the international system. The structure receives inputs and converts them 'from tasks to actions'. The steady spread of functionalist organisations to greater and greater circles of activity is expected to

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December, 1989, Nos. 1 & 2, p. 21.

<sup>28</sup> Ernst B. Hass, *op. cit.*, p. 113.

<sup>29</sup> *Ibid.*, p. 16.

trigger a 'spill-over'. Naturally it leads to increasing degrees of cooperation and eventually to political unification. 'Spill-over' more generally involves the development of subsidiary and related organisations designed to complement the activities of the organisations and meet the necessities of them. As far as the strategy is concerned, it tends to emphasise cooperation-oriented aspects of behaviour of the actors in international relations and avoids conflict-oriented ones. To quote Ernst B Hass, "They look at the globe in terms of politics of co-operation and reason rather than the politics of conflict and irrationality. Gradually, they hope, with the accumulation of a large variety of functional organisations linking people and their interests across national boundaries, a transformation in both national attitudes and institutions will take place."<sup>30</sup> Neo-functionalism maintains that the nation-state system will wither away as the trans-national and supranational attitudes will prevail resulting in an integrated world. Then there is a possibility that economic union will advance towards political union, and the higher the scores of each variable, the more likely it is that economic union will 'spill-over' into political integration. The breakthrough mainly Hass brought about was the advancement from functionalism to neo-functionalism that considers elements of politics alongside other realities. In his writing Mitrany also gave touch of politics. He assured that functional activity could reorient international activity and contribute to world peace. Eventually such collaboration would encroach upon, and even absorb, the political sector. He said, "economic unification would build up the foundation for political agreement, even if it did not make it superfluous."<sup>31</sup>

Building upon the work of Mitrany and Hass, several researchers have made efforts to redefine neo-functionalism. Of them Joseph Nye suggests that neo-functional literature contain seven process variables, as the followings: i. functionalist linkage of tasks, ii. rising transactions, iii. deliberate linkage and coalition formation, iv. socialisation, v. regional group formation, vi. ideological identity approach, vii. involvement of external affairs.<sup>32</sup> In his own term Nye also has set forth four conditions for the functional process to be successful, that is, i. *symmetry* or economic equality of units, ii. elite value compatibility, iii. existence of pluralism, iv. capacity of member states to adapt and respond.<sup>33</sup>

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<sup>30</sup> Ernst B. Hass, "The Study of Regional Integration: Reflections on the Joy and Anguish of Pre-theorizing", *International Organisation*, vol. 24, Autumn 1970, p. 281. It was a 'Special Issue on Regional Integration.'

<sup>31</sup> David Mitrany, *A Working Peace System*, Chicago: Quadrangle Books, 1966, p. 97

<sup>32</sup> Jurgen Dougherty and Pfaltzgraph. *op. cit.* pp. 439-441

<sup>33</sup> . Quoted in, *Ibid* pp. 441-442



Writers on integration in general have several common features. According to Deutch and Etzioni, people learn to consider themselves as members of a community as a result of human communications patterns. In general, integration theorists hold that persons adopt integrative behaviour because of expectations of joint rewards or penalties.

#### **2.1.4 Post-functionalism**

In the stage of pre-functionalism the discussion was confined mostly in the official initiatives. In functionalism and neo-functionalism co-operation revolves around the process of government institutions and civil society people. The process may even accommodate the people to people level cooperation and transactions between or among the peoples of the member countries. Being imbued by the success of the cooperation process in these avenues the process may pave its way into non-functional areas. In this phase co-operation may reach to political arenas or the process of cooperation may take some new dimensions that are not followed in the functional approach.

## **2.2 Towards a Critique of Functionalist Approach in the Context of Regionalism in South Asia**

Various approaches have been developed as tools of analysis of regionalism. Amongst those approaches functionalism is a prominent one. The scholars of this school have worked intensively on the process of integration of the states of a particular region, its causes and effects, etc. These are in turn the focus of regionalism in South Asia also. Scholars of international relations define regionalism as a cooperation process of states for certain purposes in a region. The scope of this study is limited to a critique of functionalist approach in the context of regionalism in South Asia. For the convenience of the study we can resort to (for flagging) the concept of functionalism, as: "... explaining how and why States cease to be wholly sovereign, how and why they voluntarily mingle, merge and mix with their neighbours so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts between themselves. Regional cooperation, organisations, systems and sub-systems

may help describe steps along the way but they should not be confused with the resulting definition.”<sup>34</sup>

Regionalism in South Asia refers to the total process of cooperation in the region. As per the methodology of the study, regionalism in South Asia will be seen critically through functionalist approach of integration. The whole process of regionalism in South Asia will be examined from behavioural, attitudinal and structural points of view. Again, keeping in mind the communication pattern of the South Asian subsystem the study will advance with an analysis considering the terrain of cooperation—people-to-people contacts, state-to-state contacts, and institution-to-institution contacts.

At the same time the rationale of forging into cooperation is also important for the analysis. These may be labelled as the ‘rationale postulate’ of the members to participate in the process of regionalism. The rationale may include agendas in respect of peace, trade and economy, culture and other development issues of the member states to support a cooperation process. Four conditions identified by Aron Segal for regionalism in the Third World may be mentioned here:

- i. must offer economic benefits to each unit including an arrangement on the distribution of benefits;
- ii. must not threaten existing beneficial relationships or they must be replaced with new ones (equally beneficial);
- iii. must not constrain the policy of nation building; and
- iv. must not threaten the bases of support of existing national political elites.<sup>35</sup>

While examining South Asian regionalism critically by the indicators of functionalism, these factors should come under consideration, along with the criteria derived from functionalism and neo-functionalism.

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<sup>34</sup> . Ernst B. Hass, “The Study of Regional Integration: Reflections on the Joy and Anguish of Pre-Theorising,” *op. cit.*, p.610.

<sup>35</sup> . *Ibid.*

## CHAPTER III

### DERIVING INDICATORS OF FUNCTIONALISM FROM THEORY AND CONCEPTS

#### 3.1 Introduction

The indicators and/or criteria that emanate from different approaches of functionalism can be categorised as follows: attitudinal indicators, behavioural indicators and structural/institutional indicators. Again these indicators may be seen at the levels of state-to-state, organisation-to-organisation and people-to-people co-operation. In brief we shall bring about a typology of indicators of functionalism at different levels in the following.

#### 3.2 Attitudinal Indicators

*Attitude* refers to “the posture or position of a person, an animal, or an inanimate object or the manner in which the parts of the body are disposed; behaviours representative of the feeling; an organismic state of readiness to act that is often accompanied by considerable affect and that may be activated by an appropriated stimulus into significant or meaningful behaviour; a persistent disposition to act either positively or negatively toward a person, a group, situation, or value.<sup>36</sup> We can see the attitudinal indicators broadly at two levels: (a) from the attitude of the people of the sub-system, and (b) from the attitude of the states of the subsystem.

#### 3.3 Behavioural Indicators

Behavioural indicators refer to those that are related to the behaviour of the concerned phenomenon. According to *Webster's Third International Dictionary*, behaviour refers to: 1.a. the manner in which a person behaves in reacting to social stimuli or to need or to a combination there of; b. an activity of a defined organism; especially observable activity when measurable in terms of quantifiable effects on the environment whether arising from internal and external stimulus; c. anything that an organism does that involves action and response to stimulation; 2.a. the treatment shown by a person toward another or others, especially in its conformity with a divergence from the norms of good manners or social decorum<sup>37</sup>. Thus,

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<sup>36</sup> . Philippe Babcock Gove and The Merriam-Webster Editorial Staff, *op. cit.*, p. 141..

<sup>37</sup> *Ibid*, p. 199.



behavioural indicators of functionalism involve the actions and/or reactions of the member units and their people.

### **3.4 Structural/Institutional Indicators**

Structure refers to “something made up of more or less independent elements or parts: something having a definite or fixed pattern of organisation”<sup>38</sup> W.C. Clement an expert on region and regionalism said that any object which is in some sense an organised whole is said to have, or to be characterised by a structure. Very simply, structural indicators refer to manner of construction; the way in which the parts of something are put together or organised. “The principles of regional co-operation must be institutionalised in structures that will function in line with appropriate rules for the making and implementation of collective decisions.” Functionalism calls for a system of organisation or representation. Mitrany called for ‘institutional ties’ among the nation-states, a trans-national web of economic and social organisations, etc. While Hass in neo-functionalism talked about ‘integrative organisation’, etc., Johan Galtung emphasised prudence of the institution so that it can keep the member states within it. All theories of functionalism call for ‘strong support’ of the member states for the institution. Overall, this structure will have to be an advocacy role, based on its consultations with rationalised interest groups that will be active enough to orient participatory governments toward substantial cooperation. Hence, “it will be necessary to have agreement that the common technocratic organisation will be able to recruit a highly qualified permanent staff and will be led by distinguished administrators pledged to community welfare.”<sup>39</sup> The functionalist theories envisage that in the process of integration ‘loyalty is shifted from one centre to another,’ i.e., from the national government to the ‘regional secretariat’. Given those criteria in mind, we can proceed to have a brief knowledge of the structural indicators in different phases of functional cooperation. Besides, the cooperation process of the governments of the states, in South Asia there is a cooperation process among the peoples of the region. But the cooperation at the government level is inadequate to the necessity. Responding to the question that for the sake of improvement of the total process, whether the cooperation of the peoples should be further strengthened, one hundred percent of the informants gave their unanimous verdict, ‘yes’. As the

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<sup>38</sup> . *Ibid.* p. 1267

<sup>39</sup> . Paul Taylor, “*Elements of Supranationalism: The Power and Authority in International Institutions*”, 1978, pp. 216-235.

survey was conducted among cross-section of professionals, so, the result of it, reveals how the regionalism in South Asia has been able to create a zeal for cooperation in the region, at least.

### **3.5 Functional Indicators in Different Stages of Cooperation**

#### **3.5.1 Pre-functionalism**

For the sake of flagging, it should be reiterated, that the criteria of pre-functionalism actually lies in the 'expansive logic' that calls for co-operation in further areas. The 'background variables' have been mentioned in the previous chapter come up in this stage. If we recall the first of Amitai Etzioni's four major questions — 'Under what conditions it is initiated?', the answer to this question consists of the indicators of pre-functionalism. A stage for forging into co-operation may be automatically ready there, with no such explicit institutional support. Size and contiguous position of the member units, the interdependence among or between the units, etc., come up as the indicators at this level.

##### **3.5.1.1 Attitudinal Indicators: People-to-people**

In the theory of regionalism, Rupert Vanes refers to geographers' *ensemble de rapports* between man and natural milieu that we also find in the pre-functional stage. It calls for people-to-people contact in the process. Thus, it necessitates a feeling of 'commonality', and affinity amongst them. At the same time a feeling or realisation of interdependence comes to the minds of the people. Here we can recollect J. Galtung. He said that value integration, actor integration and exchanges among the parts and the whole — all call for 'common attitude of the peoples'. In respect of integration of values the members have 'coinciding interests' in the process, the *homology* of the similarity model of actor integration, i.e., each member of the actors may find an 'opposite number' in the other.

##### **3.5.1.2 Attitudinal Indicators: State-to-state**

These indicators refer to a feeling of common concerns, cooperative attitudes of the members and/or interdependence between or among the members to tackle the common problems, and overall, a willingness to resort to a 'community method' to face challenges, particularly in the functional areas, technical or non-technical.

### 3.5.1.3 Behavioural Indicator: People-to-people

Bruce Russett maintains that people support peaceful coexistence and no warfare amongst them, and to this end, there happens people's shifting of loyalty from national to international centre or institution. People share interest in communications within units and are learning to consider themselves as member of a community as a result of human communication pattern. It also emphasises peoples' ability to 'internalise' the process by the member elite, rather than the external elite to assume direction of the process. Along with this, people keep their allegiance intact in the process until they feel benefited or convenient.

### 3.5.1.4 Behavioural Indicators: State-to-state

Regional cooperation is needed when the demand of cooperation transcends the national boundary, i.e. when people's necessity presses for cooperation beyond the national boundary. Given the fact, in this level there grows on institutional *cooperation process*, so, an elaborate discussion of structural indicators in the stage does not appear important.

## 3.5.2 Functionalism and Neo-functionalism

David Mitrany's doctrine of ramification assumes that functional activities influence international activities and contribute to world peace and development. Although Ernst B. Haas upholds 'power' in his concept of spill-over while revising Mitrany's doctrine of ramification, he also recognises that functionally specific international programmes, if organisationally separated from political orientations, maximise both welfare and cooperation. Indicators of this level can be seen from the subsequent analysis.

### 3.5.2.1 Attitudinal Indicators: People-to-people

*Interdependence* refers to the process in which people are interdependent in all spheres of life — culture, politics and economics, etc. The allocation model of the relations in the process hinges upon people's expectation and assurance that they will gain in the process, be it either in a security guarantee, employment opportunity, increased scope of trade and food security, etc. It is called the *rationale postulates* of the people's enthusiasm in functionalism. Thus, it is clear that the functionalist thrust in the regional integration theory is concerned with the economic and social aspects of regional cooperation activities. It means that regionalism is a 'collective



action at the regional level to secure national goals.’ This encourages participation of peoples for their own benefits.

### **3.5.2.2 Attitudinal Indicators: State-to-state**

The functionalist phase of regional integration at first calls for state initiatives for cooperation in non-political sectors. Spurring upon it, co-operations spread in further sectors in an incremental basis. These may give birth to some organisations directly or indirectly helping the process. These organisations remould the attitudes and allegiances of the states to make the masses more amenable to international cooperation.

### **3.5.3.3 Behavioural Indicators: People-to-people**

In the age of science, technology, innovation and competition, there emerge new sets of problems, essentially technical and non-political in nature. Because of the ‘vastness of the problem’ their resolution needs the united actions of the peoples of the states, as mere state-to-state co-operation does not suffice the needs. To resolve these problems technical experts are more important than anyone, let alone politicians.

### **3.5.2.4 Behavioural Indicators: State-to-state**

The socio-economic forces and their consequent ideological implications can transcend political boundaries and barriers only to a limited extent. The novelty in neo-functionalism is that it upholds ‘power’ and ‘politics’ in the cooperation process. Even David Mitrany recognises the fact that it is almost impossible to divorce technical tasks from politics, or welfare activities from ‘power’. Until and unless political elite/governments are convinced of their self-interest in the process, there is a meagre chance of successful co-operation in any system or subsystem. This happens because of the following facts as maintained by Ernst B. Hass and other proponents of neo-functionalism.<sup>40</sup>

- i. The decision to proceed with integration, or oppose it, depends upon the expectations of gain or loss held by major groups within the units to be integrated.
- ii. Relevant elite in the government and private sectors’ support integration for essentially pragmatic rather than altruistic reasons.

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<sup>40</sup> The criteria derived here are heavily drawing on Ernst B. Hass, “The Study of Regional Integration: Reflections on the Joy and Anguish of Pre-Theorising”, *Ibid.*

- iii. The actors' purposes, which were initially considered 'technical' or 'non-controversial' or non-political, will come under 'gradual politicisation.' The elite's agreement stimulates this process.
- iv. A shared political commitment between major elite and government leaders is needed if integration is to move forward smoothly.
- v. There would happen gradual transfer of loyalty to the integrative organisation performing important tasks in the regional or international level.
- vi. The organisation and the accepted body of law form the structure of the international system. The organisation receives inputs and converts them 'from tasks to actions.'
- vii. The speedy spread of functionalist organisations to greater and greater circles of activity will lead to increasing degrees of cooperation and eventually to political unification.
- viii. That accumulation of a large variety of organisations linking people and their interests across national boundaries, 'a transformation in both national attitudes and institutions will take place.'
- ix. To face the challenges or to embolden the process the 'strong political leader' becomes crucial for pressing forward the process or other rewards at the national level for satisfying the pragmatically inspired proponents of integration.
- x. 'Spill-over' occurs only if the members desire to adopt the learning from one context and use it to a new situation on the basis of their interest-inspired perception.

#### **3.5.2.5 Structural Indicators: People-to-people**

Both Mitrany and Hass have emphasised the necessity of organisations for successful cooperation. As an alternative to conflict there should be a web of trans-national economic and social organisations. These organisations will remould attitudes and allegiance of the masses to be more amenable to international integration.

#### **3.5.2.6 Structural Indicators: State-to-state**

It was mentioned earlier that the speedy spread of functional organisation to greater and greater circles of activity will lead to increasing degrees of co-operation and eventually may lead to

political unification. According to KJ Holsti, "Power and competence' of the functionalist organisations grow keeping pace with the expansion of conscious tasks. The thrust of the political design has to be toward regional community formation on the basis of substantial institutionalised policy co-operation. But that collaboration should not be limited to market integration only, rather should extend to the co-ordination, harmonisation and eventual integration of industrial policies and management of trade to assist backward and disadvantaged areas, monetary cooperation, and the evolution of common policies for extra-regional trade."<sup>41</sup> Thus, the economic policies will also be touched and influenced by political design.

For the smooth advancement of the regional decision-making toward outcomes in the line of regional interest, emphasis would have to be placed on the need for a strong common secretariat. This would articulate policy proposals synthesised from national patterns of interest representation. Planning for such a structure in each setting should stress the importance of a vigorous task-oriented management culture, drawing on the experience of international firms with culturally diverse leadership and staffs. Again, this political designing should encourage the development of similar task of orientation at the political decision-making level, in what will normally be a type of regional council of ministers. At each level, such task commitment will enhance the prospects for resolving conflicts of interest, and to the extent this is done, the regional political cultures would be strengthened. Arrangements to deal with conflicts of interest will certainly have to be made as interdependence increased.<sup>42</sup>

### **3.5.3 Post-Functionalism**

Post-functionalism may be taken in two meanings: that the stage of co-operation in the functional phase is over and that it has entered the phase of cooperation in the political arena also, and in another, that the things have been emerged in addition to functional ones. Other than official initiatives the co-operation process may be ramified to other strings. Cooperation through Track-Two or Track-Three comes up in this point. The indicators in this level are given below:

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<sup>41</sup> Douglas Dosser, David Growland, and Kieth Hartley, eds., *The Collaboration of Nations*, New York: St. Martin's Press, 1982, chapter 5.

<sup>42</sup> K.J. Holsti, *International Politics : A Framework for Analysis*, Third Edition, Prentice-Hall, Inc., Englewood, Cliffs, New Jersey, 07632, 1985. pp 431-435.



### **3.5.3.1 Attitudinal Indicators: People-to-people**

The civil society men of the states feel the necessity to enhance ties between/among the peoples of the state to avoid conflict in the region and to promote peace. The states should allow people to communicate with one another directly in their own necessity. In this level the advanced citizens of the countries demonstrate their feelings for mutual co-operation with an intention to convince the public policies of the region in favour of more contacts and convergence. Today not only the people of the civil society who have manoeuvrability to convince the decision makers but also the common masses have been aware and active in the process of direct contact in the needed areas.

### **3.5.3.2 Attitudinal Indicators: State-to-state**

For the demonstration effect of contacts in miscellaneous tiers of co-operation in the people's attitude, the statecraft becomes convinced for convergence, brushing aside conflict for development than destruction in a subsystem. As for example, the former Cold War rivals USA and Russia now have been convinced of the fact that there is 'No benefit in war.'

**3.5.3.3 Behavioural Indicators: People-to-people:** In this phase the following things may happen:

- i. Participation of non-political persons in dialogues arrives at the solutions to problems, and influence state policies to implement the solutions.
- ii. Increase of the frequency of communications of the official persons as the consequent of non-official initiatives,
- iii. Channels of communications may include academicians, researchers, various professional groups: media personalities; environmental, gender and human right activists and development workers; election monitors, accountants, management experts, etc.
- iv. Demonstration or publicity plays a major role to motivate the people to come to the line of co-operation.

### **3.5.3.4 Behavioural Indicators: State-to-state**

In this level, the following things are seen to happen:

- i. State policies are influenced to a positive turn as the consequence of dialogues and communications of non-official people.
- ii. States will mutually accept and rigorously abide by international law and bilateral treaties when collective objectives of the units are not in harmony. It may also happen that unofficial forces are giving weight to it.
- iii. Maintaining of diplomatic protocol and etiquette in all transactions and negotiations, etc.

#### **3.5.3.5. Structural Indicators: People-to-people**

As in the process loyalty is shifted from one centre to another, i.e., from the national government to the 'regional secretariat,' thus there comes a pragmatic change in the mental of the peoples of the system. For a strong sense of community 'we-they' feeling will wither away. A pragmatic approach to issues of regional cooperation is important at this level. But the acceptance of declared principles of international cooperation is subjected to the satisfaction of their genuine utility to the states. Here, pragmatic attitude tends to develop in the elite political culture. Pluralistic society is suitable for its flourishing. Such attitudes are associated with the decision styles of the government figures operating under pressure of demand and information overload. They must seek to minimise risks and maximise gains while applying their limited expertise to public policy issues.

#### **3.5.3.6 Structural Indicators: State-to-state**

Awareness that other administrations have similar decision styles reinforces cautious approaches to proposals for regional cooperation. Here, "The state-craft have to be based on sound political designs that will orient the intended cooperation towards productive outcomes and ensure that it will be institutionalised."<sup>43</sup> Very interestingly, here the state encourages cooperation in Track-Two or Track-Three. They make arrangements for gatherings of scholars, youths or students, etc., on political or non-political issues so that the countries come into co-operation for mutual benefit.

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<sup>43</sup> *Ibid.*

## CHAPTER IV

### FUNCTIONALISM IN SOUTH ASIAN REGIONALISM: THE CRITIQUE

#### 4.1 Introduction

An effort of examining functionalism in the context of regionalism in South Asia has been undergone in the pattern set in the previous chapter. The various indicators of functionalism will be examined how far they keep parity with or compatibility to the on-going process of regionalism in South Asia. At the same time, there will always be a consideration of the attitudinal, behavioural and structural/institutional indicators keeping in mind the communication channels—people-to-people and state-to-state communications, etc. The three stages of functionalism—pre-functionalism, functionalism and post-functionalism—shall also be given due care. Certainly, a watertight boundary between or among the criteria or indicators in different phases may not be possible given the variables are interrelated and interdependent. As for example, because of *geographic proximity* a sort of *interdependence* may grow among the countries of the region. At the same time, an attitudinal indicator may have its corresponding behavioural implications for South Asian regionalism. This may happen in relation to the causes and effects of and for this regionalism.

#### 4.2 Attitudinal Aspects

In the South Asian realities functional criteria of attitudinal aspects sometimes appear simply as natural endowments. The countries of the region have vast socio-cultural and ethnic identities and proximity of race, religion, language, customs and so on. For centuries of coexistence the peoples have developed a community sense between or among them. For an *ensemble de rapport* between man and the milieu, they preserved and propagated keen philosophical tradition, cultural values and norms of life. The most important indicator of cooperation always lies in the attitude of the member states, which has the politico-strategic and economic implications on the entire gamut of cooperation.

In South Asia, the community sense or fellow feeling among the countries did not reach the level of the European community or of North America. We know in Europe that the continental people feel proud to identify themselves as 'European'. But 87% of informants of the present



study think that the inhabitants of the regional states in South Asia do feel comfort in identifying themselves as Indian, Pakistani or even Bhutanese, or so on, but not as South Asians. Only 4% of the respondents think that they feel comfort to be identified as South Asian, while the rest 9% think that among the peoples the feeling to identify themselves as South Asians is gradually increasing.

The contiguous position of the states of the region even has clear implications on the foreign policy of the countries — in convergence as well as in conflict. The foreign policy of most countries visibly follows the philosophy of Mondap theory in most cases— the next-door neighbour is enemy. The survey of the present study reveals that most people, about 56%, think that the dominant posture of India, with whom most other regional countries have a common geographical border, is the main obstacle to regional cooperation in South Asia. At the same time, in response to another question in relation to sub-regional cooperation among the four countries—Bangladesh, Bhutan, India and Nepal—70% of the respondents think that it is their geographic proximity that brought them more closer than other regional states—Maldives, Pakistan and Sri Lanka. Thirty-five percent think that better political relations worked behind it, while only 5% of the informants think that the economic infrastructure brought them to such convergence. Thus, geography in South Asian regional cooperation plays an illusive game, sometimes as a catalyst, and sometimes as a deterrent.

The point of *homogeneity* is no less important. The seven states share historical heritage and many commonalities in ethnic, linguistic, cultural and religious values. Most of the countries of the region bear the same history of British colonialism that also left a significant legacy of commonality for them. The glowing examples are the state system and its administrative methodology, etc. Say S.D. Mooni and Anuradha Mooni, “There are similar, if not identical, processes of historical evolution experienced by the countries of the region. For instance, the colonialism that gripped India, Pakistan, Bangladesh, Sri Lanka and the Maldives, left Nepal and Bhutan formally been un-annexed, but in effect these Himalayan Kingdoms could not escape most of the undesirable influences and implications of the colonial rule.”<sup>44</sup>

Similar is the case of linguistic ethnic communities. The British rule and its direct and indirect influence over the countries had left for them ‘a common bond’ — English as the common

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<sup>44</sup> S.D. Mooni, “SAARC at the Crossroads”, *Himal South Asia*, Kathmandu, May-June, 1997, p 26.

language — which may not be the first but not below third in the lingual preference of the people in any of the member states. Although there are several hundred languages and/or dialects in the region, this diversity is significantly and operationally narrowed down by the fact that English is the language of communication between the ruling elite and educated sections of the population in the region.<sup>45</sup> This has been reinforced by common political and administrative experience engendering liberal values of the Western type. In a whole, the religious, linguistic, and above all, value systems promote social and cultural interactions among the peoples of the region.

Economically too, there are many commonalties among countries of South Asia despite the fact they are more on the need side than on the resource side. The region is still underdeveloped, and forms one of the poorest belts in the world, notwithstanding the differences at the levels of poverty and deprivation due to the reason that the countries are facing acute shortage of resources to meet the necessity of the millions. They lack domestic resources and the odds in the international economic relations and these make the situation more vulnerable for them. They have been continuously afflicted by the centre-periphery dilemma in their external relations. Thus, being members of an underdeveloped sub-system they face *common external threats* in the manifestation of external economic dictates, in the form of neo-colonialism or dependency.

The standard of living of the masses in the region remains at a low level that does not vary much from one country to another. The economies are mainly agriculture-based, despite a reasonable degree of industrialisation in some of them. They pursue, in varying degree, a mixed economic policy. The economies are inherently interdependent in most respects. It is frightening that the present level of intra-regional trade does not exceed 5.0%<sup>46</sup>, while intra-EU trade 55%, intra-NAFTA trade 61%, and intra-ASEAN trade 25% of its total trade. Previously the picture was more frustrating. In 1992 it was 3% and in 1994 it was 2.8% (Table-4). But findings of a number of studies show clearly that there is enough scope for increasing the level of

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<sup>45</sup> *Ibid.*

<sup>46</sup> The datum is of 2002-2003 extracted from SAARC Chamber statistics. But Ayubur Rahman Bhuyan, "Impact of SAPTA on the National Economy", *National Seminar on SAARC Preferential Trading Arrangement (SAPTA)*, Dhaka, 1994, p. 4., shows it as 2.8% in 1992, Mahendra P. Lama, "SAARC: Shallow Regionalism, Political Abstinence and Economic Advocacy, 2000, shows it as 3.3%.

complementarity,<sup>47</sup> although there are no formal data available at the national and/or regional level about the volume of informal border trade between/among the members of the region. A

Figure-2: Intra-SAARC Trade is still insignificant in terms of the world trade (Table-4).

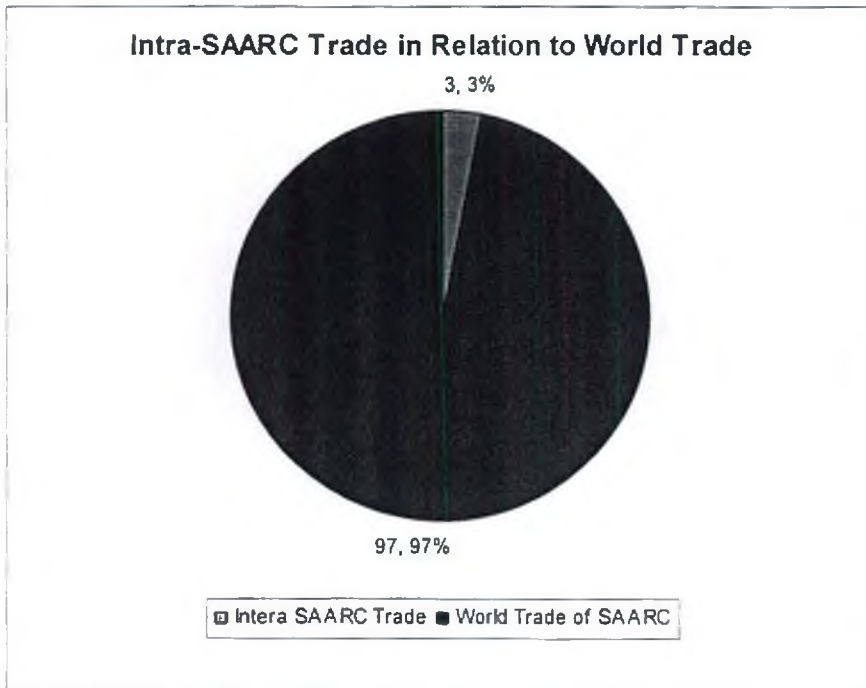


Figure-3: The India-Bangladesh trade happens in both the channels-formal and informal. In the formal channel the total trade is USD 738 million, in informal channel, USD 736 million (Table-3).



<sup>47</sup> Brig. Mohan, "Trade Prospects", *World Focus*, March 1982; Girish Pant, "Regional Trade Models", *South Asia Forum*, Inaugural No 1, Winter 1981, and M. L. Qureshi, *Survey of Economic Resources and Prospects of Asia*, Colombo: Marga Institute, 1981

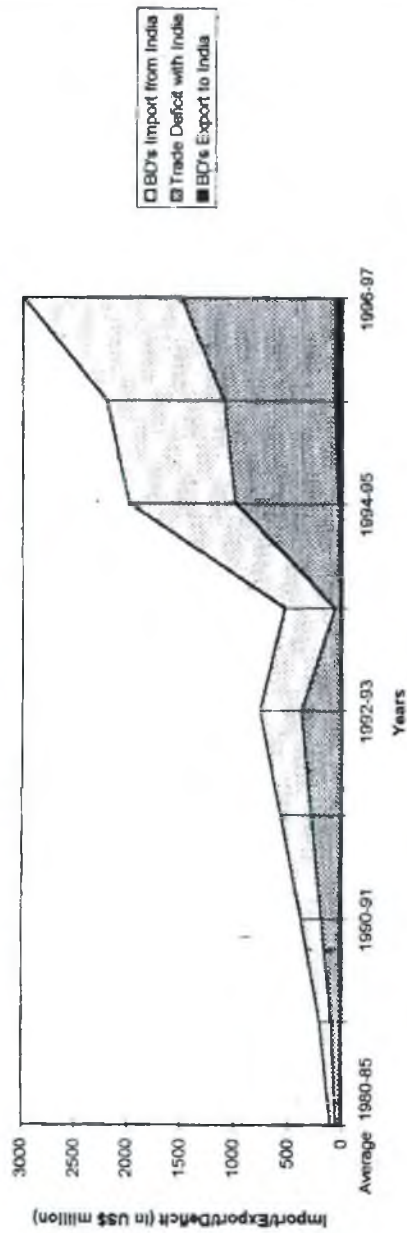


*priori* it can be assumed that the volume of informal trade is not lesser than that of the formal line. As for example, a macro-scenario of illegal cross-border trade between Bangladesh and India (Table 1) proves the discrepancy of the official data. It is still a popular practice that the amount of informal trade is never considered in the official statistics. In 1996-1997 the regional states had formal trade of \$1.5 billion while that in informal channel was of \$3.75 billion. If the intra-regional clandestine business is considered, it would be found that the seven economies of the region are very interdependent and there is an ample scope of promoting trade between/among them. The countries of the region have a comparative cost advantage in trading among themselves than the others in view of the lower transport costs due to their geographic proximity. If it had not been profitable, then there would have been no smuggling. If there were no cross-border demands, then there would be no instance of intra-regional smuggle-in and/or smuggling-out.

Although there is ample scope for economic cooperation, particularly in trade the regional cooperation is never at the expected level. May be the economic dynamics are not the factors that guide trade cooperation among or between the states in South Asia. Here the result of a brief study of BIISS scholar Shamsur Rahman can be cited.<sup>48</sup> Raman has shown the severity and magnitude of non-reciprocity in Bangladesh-India trade resulting in a colossal trade deficit against Bangladesh. The graphs of Figure-4 and Figure-5 also show the continuous trade gap between the states disfavours Bangladesh. The presentation reveals that starting from a very nascent volume during the early years of the reference period, the country's aggregate official imports from India steadily increased during the subsequent periods and became a huge total until 1996-97. On the other hand, Bangladesh's exports to India had been only a fraction of country's imports from India since the very beginning, averaging 33.4% during the 1980-85, and it grew only marginally during subsequent years. This resulted in a colossal amount of persistently growing bilateral trade deficit against Bangladesh. In statistical terms the country's aggregate imports from India had been only US\$56 million in 1979-80, while exports to India had been only US\$ 8 million, registering a trade deficit of US\$ 48 million against Bangladesh in

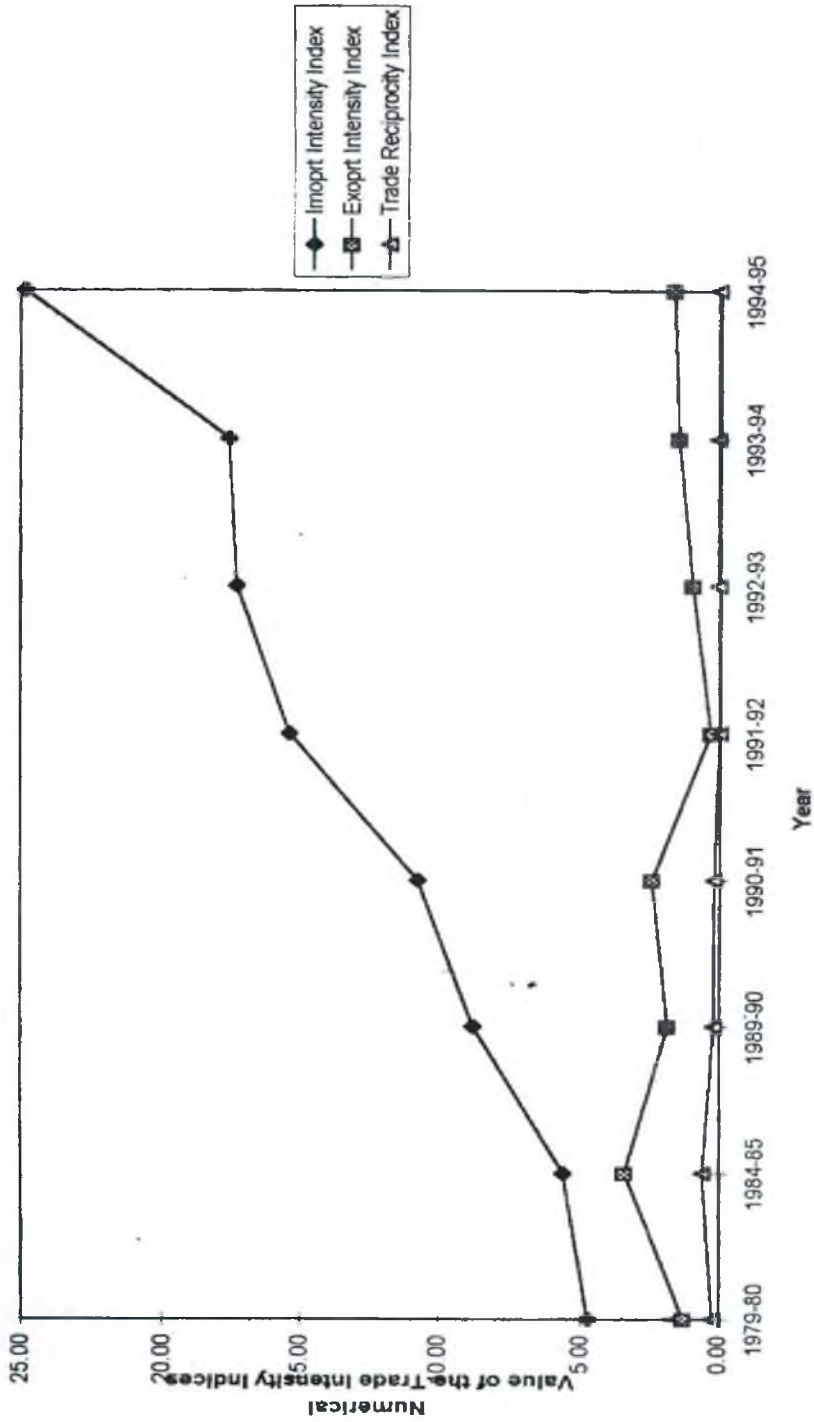
NON-RECIPROCITY IN BANGLADESH-INDIA BILATERAL TRADE

Figure- Trends of Bangladesh's Trade with India, 1979/80 to 1996/97



<sup>48</sup> Shamsur Rahman, "Non-Reciprocity in Bangladesh-India Bilateral Trade: A Case for Market Access & Domestic Competitiveness," *BISS Journal*, Bangladesh Institute of International and

Figure Trends of Bangladesh-India Bilateral Trade Intensity Indices, 1979/80 to 1994/95





the trade account. As for a snapshot, aggregate official import from India amounted to US\$ 1.5 billion in the fiscal year 1996-97, as opposed to only US\$ 80 million export receipts, setting an all time record of bilateral trade deficit at US\$1.42 billion against Bangladesh. At the aggregate level, between the study periods, 1980-1997, Bangladesh imported a cumulative total of around US\$5.8 billion worth of goods and commodities from India in the official trade account. During the same period, the corresponding export figure was only US\$ 437 million implying a huge cumulative trade deficit of around US\$ 5.4 billion against the country in official bilateral trade account. The aggregate export of the country to India during the reference period is only 7.5 percent of the total official import from India.

As regards the magnitude of non-reciprocity, Table-8 provides some primary information on the severity and development of unevenness of bilateral trade over the study period. The country's export receipts from India during 1980-85 had been around 33% of the country's import payments to India. The percent share records the highest peak during 1983-84, reaching 47.1%. During 1986-90, exports receipts became only 11.9% corresponding to India. In recent years Bangladesh's export receipts are on average only 5.4 percent of the country's annual import payments to India. The above observation is indicative of the existence of escalating non-reciprocity of the country's bilateral trade with India. For the overall regional development all the bottlenecks in trade must be removed. The reason for non-trade or slim trade between the two countries also become clear if we look at the trade protection pattern in India (Table-6 and Table 7). The majority of exportable items from Bangladesh to India fall in the trap for India's given protection pattern of trade.

The economic interdependence appears explicit in the pattern of distribution of the natural resources, particularly the river water, and makes at least five countries utterly dependent on the Himalayan river systems southward of Tibet. Pran Chopra writes "... there is no economic linkage or leveller between the Asian countries, or to develop for the benefit of all Asian countries, which would affect their lives as can the granting or withholding the river rights by one South Asian country to another."<sup>49</sup> These are now appearing as bones of contention in Bangladesh-India relations.

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<sup>49</sup> Pran Chopra, "Why South Asia and How", *World Focus*, March 1982, p. 6

However, there are also some phenomena in the countries of South Asia for which states always cannot come forward for convergence with one another. The first important thing in this respect is the contiguity of the states and their Indo-centric nature. This means that India is the central character to the whole region. This is not only in terms of its geographical location and contiguous boundaries with neighbours, but in consideration of its overall socio-economic and political manoeuvrability. The India factor is the main factor of foreign policy of other countries of the region because of India's position, and its attitude towards its neighbours and vice versa.

Even the 'nationalist scholars' of India do not hide it in their writings. According to S.D. Mooni and Anuradha Mooni, "There is a bit of India in other countries of South Asia. Against this, there is hardly anything of significance, which is common between India's one neighbour and the other. All the South Asian neighbours of India have only one thing in common amongst themselves and that is India."<sup>50</sup> Bhabani Sengupta *et al.*, writes, "The neighbours need an enemy to define their identities."<sup>51</sup> Indians see anti-Indianism in the neighbouring countries as instruments used by political leaders of the states to mobilise support of the nationals. Here it becomes necessary to remember the power structure of the region.

A Nepali scholar suggests that there are 'two types of actors' in South Asia — the dominant actor with a status of regional power, and the smaller actors with virtually no significant influence in international politics."<sup>52</sup> He said, however, that Pakistan had not been without international clout. Indeed, Pakistan is no small nation; its territory, population, natural resources and military strength entitle it to a middle-rank in the committee of nations. The other South Asian actors — Bangladesh, Sri Lanka, Nepal and the Maldives — lack the resource base and military power that draw international deference. If we consider the capabilities of the states the judgement becomes the same.<sup>53</sup> The Nepali scholar cited above believes that "India's dominant position... tends to cause a fear psychosis among her regional partners especially when there is difference in the vital and sensitive matters."<sup>54</sup> Some Indian scholars also share this

<sup>50</sup> SD Mooni and Anuradha Mooni, *Regional Cooperation in South Asia*, National Publishing House, New Delhi, 1984, p. 56

<sup>51</sup> Bhabni Sengupta, Amit Gupta & Prakashandra, *Regionalism in South Asia: Roles and Behaviour*, Bhabani Sengupta (ed), *Regional Cooperation and Development in South Asia*, CPR, New Delhi, South Asian Publishers, 1986, p. 23

<sup>52</sup> Shawat Hassan, "The India Factor in the Foreign Policy of Bangladesh", MG Kabir and Shawat Hassan, *Issues and Challenges Facing Bangladesh Foreign Policy*, Bangladesh Society of International Studies, Dhaka, 1989, p. 44

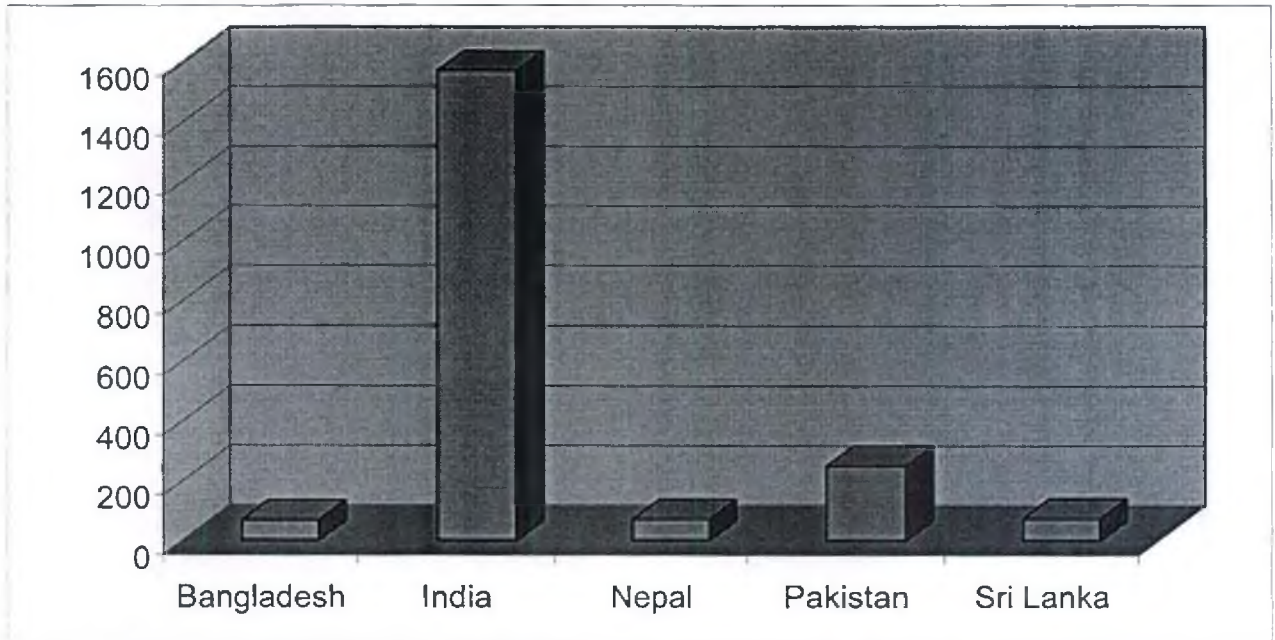
<sup>53</sup> Iftekharuzzaman, "The India Doctrine. Relevance for Bangladesh. MG Kabir and Shawat Hassan, *Issues and Challenges Facing Bangladesh Foreign Policy*, Bangladesh Society of International Studies, Dhaka, 1989pp. 19-20.

<sup>54</sup> *Ibid.*



perception.<sup>55</sup> India towers over other countries in South Asia in size, population, economic and military power, and capacity of resource mobilisation. Yet it is a debate whether it shows

**Figure-6: Defense budget of the SAARC countries, 2002 shown in the bar-chart below shows India's omni-potent position in South Asia (Table-2).**



Source: *The Military Balance 2003-2004*, Oxford University Press, London, October, 2003.

'hegemony' to the small neighbours or not. Sengupta says, "India by no definition is a 'hegemon.' A hegemon, by definition, plays a special role, enjoys unique privileges, and takes special responsibility for a successful operation of (a political or economic) system"<sup>56</sup> or a power "can change the rules rather than adapt its policies to the existing rules."<sup>57</sup> But the same authors argue in the same article, "When the interest of India and one or other of its neighbours vary on vital issues, India sometimes can, sometimes cannot, prevent the neighbours from getting what it wants."<sup>58</sup> The demystification of facts of the statement reveals one thing that India 'at least sometimes' can deter the neighbour's interests. So, smaller neighbours have reasons to get frightened of the monstrous capability of the big neighbour. These have sown seeds of suspicion and fear in the neighbour's psychology towards their regional common big brother whose record of being affectionate to them is very rare. Writes Mahfuz Anam, editor of Dhaka-based *The Daily Star*, "India is insensitive and condescending to the needs of its smaller neighbours. Its obsession with Pakistan and fear of China cloud all its things in South Asia. It does not understand, nor have any respect for the fundamental urge of its neighbours to be totally independent and be treated with respect and dignity. For India to be a regional or global

<sup>55</sup> See the literature, for instance, Anirudha Gupta, *Politics in Nepal: A Study on Post-Rana Political Developments and Party Politics*, Bombay, Allied Publishers, 1964, Writings of Kuldip Nayer in *The Daily Star*, Dhaka etc.

<sup>56</sup> Marina V.N. Whiteman, *Reflections of Interdependence: Issues for Economic Theory and US Policy*, Pittsburgh, University Press, 1979, p. viii

<sup>57</sup> Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition*, Boston, Little Brown and Co., 1977, p. 44

<sup>58</sup> Bhabani Sengupta, Amit Gupta, Prakashnanda, *op. cit.* p. 24.



power it must enjoy the full confidence of its neighbours which India expects but does not try to earn.”<sup>59</sup>

Since her victory over Pakistan in 1971 and consequently the dismemberment of East Pakistan (emergence of Bangladesh) from the Western part, India came out as an unparalleled regional power. It was then that the US recognised India’s supremacy in the region. Time Magazine was first to call India a ‘regional superpower.’ Subir Bhaumik said, “This India hegemony did not wane. So, when Bangladesh fails to fall in line, the Ganges is choked at Farakka and more so in its upper reaches. When Nepal does not come to terms, an economic blockade is enforced to stifle that landlocked economy. And when Sri Lanka refuses to play the surrogate, Tamil rebels are armed.”<sup>60</sup> This truly reproves A. J. P. Taylor: “Big states have always tried to dominate small states and will continue to do so.”<sup>61</sup> Iftekhar Zaman, a Bangladeshi scholar, who served as research director in BISS, Dhaka and the RCRS, Colombo, Sri Lanka said, “By nearly all perimeters of power — physical size, population, economy and resource base, industrial and technological underpinning, strategic location, historical past — the Indian elite feels justified to aspire for a greater power role, sooner or later.”<sup>62</sup> Suffice to mention India is the second most populous country in the world, the seventh largest country and one of the largest individual industrial producers of the world; has the world’s fourth largest army, sixth largest navy and eight largest air force, third largest arms producer outside the erstwhile communist bloc, and also third largest weapon importing country. India is the producer of its own medium tanks, supersonic jet aircraft, helicopters, naval frigates and infantry equipment, its navy is in possession of nuclear powered submarines, and the country has gained all the capability to produce countable size of nuclear arsenals within a few week’s notice.<sup>63</sup> Indian military might, and its economic base, in comparison to other South Asian countries have been given in graphs and charts. Thus, at least, sometimes India appears to be a hegemon to others. Statistics of India’s military might in comparison to that of other South Asian states will manifest India’s hegemonic status in the region. This approximate omnipotent power of India and her visible attitude instigate the ‘neighbour’s psychology to form a negative attitude about her. Thus, when a ‘hegemon’ neighbour preaches for common peace and confidence building measures or even

<sup>59</sup> Mahfuz Anam, “How is India as a Neighbour”, *The Daily Star*, Dhaka, August 6, 2000

<sup>60</sup> Subir Bhaumik, “How ‘Big’ Is Big Brother?”, *HIMAL South Asia*, Nepal, May/June 1997, p. 29.

<sup>61</sup> *Ibid.*

<sup>62</sup> Iftekharuzaman, *op. cit.* p. 18.

<sup>63</sup> *Ibid.* pp. 18-19.

pleads for mutual security arrangement in the region that rather foments their grief and frightens them with a reminder of the sick man's quinine-phobia, rather than providing with any solace. These fearful mindsets are not utopian. The Sikkim syndrome haunts them all along. If regional cooperation broadens and advances in scope their economies and politics may be integrated with and dependent on India.

Again, two more indicators of functionalism respond in negative in this respect: 'non-egalitarianism' and the lack of the expected role of the core' country. Cooperation in an egalitarian society is easier than that in a non-egalitarian society. Given the statistics of the distribution of capability of the member states, South Asia comprises a non-egalitarian society. Accordingly, regional cooperation in South Asia is not an easy task. The survey of the present study also reveals that 65% of informants think that the power, size and other areas of capability of the regional states in South Asia are not equal, whether there are differences in their expectation from the regional cooperation. Thirty percent of respondents think that there is no difference in their expectation, while 65% think there is difference in their expectations; 5% gave no opinion on this issue. However, in the process of regionalism the core country India was supposed to demonstrate an attitude reminiscent to that of today's Germany in Europe, USA in APEC (Asia Pacific Economic Cooperation), or Malaysia in ASEAN. India could not or did not even intend to do so in South Asia. At the same time, as cooperation is not a one-way-process, all countries have their due role to perpetuate and promote the process. In practice we see a reverse scenario that we shall see vividly in the analysis of the behavioural aspect.

A common threat perception sometimes plays a positive role for functional cooperation in a region. Only this thing, even in the absence of any formal functional process for common strategic gains, may lead the states towards cooperation. The cooperation in the states of Indo-China — Laos, Vietnam and Cambodia — was to a great extent triggered by their common fear of communist China. When the priority issues are concerned then South Asian countries easily can find their enemy in poverty or 'underdevelopment'. But in the military security aspect, we find their divergent perceptions mostly emanate from within the region. Some circles in the smaller nations feel that India with her vast size and superior military and economic power always aims at regional dominance. This India-fear is linked not only to the geo-strategic location but also to the various pronouncements by the Indian leaders stressing India's strategic link with its smaller neighbours. One scholar says, "Perceived threat might be overt, directly

related to the independence and integrity of a state regime (e.g., Sikkim in 1973-75, Nepal in 1960-62, Bangladesh in 1975) or it might be covert, related to indirect pressure on them. India's conception that the small states of the region lie within her security sphere has entailed the corollary that these states must sub-serve her security interests and move within the India orbit."<sup>64</sup> That is, while rest of the countries of the region perceive threat from India, she perceives threat from either a 'combined regional rest' or from outside. Here the alignment pattern of the Cold War era should come into consideration. Although India did not support Soviet occupation of Afghanistan, her ambivalent approach towards its withdrawal, for example, or her recognition of the Heng Samrin Government of Cambodia clearly put her in a position of isolation from the other countries of the region. Consequently, although there is a visible consensus over the superpower's withdrawal from the Indian Ocean and making it a Zone of Peace, there are underlying differences in the regional countries' national perspectives, linked to their misgivings about the intentions of the bigger neighbour in the event of an eventual vacuum.

The Indo-centric thought process of the six neighbours aggregately forms their attitude and also attitude of India. These opposite attitudes ultimately dominate the relations of the regional states, be it functional or non-functional. From this notion of relations one thing becomes clear although the countries badly needing cooperation in the functional areas, they actually could give little heed to that necessity. Rather, the old psyche of stereotype and parochialism in the state policy and idiosyncrasy of the relevant elite dictate the policies only to affect the behavioural aspects of state-to-state and people-to-people cooperation.

### **4.3 Behavioural Aspects**

Image shapes policy. The appearance influences the making of 'attitude' about something. This is a conjecture in the foreign policy making of the states. It happens tacitly or directly. That policy attitude is reflected in the behaviour system of the actor in a given situation and it has implications for the analysis of regionalism in South Asia. This is important in the aspect of the political relations of the states. In response to the survey question, what is the state of bi-lateral relations of the states in South Asia, only 9% of respondents think that it is very good, 12% think that it is good, the bilateral relations is bad in some respects thinks 56% of respondents,

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<sup>64</sup> Shelton Kodikara, *Strategic Factors in Inter-state Relations in South Asia*, Canberra Papers, No 19, p 65-66



25% think that it is bad, while the rest think that they have working relations. Given the political relations of the states, what is the prospect of functional cooperation in South Asia, of the total 100 respondents, only 6% think, without giving any conditionality, that it is good, 3% think that it is not possible to expect 'good', 24% express their optimism that gradually the situation will improve, while 65% of informants think that the prospect of regional cooperation depends upon the initiatives and able leadership, while 2% think that the bilateral political relations will leave no affect on the regional process.

The examining of the behavioural indicators can begin with *symology*. It encompasses parity, similarity and compatibility. The parity of power has been dealt with in the attitudinal aspects. But similarity in political systems and compatibility in strategies of economic development, etc., are also important in this analysis.

For years of dismal political system of the countries in the region, the countries could not come up with a common goal to achieve. In respect of similarity in the political system, there had prevailed a wind of democracy across the region until the breakdown of democratic rule in Pakistan on October 12, 1999 and the assassination of the royal family members in Nepal. The only exception was Bhutan, even where the king had taken the initiative to turn the constitutional monarchy to a constitutional democratic state. Bangladesh has evolved a new phenomenon of general election under a 'caretaker government' in 1991. It has been helpful to make elections more effective and the election results more acceptable to the people. So far, three general elections in 1991, 1996 and 2001 have been held under this system and state power has been handed over to democratically elected governments passing through a three-month transitional interregnum of caretaker government. The caretaker government for electioneering has been a milestone in the institutionalisation of democracy in the country, especially in the aspect of lawful transfer of power through people's verdict. The choice of Justice Sahabuddin as President by Sheikh Hasina's regime in 1996 proved farsighted and fruitful for the country's democratisation process. Shahabuddin appeared as a paramount personality since his taking over the 'responsibility' of the caretaker government and the successful political transition under his auspices in 1991, just in the wake of the oust of the autocrat Hussein Muhammad Ershad. After regaining power through the people's verdict the second Khaleda regime has undergone for faster renovation efforts for the democratisation of

the administrative and political process. These are manifested in the election pledges and the various initiatives, e.g. to implement the Ombudsman system as per the clause of the constitution, Independent Anti-Corruption Bureau, separation of judiciary from executive, publishing white paper of the graft cases of previous government (knowingly the same lot for them when they would be out of power), the offer of some positions of chairman in parliamentary bodies and even that of Deputy Speaker to the main opposition party in the parliament. Apart from Bangladesh, India and Sri Lanka practice parliamentary system along the Westminster line. After independence, the Maldives established a representative government. Nepal and Bhutan are practising, with varying degrees, stable monarchies. Nepal enjoys parliamentary democracy under the ceremonial role of the king. The process has been shocked and thus trembled in the incident of the assassination of King Birendra and other members of the royal family. But the situation is now peaceful. Here Pakistan, the most unpredictable state in South Asia as far as constitutional rule and democracy are concerned, is stuttering. After a general election, Pakistanis were enjoying democracy under Nawaz Sharif's Muslim League rule. Not only that, the curtailing of the president's 'absolute power' by an amendment through an unprecedented 'parliamentary unity' of Pakistan Peoples Party and Muslim League was a remarkable progress to the path of stable parliamentary democracy. The scenario reversed through the enforcement of martial law by General Pervez Mosharraf by toppling the elected government of Nawaz Sharif. In the previous periods political developments in Pakistan were marked by repeated constitutional crises, growing regional disparity and unsound development strategies, and these eventually led to the division of Pakistan in 1971.

The repression on minority and insurgency are fatal problems for regionalism. "Assertion of Ethnic Identity and Nation State," an article, written by Robert Wising,<sup>65</sup> gives a vivid picture of it. Nancy Jetly warned that "the minorities at the Risk Project at the University at Maryland, which identified 233 of the world's ethnic minorities as being under risk, has located 17 of them in the four major countries of South Asia"<sup>66</sup> — India, Pakistan, Sri Lanka and Bangladesh. Muchkund Dubey, a former foreign Secretary of India has shown ethnic problems as 'threats of non-military character, from sources within the country.' Discontent and turmoil created by the

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<sup>65</sup> Quoted in V. Jayanth, "Different Dimensions of Religious Security in South Asia" book review, Nancy Jetly (ed.), *Regional Security in South Asia: The Ethno-Sectarian Dimensions*, University Press Limited, Dhaka, 2000, Star Weekend Magazine, August 25, 2000.

<sup>66</sup> Nancy Jetly (ed.), *Regional Security in South Asia: The Ethno-Sectarian Dimensions*, University Press Limited, Dhaka, 2000, Star Weekend Magazine, August 25, 2000. p 7.

denial of basic human rights to the minority communities and marginalised groups in the society, are the key factors working behind the militancy of these non-military minority people. When they try to press home their demand of self-determination or self-rule or move for human rights they become compelled to desert their country and defect to neighbouring soil where they find fellow ethno-religious majority group. Tamil insurgency in Sri Lanka is fomented by India, Kashmir insurgency in India is fomented by Pakistan while Chakma insurgency in Bangladesh was once aided by India. Cross-border terrorism has become a major regional problem. Jasjit Singh of Institute for Defence Studies and Analysis, said that the parameters of peace and security were being altered by the transmutation of conflict from total and nuclear war to limited wars, inter-state wars to intra-state conflicts and regular structured warfare to irregular, low-intensity conflicts. Another study of Robert Wising has shown that ethnic nationalist secessionist issues have caused 52 out of the 58 wars between 1945 and 1989.<sup>67</sup> Cross border terrorism from Pakistan has created serious problems for India while that from India created a menace for Bangladesh prior to Awami League's coming to power in 1996. Thus, the multi-racial dimension did not augment 'unity through diversity' in South Asia, rather fragmented it. Communal stripes frequently annihilated the *community sense* through the decades. Ethnic frustrations detracted the sections of the society from the nation-building process. Ethnic tensions influence foreign policy of the countries and tend to disrupt the century long coexistence. Religious turmoil also sometimes obstructs the process of regionalism. Thus, the distribution of major religious groups all over the subcontinent is usually looked at as a negative factor because of the conflicts between religious communities. The bilateral relations of India and Pakistan have always been soured historically for their long-standing dispute over Kashmir, Punjab, etc. Pakistan thinks that it is not complete without Kashmir, the idea of which India refuses to entertain; the feud has been occurring since the first partition of the subcontinent in 1947. That shrouded their relations with suspicion and distrust and this resulted in three wars and numerous armed clashes, and a nearly uninterrupted exchange of verbal invectives. The second partition of 1971, the dismemberment of the eastern part of Pakistan (through the emergence of Bangladesh as an independent state) unsettled the balance of power in the subcontinent, tilting it to India's favour. To many scholars, if the first partition had made India the

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<sup>67</sup> Robert Wising, "Assertion of Ethnic Identity and Nation State." Nancey Jetly (ed), *Regional Security in South Asia: The Ethno-Sectarian Dimension*, UPL, 1999.



'successor' to the British Empire in the subcontinent, then the second partition had consolidated that reign for a lasting period.

Shared view on international issues or a similar foreign policy orientation of the member states also is taken as positive behavioural indicators of regionalism. In the instances of the successful regionalism we find these. The relationship of most countries of South Asia with external powers can be said to be a function of their international relations for economic, political and security reasons. Since the mid-50s Pakistan, with a view to maintaining parity with India, cultivated and maintained close relations with the United States and after the 1962 Indo-China war, also with China. After the Soviet invasion of Afghanistan, this trend received a further impetus. Besides, Pakistan forming the western flank of South Asia tended to consider herself as a part of West Asia and as such had special relations with the West Asian Muslim countries. On the other hand, India as a founding member of the Non-aligned Movement (NAM) initially tried to establish a policy of equidistance from the two superpowers. But, developments at the end of the 1960s and early 1970s in the region and beyond, accompanied by India's policy preference, made her a Soviet ally. Since the mid-70s, Bangladesh in her policy of balancing the earlier Indo-Soviet tilt started cultivating close relations with the Middle East and improved her relations with the US and other western countries. Nepal was articulating a balancing game with her two giant neighbours — India and China — and advocated herself to be a Zone of Peace. Sri Lanka, except short-term strains, maintained good relations with China, Russia and the United States. The then government of Sri Lanka pursued a more open policy towards the United States and the West. The Kingdom of Bhutan followed the pattern of India's foreign policy. The Maldives, a relatively new sovereign entity in the region, had little to do about it. Her policy profile reflected close relations with the West, simultaneously maintaining good relations with neighbouring India. But for regionalism a common perception of the countries is necessary.

In respect of shared views on international issues, we find that all the regional states are members of the UN, the NAM, and Group 77 and most of them are members of the Commonwealth. For military occupation of state power Pakistan had been suspended from the latter forum. They all were equally affected by the North-South divide and by the adverse consequences of the periodic crises in the global economy and politics. The representatives of

these countries had been observed to consult and interact to evolve a semblance of common stance on major global economic and political issues. The necessity of it was reiterated in all the summits, other parleys and conferences. It cannot be said that the members could take same position in all previous occasions of this type, although a common stance for external relations is helpful for regionalism. All Summit declarations pronounced it. As for example, the Male Declaration of SAARC, 1997 provides for it. The mentioned international issues in the declaration included the reformation of the UN, emphasis on equitable geographical representation on the Security Council, the validity of the NAM and its innate strength, the peace process in the Middle East, nuclear disarmament, and the politics of human rights of the developed nations in trade. They urged developed countries to enable a faster economic growth in developing nations, especially in LDCs and small and locked countries. The declaration called for the international community to help protect sovereignty, independence, and territorial integrity of small states with particular vulnerabilities. On the other hand, in a pragmatic approach, "In the Association's co-operation with international organisations, the summit decided that the number of projects should be reduced so that they could be better consolidated."<sup>68</sup> But again if we look at the communiqué and other document of pledges, we see today that little has been achieved in reality other than to be mere paperwork and rhetoric. As for example, at the 1997 Male Summit they vowed for nuclear disarmament but within a year both of the big states of the region tested their own nuclear bombs. Since then the arms build-up including nuclear weapons proceeds un-abetted. On 4 October 2002, Pakistan tested the nuclear capable *Shaheen 1* missile and on 8 January 2003 the nuclear capable medium range Ghauri missile, was taken into service. Meanwhile on January 9, 2003, India tested an Agni-1 tactical SRBM, with a range of 700km. Simultaneous tests of Pakistan's *Abdali* (200km range and India's *Prithvi* (150–200km range) missiles took place on 26 March, 2003. Both missiles are nuclear capable and tested successfully.<sup>69</sup> On January 6, 2003, India announced the formation of Strategic Forces Command, which has responsibility for all tactical and strategic nuclear forces.<sup>70</sup> Still India maintains a 'no first use' policy. However, the enhanced range of *Agni 3* will give India the capability to reach beyond Chinese border areas. In May 2003, India rejected

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<sup>68</sup> KUENSEL, Bhutan's National News paper, Vol. XII No. 19, May 17, 1997, p. 16

<sup>69</sup> The Military Balance 2003-2004, Oxford University Press, London, October, 2003, p. 131

<sup>70</sup> It is under the control of the new Nuclear Command Authority (NCA), which includes both a political council chaired by the prime minister and an executive council under the national security adviser.

a Pakistan offer for mutual nuclear disarmament after asserting earlier in 2003 that India is fully equipped militarily to meet its security needs.

Despite this, the states were assembled in a deferred summit in Kathmandu. Even there the leaders of the larger two states were quite hesitant to shake hands with one another. To many observers, the suspicion and distrust between these two states had reached the level of the 1965 war. Pakistan-led radical groups were smelt as the mentor behind the attack on Indian parliament, for more than one guerrilla attack in Kashmir Pakistan was accused. Consequently the Pakistan High Commissioner to India had been expelled. In addition, both the wranglers were consulting with other domestic political parties about what to do against the other. India was about to engage in a limited war against Pakistan, while Pakistan was also mulling over a befitting retaliation. The small states including Bangladesh did their best to pacify the situation. Sri Lankan President Chandrika Kumaratunga suggested a Third Party's mediation in the Kashmir issue for sustainable and stable relations between India and Pakistan. Bangladesh had been continuously insisting on table negotiation of the parties. The then chairman of SAARC, Nepali Prime Minister Sher Bahadur Deuba had called for patience of the conflicting countries and to be aware of the consequences of adventurism. The necessity of confidence building between the big duos appeared really vital. But reciprocity is important in any confidence building process. It is more important in the relations of the dominant players in the system.

The inter-state conflicts and lack of strategic harmony in the region are persisting. Not only with Pakistan, India's relations with three mid-ranking South Asian powers, Bangladesh, Sri Lanka and Nepal, are not entirely sound. Their security perceptions also differ from that of India. India feels the necessity of regional cooperation as a step against external powers while her neighbours feel its necessity mainly as a security measure against a common source, India. Most members of the South Asian subsystem lack confidence in the 'core' country. The neighbours in most cases refer to regionalism as a vehicle to strengthen their bargaining position and to lessen threats from the mighty neighbour. Thus, there we find a gross lack of 'community sense' among the countries of the region that thwarts the prospect of the regional process. The common suspicion against India leads the South Asian countries to look outside for support and assistance to counter-balance intra-regional pressures and adversities. This creates anger in the mind of the 'core' country, the regional hegemony. The mutual lack of confidence weakens the



process of cooperation in the region. Inter-state rivalry and mutual distrusts lay negative impact on the very capability of *internalising*, which is a prime condition of regionalism to be successful. The survey of the present study reveals that 65% of respondents think that in the present age of globalisation, internalisation of the activities of South Asian cooperation by the countries is not possible, while 35% think that it is possible by the regional states.

The dependence of the countries upon the developed countries still remains unabated. It stands as a bar to all out cooperation in the region. It is not possible to overcome it overnight, and in many cases, the developed countries would not let them do so. Furthermore, as a sequel of the colonial bondage these countries cannot undertake suitable initiatives needed to promote their economies. The overall control of the developed countries in the global economy, particularly in the fields of currency, banking, communications, information control, technological superiority and moreover managerial skill and efficiency, deter development initiatives. Developing countries cannot even pursue their trade relations from independent stance, rather it often becomes conditioned by the donor organisations or countries. As a result, a major portion of their aid turns out to be 'tied aid' i.e. trade becomes conditioned. All most all of the multinational corporations (MNCs) which are very influential in the global trade regime, belong to the developed countries, and they serve the interests of their home countries. Under this 'dependency' sometimes even the governments of mother countries become subservient to the interests of MNCs. In today's world MNCs dominate the arenas of global technology, financial investments and entrepreneurship. One-way traffic of transfer pricing in favour of these multinationals, or their home countries occurs. Even though there is transfer of technology in a negligible scope, their access to business information and technological know-how still remains very limited. The uneven ties help sustain the dependency and thus, underdevelopment. The nature of the economies of South Asian countries is that their powerful sectors of investment and trade still bear the colonial legacy. But it is not wise to subscribe to the parochial idea that the developed countries had no role in their development and peace. The onus was absolutely upon the developing nations to harness the results from the donor's assistance. They should have utilised the Western assistance for the best possible results; in reality this was not always done.

But today there has emerged a new paradigm of international relations where developed countries or donors think in a functionalist line — 'not exploitation but relations through

transaction and co-operation—should be preferable. The developed countries have been convinced that their taxpayers' money should be properly utilised in the developing countries. For the paradigmatic shifts in World trade regime the brutal protectionism through various bottlenecks in trade are withering away very rapidly. The trade barriers (TBs) and non-trade barriers (NTBs) are being curtailed in phases as per the WTO guideline and various bilateral and regional mechanism. Different from General Talks on Trade and Tariffs (GATT), WTO has needed teeth to enforce its laws and to streamline the recalcitrant countries, if there is any. The countries of South Asia have adopted the path of reforms in the economy towards liberalisation. In the process of liberalising the economy of Bangladesh, under Khaleda Zia, 1991-1996, with Saifur Rahman, the Finance Minister, played the harbinger role in the whole of the region. Then came India with Finance Minister Manmohan Singh during Narasimha regime. Now all countries of South Asia are rushing towards liberal economy. This happens in most cases for the WTO modalities. Here one thing is very important to note how far the small states can negotiate the global prescription of WTO and how far the states bring those to the country-specific adaptability, and then sustainability. In the CPA conference the voice of the small countries was voiced. Though SAARC members did not have any common stance, but Bangladesh the leader of 49 member Less Developed Countries played its due role. India, along with Brazil, China and South Africa, also played its role as a member of Group 20 in the CPA Conference.

Many reasons have been cited for the low level of intra-regional trade in South Asia. Says Vijay Shukla said, "After all why should a trader from Lahore send goods to India if the goods are to stay out at the Amritsar, or Wagah or Lucknow station for three weeks due to impediments on both sides."<sup>71</sup> But the same goods can be exported to any extra-regional country facing about no such hindrances. Outlining the impediments an officer of the Lahore Chamber of Commerce and Industry (LCCI) said these were the psychological ones, but others had been created by the lack of telecommunication facilities, restrictions on the free travel of people between the two countries, etc., the technical and infrastructural factors, usually considered pre-functional elements. As far as infrastructural constraints are concerned, there also remain communication or information gaps about the resource potentialities and capabilities of cooperation that exist in one country but are either absent or inadequate in the other. For suspicion and lack of coordination, South Asia's cooperation remains in disarray. For instance, intra-regional trade

flows are not determined by economic factors alone, but are a function of various social, political and historical factors.”<sup>72</sup> The India-Pakistan relationship is a case in point. There are also issues such as the absence of a proper financial and institutional framework of the countries of the region or the lack of a stable capital market. For example, the settlement of India’s trade surpluses with the other countries (barring Pakistan) is a problem. This is linked to a centre-periphery dilemma involving the other states vis-à-vis India. More importantly, trade flows are a function of cross-border investment flows. “In the global trade arena, a large chunk of trade flows consists of intra-industry trade of which a large portion consists of intra-firm trade. The target of enhancing trade flows cannot, therefore, be de-linked from the objective of increasing cross-border flows of investment.”<sup>73</sup>

In South Asia joint ventures are possible in sectors such as jute, tea, textiles, and also in garments. The transition from conventional trade flows to investment flows has the added advantages of tapping synergies and complementarities and exploiting economies of scale, since competitive economic structures become relatively less important. Now joint ventures are visible only in the manufacturing sectors in the region. But those should be extended to service-sectors and even to the non-tradable. But the joint ventures often involve structural adjustments within the individual countries. SAARC countries are yet to be prepared for this, although the future of SAARC lies in the standard transition from a free trade area to a customs union, and from that, to a common market and an economic union.<sup>61</sup> Prior to the Islamabad Summit, the winds for SAARC are very strong. All countries have vowed their greater pledges for the process. The finalisation of SAFTA is only a matter of a week or so. SAARC has now started to enjoy the needed political will of the countries.

#### **4.4 Institutional Aspects**

Being convinced of the realities, the visionary leaders of South Asia have forged a regional umbrella under which they can unite for undergoing actions for development and for promoting peace through confidence building measures. The forerunners of the SAARC have accepted alleviation of poverty as the region’s number one strategic problem. They are convinced of the

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<sup>61</sup> Vijay Shukla, "New Frontiers of SAARC", Himal South Asia Nepal, 1996 p. 32

<sup>72</sup> Bibek Debroy, "South Asia Means Business" Himal South Asia, Kathmandu, Nepal, May-June, 1987, p.22.

<sup>73</sup> *Ibid.*, p. 23



fact that for development there is no alternative other than promotion of regional trade. Without peace and stability no development is possible. Thus, the confidence building measures were accepted as a path to attain peace and development. To consolidate the process they envisaged South Asian Association for Regional Cooperation. Actually SAARC as an organisation and SAARC as a spirit has been the prime mover of regionalism today in South Asia.

SAARC has been contributing to the regionalism in South Asia as an institution, as a process and a spirit. Now if an organisation is being formed in any state of the region for cooperation in functional aspect, then the organiser tries to give it a regional flavour. As for example the professional groups, the entrepreneurs, the artists, doctors, engineers, even diploma engineers have formed regional forums. Under the survey of the present study responding to a question whether the on-going regional process can proceed without the functional organisations like SAARC, RCSS or IGSAC, 70% informants said that it is no possible without the help of those organisations. However, 22% of them think that these are helpful, a slim 5% people think that without the help of the functional organisations the development and flourishing of the regional process is possible in this region. Three percent of them think that side by side the regional functional organisations the mass awareness about regionalism is necessary to make the regional process a success.

#### **4.4.1 SAARC: The Institutional Shaper of Regionalism in South Asia**

In South Asia, SAARC is doing the job of the 'bureaucratic organisation' that EC did for Europe in its primary stage of regionalism. The first significant step to giving co-operation an institutional shape was the Meeting of the Foreign Secretaries in Colombo in early 1981, which was followed subsequently by Foreign Ministers' meeting in New Delhi in 1983. There the Integrated Programme of Action (IPA) was formally launched through the adoption of the Declaration on South Asian Regional Cooperation (SARC). Two years later, the word 'Association' was added in the title of the organisation SARC. Thus, South Asian Regional Cooperation (SARC) turned to be South Asian Association for Regional Cooperation (SAARC). On December 8, 1985, the heads of state or government of the member-states signed the Charter of the Association in their first summit in Dhaka. Formally the Charter provided a five-tier institutional framework. However, as far as regionalism in South Asia is concerned SAARC

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exhibits a multitude of shapes and modalities. Attempts for cooperation through regional processes and ideas are now realities in South Asia. It was mentioned earlier that even before floating SAARC there were quite a few attempts for regional cooperation in South Asia, but it was SAARC that came to be the real institution for regionalism in South Asia. Before examining things critically we should briefly look at the SAARC process, SAARC organogram, SAARC modalities, etc.

#### **4.4.1.1 The SAARC Process**

In this phase we can mention the European Community experience elaborated by K.J. Holsti in the cases of the people-to-people and state-to-state contacts. Holsti said that sustained comprehensive regional cooperation for the management of interdependencies would require political designing to inspire elite commitments to principles of collective decision making. The designing must be concerned with community formation, with the building of regional systems, at significant levels of institutional development.

In the onset of the critique, the pledges that SAARC made in its zenith must be mentioned (the ending part of Chapter-II can be referred to). The pledges are:

- i. To accelerate economic and social and cultural development in that the welfare and dignity of people can be promoted;
- ii. To strengthen mutual trust, understanding and appreciation.

To these ends SAARC in its very first action adopted the Action Plan and Area of SAARC. Until today the process is growing stronger with every summit and conference of the regional organisation. Initially nine areas were identified and framed into an Integrated Programme of Action (IPA), which was launched under the Delhi Declaration in 1983, when the regional organisation was floated. As SAARC was established in 1985, IPA was accepted as its core work programme. It consisted of a number of programmes. However, as the agreed Agenda of SAARC expanded, nine areas were identified for regional cooperation. The IPA too expanded correspondingly. With a ramification in the process within the SAARC, the areas had increased to eleven: 1) agriculture, 2) communications, 3) education and culture, 4) environment, 5) health and population activities, 6) meteorology, 7) prevention of drug trafficking and drug abuse, 8) rural development, 9) science and technology, 10) tourism, and 11) women in

development. An Independent Group of Experts set up in 1997 extensively reviewed the IPA. The Standing Committee in its 26<sup>th</sup> Session held in Nuwara Elya, Sri Lanka in 1999 restructured SAARC Integrated Programme of Action (SIPA), which was approved by the Councils of Ministers at the Twenty-first Session.

Under the reconstructed SIPA, the number of Technical Committee has been reduced from eleven to seven mainly through amalgamation of different areas covered by erstwhile Technical Committees by eliminating overlapping and duplication. The seven technical Committees are SIPA are: 1) Agriculture and Rural Development, 2) Communications and Transport, 3) Social Development, 4) Environment, Meteorology and Forestry, 5) Science and Technology, 6) Human Resource Development, and 7) Energy.<sup>74</sup>

To trigger the pace of development in the SAARC Area, five regional centres have been established in member countries to promote regional cooperation. These are: 1) SAARC Agricultural Information Centre (SAIC), 2) SAARC Tuberculosis Centre (STC), 3) SAARC Documentation Centre (SDC) 4) SAARC Meteorological Research Centre (SMRC), and 5) SAARC Human Resource Development Centre (SHRDC). In addition to the above three more centres will also be set up. These are 1) SAARC Cultural Centre in Kandy, Sri Lanka, 2) SAARC Coastal Zone Management Centre, Maldives and 3) SAARC Information Centre.

To accelerate the pace of cooperation in the May 1997 Male Summit it was decided that not only the foreign ministers will meet annually under SAARC arrangement but also ministers of environment, commerce, tourism, woman and children, finance, planning, housing, and communications affairs will also meet annually. Thinking it fit, the leaders sometimes go beyond the institutional framework of cooperation. Besides these, co-operation measures in South Asia various other initiatives in Track-Two and Track-Three are in force to meet the regional needs. To get formal regional process South Asia needed an institutional set up. While dwelling upon the regionalism in Europe, K.J. Holsti says, "It will be extremely important to set up a strong common bureaucratic organisation to articulate regionalised interests to the Council of Ministers, to propose form of collaboration based on those interests, and to implement

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<sup>74</sup> SAARC Secretariat, *SAARC—A Profile*, Kathmandu, August, 2003, p. 10



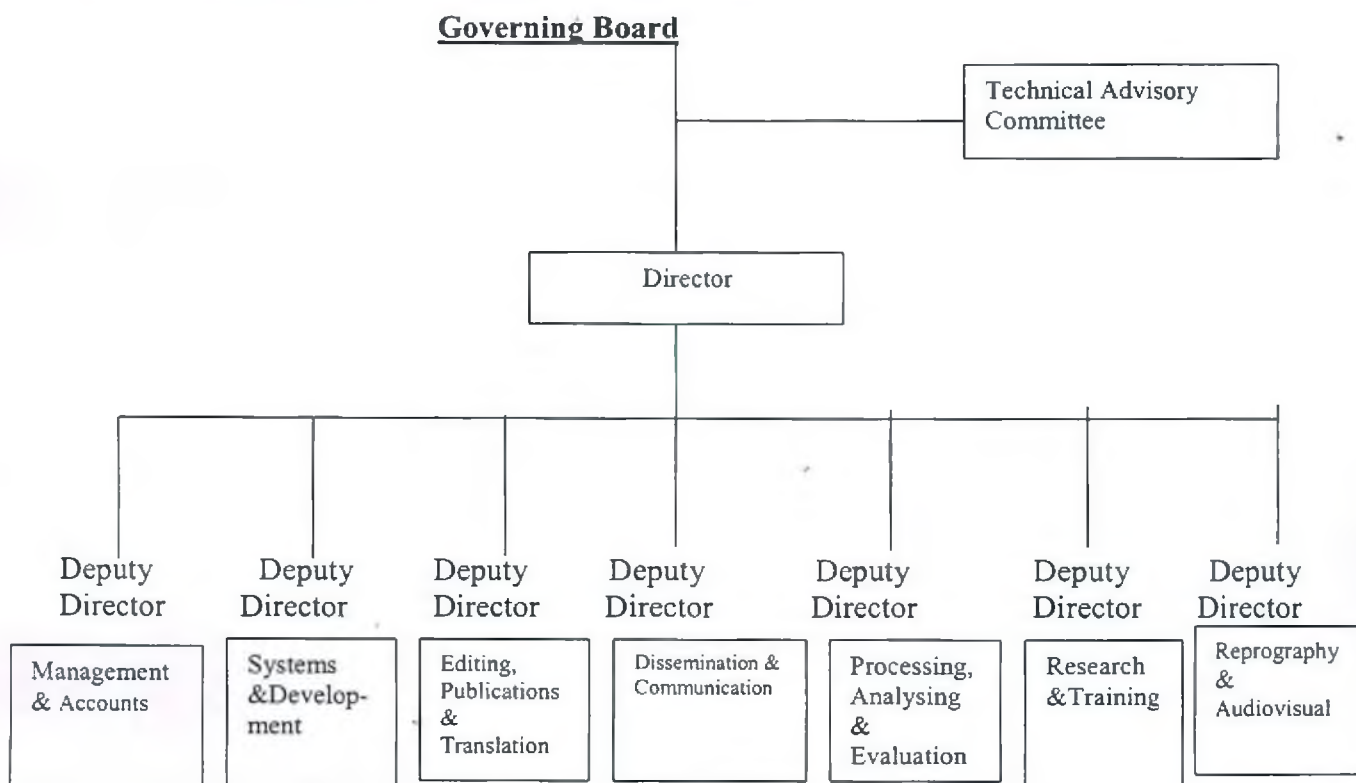
designated council decisions by member governments.”<sup>75</sup> In South Asia, SAARC is supposed to do the job of the ‘bureaucratic organisation’ that the EC does for Europe.

#### 4.4.1.2 The SAARC Organogram:

The SAARC Charter is comprised of ten (X) Articles.<sup>76</sup> Articles III to VIII of the Charter articulate the organisational structure of the Association. However, the SAARC bureaucracy<sup>77</sup> can be seen briefly in the following:

i. *Meetings of the Heads of State or Government:* The Charter asserts, “the Heads of State or Government shall meet once a year or more as often as and when considered necessary by the member States” (Art. III).

Figure:7 SAARC Organizational Structure/Organogram



<sup>75</sup> K. J. Holsti, *op. cit.*, pp 431-435.

<sup>76</sup> . Iftekharuzzaman, “The SAARC in Progress: A Hesitant Course of South Asian Transmittion”, *B/ISS Paper*, No 7, January 1988, Bangladesh Institute of International and Strategic Studies (BI/ISS), Dhaka, pp 64-69.

<sup>77</sup> . The description about SAARC structure in this page and in the next draws on Shah Alam, “Charter of the South Asian Association for Regional Cooperation, A Critique”. *The Indian Journal of International Law*, Vol. 26, July-December, No. 3 & 4, 1986, pp 458-460.

ii. *Council of Ministers*: The Council of Ministers, comprised of Foreign Ministers of the member States, was to meet approximately every six months, to the purpose of defining the policies of SAARC, to evaluate progress registered in the domains of regional co-operation, and to decide upon new areas of co-operation (Art. IV). It is quite reminiscent to that of the European Council of Ministers as far as responsibility is concerned.

iii. *Standing Committee*: The Committee of Foreign Secretaries is entrusted with overall monitoring and co-ordination of the Association's co-operation programme, approval of projects and modalities of their financing, as well as for the mobilisation of regional and external resources (Art. V). The Standing Committee meets twice a year and submits periodic reports to the Council of Ministers. One then proceeds to the level at which the projects are elaborated.

iv. *Technical Committees*: The Technical Committees of officials and experts are responsible for the formulation of programmes and preparation of projects and their implementation in the respective fields under the IPA. The Technical Committee report to the Standing Committee (Art VI). Ad hoc experts meeting can be called according to needs: meetings of planners to promote co-operation among the official of national planning organisations of the member countries. On the same level, the Committee for Economic Co-operation, formed in 1991, for regional study on trade, manufacture and services. Its mission is to promote regional co-operation in the core economic areas.

v. *Secretariat*: The Charter says, "there shall be a Secretariat of the Association" (Art. VIII). It is responsible for co-ordination and monitoring of the implementation of the SAARC activities, to service the meetings of the Association and act as a channel of communications between the SAARC and other international organisations.

Its ideal role is assumed to deal recalcitrant government to place radical path-rearing work plans before the governing Council of Ministers. This role also includes facilitating the contacts among the thousands of voluntary groups of South Asia, who represent people more than the bureaucrat. As its head a Secretary General was named for two years while seven Directors representing each of the member states. The Secretariat of SAARC, located in Nepal capital Kathmandu, became operational in January 1993.

Provisions have also been made for Action Committees (Art. VI) to be set up by the Standing Committee, if and when needed. The IPA would be formed in any area comprising more than two members but not all members. The objective will be to implement the projects. Besides, the Council of Ministers may establish additional mechanism under the Association as deemed necessary (Art. IV-d). In addition to initiatives in the vital areas, SAARC has established four

regional Centres, the SAARC Agricultural Information Centre (SAIC), in Dhaka, SAARC Tuberculosis Centre in Kathmandu, SAARC Meteorological Research Centre (SMRC) in Dhaka, and the SAARC Documentation Centre in Delhi. To face the challenge of the changing global financial and economic environment the SAARC Network of Researchers was established in Colombo, Sri Lanka.

#### **4.4.1.3 SAARC Modalities**

SAARC accommodates the provision of functioning 'in line with appropriate rules for the making and implementation of collective decisions. Thus, we can see the following issues:

- i. Decision-making process: Article X(1) states that 'decisions at all levels shall be taken on the basis of unanimity.' It confirmed the obligation to seek a consensus in decision taking. At the initial stage of a institutional cooperation the provision of 'consensus' limits the risk of the organisation's becoming 'political jolts.'
- ii. Bilateral and contentious issues: Article X (2) states that bilateral contentious issues shall be excluded from the deliberations. Declarations and joint press releases published at the conclusion of the meetings avoided any comment on political subjects internal to the region, preferring to speak on current global political trends."<sup>78</sup>
- iii. Financial Arrangement: The financing of the Association's activities, mentioned in Article IX, relies on voluntary contributions by the member states. Should these prove to be insufficient, the mobilisation of external resources can be considered with the endorsement of the Standing Committee. The notion of voluntary contribution, and the relegation to a bureaucratic level of decisions respective of the financing of SAARC programmes, correspondingly diluted all the more engagements of the responsible politicians. The decision taken at the Male summit in November 1990 to study the creation of a regional fund was part of the attempt to achieve greater individual financial investment by the member states. Two bodies were created: the SAARC Fund for Regional Projects and the SAARC Regional Fund. At the

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<sup>78</sup> Gilles BOQUE'RAT, "SAARC: The First Decade", *Pondy Papers in Social Science*, Gilles BOQUE'RAT & Indranath Mukherjee, SAARC Economic and Political Atlas, Institute Francoise De Pondichery, 1996, p 11.



Delhi summit, 1995 it was decided to merge them into the South Asian Development Fund (SADF).

#### **4.4.2 The Impact on Strategic and Core Areas**

SAARC Agendas, poverty alleviation and augmenting the intra-regional trade are the main features of social and economic front of SAARC. Now we can see critically how the regional initiatives are addressing the socio-economic and development issues. In this respect two issues appear main in SAARC: i). Poverty Alleviation ii). Augmenting Trade. In this study the initiatives relevant for poverty alleviation and augmenting trade will be discussed.

##### **4.4.2.1 Poverty Alleviation and social empowerment<sup>79</sup>**

Poverty is a socio-economic problem and the main strategic problem in South Asia. Conceiving the seriousness of the problem as Independent South Asian Commission on Poverty Alleviation (ISACPA) was established by the SAARC leaders at their sixth Summit, Colombo, 1991. The Committee reporting to the seventh Summit, Dhaka, 1993, provided a radical conceptual framework for poverty alleviation through social mobilisation and empowerment. The Summit also stressed that within the conceptual approach of "Dal-Bhat," the right to work and primary education should receive priority.

The eighth Summit, New Delhi, 1995 approved the establishment of a three-tier mechanism for dealing with poverty issues. The first-tier comprises the Secretaries to the government concerns with poverty eradication and social development in SAARC countries. The second-tier comprises Finance/Planning Secretaries and the third-tier comprises Finance/Planning Ministers. By January 1996, the first round of meetings under the three-tier mechanism was completed. The Ministerial Meeting in New Delhi in 1996 recommended Member States to designate appropriate agencies for the establishment of networking arrangements to regularly exchange information and share experiences on poverty alleviation.

The tenth SAARC Summit, Colombo, July 1998 noted that human resources development is a key element in any poverty alleviation programme. The Summit thus directed the SAARC Human Development Centre, Islamabad to look into the possibility of the human resources

development component of regional poverty eradication programmes. During the Eleventh Summit, conscious of the magnitude of poverty in the region, and "recalling the decision of the UN Millennium Summit 2000 to reduce poverty in half by 2015 as also the commitments made at the five year review of the World Summit for Social Development to reduce poverty through enhanced social mobilisation"<sup>80</sup>, the leaders made a review of the activities in the regional process aimed at poverty alleviation. They expressed their determination to combat the problem with a new sense of urgency by actively promoting the synergic partnership among the national governments, international agencies, the private sector and the civil society. They also agreed to take immediate steps for the effective implementation of the programmes for social mobilisation and decentralisation, and for strengthening institution building and support mechanisms to ensure participation of the poor, both as stake-holders and beneficiaries, in governance and development process.

As far as poverty alleviation in South Asia was concerned, the eleventh Summit succeeded in adopting three milestone steps:

**i. Reconstitution of Independent South Asian Commission for Poverty Alleviation (ISACPA):** To review the progress made in cooperation in poverty alleviation and to suggest appropriate and effective measures for implementation it was done. ISAPA was given the mandate to suggest measures and strategies for downscaling the incidence of poverty in the region.

The first meeting in Kathmandu, 30-31 March 2002 decided on Terms of Reference of the ISACPA. It also made a number of decisions regarding its work plan, methodology of work, and work distribution. The second meeting in New Delhi, 5-6 June 2002 determined the future work plan. Members subsequently met in Islamabad in September, Dhaka in November, and Kathmandu in December 2002. The Commission has finalised its report to place before the twelfth SAARC Summit.

**ii) Regional Poverty Profile (RPP):** To promote regional cooperation on poverty alleviation and augment advocacy for this programme, the Eleventh Summit directed the Council of Ministers to review the regional poverty profile on a continuous basis. They suggested that it

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<sup>79</sup> The elaboration in this topic greatly draws on the SAARC Secretariat, SAARC-A Brief Profile, *op. cit.* pp. 43-48.

<sup>80</sup> *Ibid.*, p. 80

should be prepared by the Secretary-General with assistance from the related UN agencies, nodal agencies and independent research institutions specialised in this field. A Standing Committee was set up to manage and oversee the preparation of the RPP. After holding a number of meetings of the Standing Committee, a launching workshop was held at the Secretariat on 27-29 May, 2002. A set of indices categorised into economic, social, environmental and empowerment subgroups was devised. In the mean time the relevant data have been submitted to the Secretariat.

The last meeting of the Steering Committee was held on February 20, 2003 whereby some amendments and suggestions to the draft Profile were made. However, the Secretariat in collaboration with UNDP/UNDPS prepared the final version of the Profile, bringing out the regional dimension based on the country level profile.

iii) **Commencement of Regional Poverty Alleviation Project:** The Eleventh Summit underlined the urgent need to make the South Asian Development Fund (SADF) operational by making utilisation of the existing funds for regional poverty alleviation projects. It also instructed the Secretary-General to submit a proposal for seeking possible assistance from regional and international sources for the implementation of specific regional poverty alleviation priority projects. The Secretary-General has since initiated dialogue with regional and international funding sources — the World Bank, the Asian Development Bank and the interested UN agencies — to seek assistance for the implementation of specific regional poverty alleviation priority projects.

Finally, the social mobilisation strategy as envisaged by the first ISACPA has been put into practice across South Asia (except Bhutan) through the UNDP-sponsored South Asia Poverty Alleviation Programme, launched in early 1996.

#### **4.4.2.2 The Economic Agendas**

It appears that SAARC think trade development is similar to the economic development in the region of South Asia. To foster the economic development SAARC has adopted the following economic agendas:

- i. Works under Committee on Economic Cooperation (CEC)
- ii. Works under Meetings of Commerce Ministers



- iii. SAARC Preferential Trading Arrangement
- iv. South Asian Free Trade Area
- v. Trade facilitation Measures
- vi. Collective Positions on Trade Issues at Multilateral Forums
- vii. Enhancement of Institutional Capacity
- viii. The Private Sector
- ix. Trade Fairs, and
- x. Promotion of Organised Tourism and the SAARC Tourism Council.

Two main pillars of trade cooperation in South Asia — SAPTA and SAFTA — will be critically examined in the following.

#### **4.4.2.2.1 SAARC Preferential Trading Arrangement: SAARC Enters Real Business**

In respect of economic cooperation and its institutionalisation process, in 1993 SAARC entered the core areas of cooperation, mainly through the floating of the SAARC Preferential Trading Agreement (SAPTA). SAPTA was made operational in December 1995. The next step was the establishment of the SAARC Free Trade Area by 2001. A SAARC Free Trade Union is envisaged in the region by 2020, and may even be achieved by 2004, indicating progress.

In the present process of cooperation SAPTA deals with the hard 'core' area, i.e., trade. It is envisaged as a significant step to free the bottlenecks of trade in the South Asian market. Inflicted with the basic weakness of the negligible amount of intra-SAARC trade, SAPTA started its journey with a total number of 226 commodities for concessional tariff preferences. The tariff concessions proposed under SAPTA ranged from 10 % for non-LDCs to 100% for LDCs of the region on selected items. Although there are provisions for other approaches, the present list has been formalised on the basis of product-by-product approach.

Concessions under SAPTA I as a percentage of total tariffs varied from 10 to 100 % (the depth of India's tariff cuts were the highest). The category-wise list of products—including vegetable products, wood pulp and paper items, chemical products, plastic and rubber items—that was

mostly extended by India and Pakistan, constituted about 61% of the products under concessions offered. Further, about 100 items in these schedules of concession are directed to the LDCs—Bhutan, Bangladesh and Nepal—within the region. However, the scheduled products have shown a particular country bias.

In the Second Round, SAPTA II, effective June 1997, the number of products offered concessions sharply increased to 2013 from 226 of SAPTA II. In this round, the National Schedules for Concessions has the specification of non-tariff measures (NTM) whenever applicable. Smaller countries like Bangladesh and Nepal have shown more openness in specifying the products for concessions. These scheduled products could neither overcome the bias for a particular country, nor they could exclude the products that were earlier negotiated.

In SAPTA III round, operationalised from June 1999, together 3456 tariff lines were covered. Out of 3456 tariff lines, India offered the bulk of it (1917). India favoured chapter-by-chapter approach instead of the product-by-product approach that was followed in the previous two rounds. Sri Lanka was keener in taking the bilateral route to trade liberalisation. Pakistan, on the other hand, did not want to discuss the chapter and in effect the negotiation boiled down to product-by-product negotiations. It offered 20% tariff concessions on 18 tariff lines. Pakistan's list included: textile machines, electronic clocks, wristwatches and punching machines. Unlike in the past, both India and Pakistan had included manufactured products, including machinery. Here tariff concessions were on the basis of importability. This meant that all the items identified by Pakistan were to be included freely in the importable lists of Pakistan from India.

The studies of Mukherjee 1996, Lama and Mohanty 1996, Katti & Bhattacharya 1996, and Barua 1995, carried out after the SAPTA-I was operationalised, show that:

i. At least in the cases of Nepal, Sri Lanka and Bangladesh both because of their membership in the Bangkok Agreement of 1975 and other bilateral trade agreements with India, some of the products enlisted in the schedules of SAPTA already had their similar and deeper concessions, thereby rendering the offers made under SAPTA redundant;

ii. The threshold level of tariff cuts was not attractive enough to adequately offset the marginal transaction costs involved in switching the sources of supply. Therefore, unless the tariff cuts offered by countries other than India (which were so marginal) were doubly deepened, it would

be literally impossible to infuse forceful dynamism into the process of liberalisation. Lama shows that unless the process of selecting products is made more need-based and transparent, the public perception that the big list is only eyewash may further confound the problem of mistrust.

The analysis of Lama shows that the second round of SAPTA negotiations could not overcome the jolts of its first round. The loopholes found in this round include the following:

i. Many of the scheduled products had shown a particular country bias as far as its preferential imports were concerned and in many cases there existed no reciprocity. This may perpetuate resource transfer via the balance of trade deficit. For example, over 81% of Bangladesh's and 60% of Pakistan's concessional products were directed towards India while 70% of Bhutan's, 47% of Sri Lanka's and 62% of Nepal's products towards Pakistan. On the other hand, India's concessions distinctly favoured Bangladesh (56%) and Pakistan (41%).

ii. Another important feature was the fact that out of the 602 freely importable products to Pakistan from India, many figured in the list of concessional products extended to India.

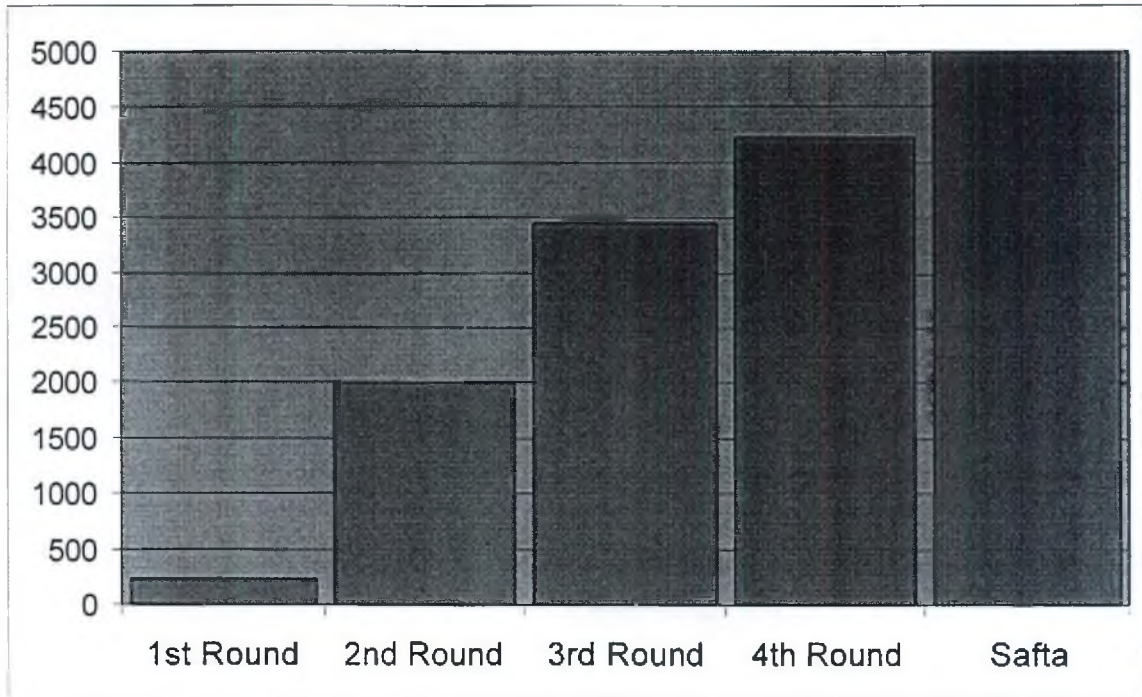
iii. Most of the 2013 products under the schedule of concessions did not belong to the category of core trade items. They are mostly marginally or insignificantly traded items and hence would not lead to any remarkable shift in the trading pattern in the region.

iv. The Third round showed a clearly deviation from the previous two negotiations in the question of accepting the basis of 'importability', which meant that all of the items identified by Pakistan were to be included in the freely importable lists of Pakistan from India.

SAPTA IV was concluded at the Second Meeting of Inter-Governmental Group on Trade Liberalisation held at the SAARC Secretariat on October 30-November 1, 2002. Through the fourth round negotiations SAPTA now covered over 5500 commodities. The negotiation talks were based on a sector-wise, chapter-wise and across-the-board basis and covered those products which were actually traded or likely to be traded. In comparison with other rounds, the items covered in the fourth round bore greater trade potential. The meeting recommended that until such time as the SAFTA was given effect, the process of trade negotiation under SAPTA may continue for further liberalisation in the region.



Figure-8: Chronological progression of trade liberalisation in SAARC in different SAPTA rounds, while SAFTA (open ended in the bar-chart) is taken as a great leaf in this respect.



It is clear from the concluded four rounds of trade negotiation under SAPTA that each round contributed to an incremental trend (Figure-3 and Table-5) in the product coverage and to the deepening of tariff concessions over previous rounds. If India and Pakistan materialise their plan to include 500 more commodities in the arrangement through or after the next Summit in Islamabad, scheduled to start on January, 2004, this will definitely be a solid boost for regional cooperation in the region.

Historically intra-SAARC trade levels have never been very high. As a percentage of trade turn over with the entire world, it is only about 3.0% (Table 1). This is an aggregate figure, and intra-regional trade has been much more important for smaller countries like Bhutan, Maldives and Nepal. But in recent years, intra-trade liberalisation is increasing. The impact of SAPTA alone on the intra-regional trade in South Asia is not yet known; the massive increase in the volume of trade in South Asia in the last few years has been mostly attributed to rapid liberalisation under the WTO regime rather than to SAPTA. The neighbours have liberalised their trade regime in a much more extensive and intensive manner than India under the WTO regime. “So”, says Palma, “it is generally believed that the massive increase in India’s exports to the countries in the region is because of global trade liberalisation of the countries and not

because of SAPTA.”<sup>81</sup> However, in the second round of trade negotiations of SAPTA, it was sought to switch focus to across-the-board tariff reductions, where the impact on trade flows was likely to be much more significant. In these circumstances, Track-Two cooperation could be a great help to convincing the elite/governments about real and/or practical tariff reductions. That is, apart from the Track-One adopted for reductions throughout SAARC, there could be a faster track if tariff reduction was negotiated bilaterally among the relatively more advanced countries.

#### **4.4.2.2.2 From SAPTA to SAFTA: Quest for Full Liberalisation of Regional Trade**

The quest for economic grouping across the world gave the impetus to float SAPTA: this was also the thinking behind SAFTA in South Asia. The most important decision taken in the Male Declaration in 1997 was to accelerate the formation of SAFTA by 2001, although the original target was 2005. The Declaration emphasised the removal of tariff and non-tariff barriers in regional trade. Various discussions and meetings have happened to this end. The trade negotiators of SAARC passed many busy hours throughout year after the conclusion of the SAPTA IV negotiations, and through a laborious process they finalised the draft of SAFTA. But, the transition from SAPTA to SAFTA could not take place until the tariff reductions were speeded up. Here to mention, so far, tariff concessions were exchanged on more than 5500 items in SAPTA. Cautious introspection on potential of commodities in regional trade, the principle of across-the-board tariff reductions under SAFTA and South Asian Economic Community (SAEC) are necessary in this respect. On the other hand, the proposed transition seems to be justified in that sense that instead of involving a time-consuming process of product-by-product negotiation and tedious procedures, the proposed transition to SAFTA would allow unhindered trade within the region. So, the reduction of time frame of SAPTA and sweeping transition to SAFTA even four years before ‘actual’ deadline seemed to be a bold step by the development thinkers and practitioners of the region. But there is a huge difference between free trade area and a preferential trade area. There is no automaticity of SAPTA’s transition to SAFTA, i.e., of preferential trade to free trade. It is true that SAPTA opens the doors of vigorous trade co-operation. The seven countries have exchanged limited lists of goods on which they have offered some duty cuts. Referring to SAPTA, Khan and Rahman write, “In

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<sup>81</sup> Mahendra P. Larna, “SAARC: Shallow Regionalism, Political Abstinence and Economic Advocacy”, *BISS Journal*, Vol. 21, No.1,2000, Bangladesh Institute of International and Strategic Studies (BISS), Dhaka, 1999, p. 20.



this regime, every country retains sovereignty over its tariff and non-tariff regime — there is no need to harmonise the regime of different countries.”<sup>82</sup> Regarding SAPTA I they go on to say, “A free trade area implies that all customs barriers will be removed, so that countries surrendered sovereignty to a harmonised import regime covering the whole region.”<sup>83</sup> But still, after the conclusion of SAPTA IV for the dilly-dallying of the greater economies and later, seemingly a flying advancement towards finalisation of the SAFTA, their prediction remains true.

What is needed to boost up trade cooperation is the inclusion of tariff reduction on a sector basis, across the board basis and through direct trade measures, and more practically on the top 50 to 100 items of each country's regional imports. While the initial round of tariff reductions is significant as the driving wedge, the transition from SAPTA to SAFTA cannot take place until the tariff reductions are speeded up. Indian importers found it much cheaper to import via Nepal — as their tariffs are much lower — then to bring the same to India under the unilateral trade agreement extended by India to Nepal. In international trade, non-tariff barriers (NTBs) are far greater constraints than tariffs to trade flows. Intra-SAARC trade is no different in this respect. “India-Pakistan trade flows provide innumerable examples of such NTBs. Negotiations on NTBs are more messy than those on tariffs, since NTBs are difficult to pin down, quantify or police.”<sup>84</sup> A number of economists both within and outside the region have expressed apprehensions about the journey from Preferential Trading Area to Free Trade Area. These apprehensions are based on their perceptions about economic and political constraints facing the member countries of the SAARC region. The SAARC Group of Eminent Persons (GEP) made far-reaching recommendations for attaining the goal of the SAFTA:

- i. With a view to establishing a South Asian Economic Union (SAEU) by 2020, the South Asian Free Trade Area (SAFTA) should be achieved by 2008 (2010 for the least developed member states). The implementation should, however, begin from the year 2000.
- ii. All non-tariff barriers, including discriminatory practices, should be identified during the first year of the implementation period and should be phased out over the next nine years by the least developed countries and over seven years by the others.

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<sup>82</sup> Dr. Abdur Rob Khan & Shamsur Rahman, “An Introduction to SAARC, SAPTA, and SAFTA”, *Seminar on South Asian Free Trade (SAFTA)*, The SAARC Chamber of Commerce and Industry, Dhaka, December 17, 1997, p.7.

<sup>83</sup> *Ibid.*

<sup>84</sup> Bibek Debroy, *op cit.* p. 23.



iii. A possible method of eliminating tariffs on substantially all trade could be a 1.25 percent reduction per annum over the eight years period.<sup>85</sup>

There are also scholars who are optimistic about the successful journey of both the SAPTA and the SAFTA. Vijay Kumar said after SAPTA, "India feels that it is in view of total of 5000 tariff lines in the international harmonised code of commodity classification up to the six digit level, the SAARC member-countries will have to cover at least four years in order to achieve the target of establishing the SAFTA by the year 2000, under which there will be no tariff or non-tariff barriers for trade among the South Asian Countries."<sup>85</sup> To make these instruments of trade liberalisation successful, a vivid and vigorous role of Track-Two and Track-Three process of cooperation will be essential. Here, the Chambers of Commerce of the regional states along with the SAARC Chamber of Commerce can speed up the pace of trade co-operation by pressing the governments to reduce TBs and NTBs. The example of the most successful regional bloc illustrate that those do not succeed because of what governments do but what the businesspeople and other relevant stakeholders do. At best, governmental announcements merely provide formal sanction to what has already been taking place at the ground levels, because of commercial decisions. The SAFTA is unlikely to emerge as a South Asian Economic Union (SAEU) because the governments decreed it. Here the responsibility of the government is simply to provide an enabling framework and remove constraints to commercial decision-making. Although it is argued that the constraints that hinder trade in the region can be directly attributed to state interference, now a reform process is under way that diminishes the role of the state in the economic regime. The faster that liberalisation proceeds in the individual countries the better the prospect of South Asian trade as a whole. That is the road map to SAFTA."<sup>86</sup>

Although much progress has not been achieved over the years, trade officials of the regional process recently proceeded a long way in setting the yardsticks for the SAFTA in the hope of finalising in the near future. In this respect, the Fifth Meeting of the Committee of Experts (COE) on drafting a Comprehensive Treaty Regime for South Asian Free Trade Area held at the SAARC Secretariat, Kathmandu on October 14-17, 2003, and the sixth meeting on the same

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<sup>85</sup> Quoted in Mehendra P. Lama, *op. cit.* pp. 21-22.

<sup>86</sup> Bibek Debroy, *op. cit.*, p. 8.

issue and at the same venue on November 30-December 1, 2003, are hallmarks. The SAFTA draft advocates for tariff cuts and also proposes special and differential treatment for the LDCs within the domain of SAARC. The proceedings of the two meetings reveal that the LDCs "have a feeling that there should be a special fund to compensate their revenue loss caused by tariff cuts."<sup>87</sup> Things are advancing so rapidly that the Commerce Secretaries will be meeting in December 27 in Islamabad, ahead of the 12 Summit, to finalise the SAFTA document for forwarding it to the Summit, scheduled for January 4-6, 2004, in the Pakistan capital. As the two bigger economies agreed to further include 500 more tariff lines for concessions, ranging from 10 to 25 percent, so the prospect of the document being signed in the Summit is brighter, said a MOFA official of Dhaka.<sup>88</sup>

However, beyond the orbit of the formal SAARC or official channel, there are channels of cooperation in South Asia, namely Track-Two and Track-Three, i.e., the cooperation channels in the people-to-people contact. In the course of discussion we shall see there will also be a role of SAARC in those channels.

#### **4.4.2.2.3 Cooperation in Track-Two Process**

Despite the slow progress, one of the remarkable contributions of SAARC has been the fact that it has been able to trigger a whole range of activities outside the SAARC forum.<sup>90</sup> Since the launching of SAARC the region has witnessed an unprecedented rise in various 'non-official' often referred to as 'Track-Two' initiatives. The contact at the people level is nothing new in the region. According to an inventory compiled in 1997 of the on-going bilateral and regional initiatives, there were more than 40 categories of interaction in progress.<sup>91</sup> The categories and channels have increased and are at work. These include media; research institutions; various other professional groups, including social groups; issue-based organisations involved with environment, gender, human rights, etc; development workers; election monitors; accountants and management experts; engineers; educators; consultants; business representatives; student groups; youth and private individuals; and even political parties, trade unionists, speakers and

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<sup>87</sup> . New Age, "SAFTA Document Likely to be Finalised Soon: Commerce Secretaries of SAARC Countries Meet in Islamabad from Dec 27, December, 9, 2003 p. D2.

<sup>88</sup> . *Ibid.*

<sup>90</sup> The interpretation of this aspect have widely been drawn from Navnila Chanda Behara, Paul M. Evans, and Gowher Rijvi, *Beyond Boundaries: A Report on the State of Non-official Dialogues on Peace, Security & Cooperation in South Asia*, University of Toronto, York University Joint Centre for Asia Pacific Studies, 1997, and *The SAARC: A Brief Profile*, The SAARC Secretariat, Kathmandu, Nepal, 2002.

parliamentarians. Says Zaman, "This outpouring of nonofficial activism can be viewed as an expression of what is expected of SAARC at the popular level. ...This must lead, in time, to the evolution of political institutions and processes which will work to make government sensitive to the will of the people."<sup>92</sup>

To guide the regional process some institutes played a lead role in conducting research and advancing the academic debate. The institute that gave birth to the main vehicle of regionalism in South Asia, SAARC, is the Bangladesh Institute of International and Strategic Studies, Dhaka. This institute, along with Bangladesh Institute of Development Studies, Centre for Policy Dialogue, Bangladesh Unnayan Parishad, etc., organised talks and conducted studies, seminars, symposiums, and workshops to bring together the regional scholars to discuss various issues of regional importance in development and peace. In India the Centre for Policy Research, the Centre for the Study of Developing Societies, and the Research and Information System are well known for working in this line. Pakistan has a specialised Institute for Regional Studies that is engaged in both research and policy dialogue. Both the Institute for Strategic Studies, Islamabad, and the Pakistan Institute for Developing Economies address regional issues as part of their broader mandates. Nepal's Tribhuvan University has a Centre for South Asian Studies and some private research centres while Sri Lanka has several important research institutes working on regional issues. The pioneer in this respect is the Colombo-based Marga Institute which played a key role in the early 1980s in the initial stages of SAARC. Despite the existence of many national institutes and university departments specialising in regional studies, a regional institute was lacking in South Asia. The vacuum was filled by the creation in 1993 of the Regional Centre for Strategic Studies (RCSS) based in Colombo. RCSS connects "national institutes in South Asia, sponsor regional research projects involving scholars from more than one country and operate as an information clearing house."<sup>93</sup> Now this institute is well equipped with modern informatics.

Regional research, studies and initiatives aroused enthusiasm in overseas scholars about regionalism in South Asia, even in Track-Two. Some foreign research centres have undertaken regional projects involving participation of South Asian scholars since early 1994. The most

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<sup>92</sup> . Ifekhar Zaman, *Himal*, p. 19

<sup>93</sup> . *Ibid*

<sup>94</sup> . Sandeep Waslekar, *op. cit.*, p.3.



prominent of these are Asia Society, New York, addressing all aspects of US-South Asian relations; a three nation India-Pakistan-US project that examined lessons to be drawn from recent regional crises; and a project by the Indian Ocean Centre for Peace Studies, Australia, on confidence building measures in South Asia.

In this respect the role of the external country is not negligible. The US Information Service (USIS) has hosted a series of WORLDNET dialogues between India and Pakistani experts, facilitated by US experts, on issues such as nuclear proliferation, regional economic cooperation, and confidence building measures. In addition, the US Institute of Peace has held several workshops in Washington DC, on the Kashmir problem. A series of initiatives since 1992 have been aimed at new constituencies involving real policy makers and the future generation in the process. The initiatives to tap the younger generation came from Chris Smith of King's College, London, UK; George Perkovich of the W. Alton Jones Foundation; and Stephen P. Cohen, then with the Ford Foundation, India. These initiatives involved discussion on arms control and conflict resolution in a summer school format. The first Summer School was held at Burban, Pakistan, May 1993, while the second session also in Pakistan in May 1994. The third session held in India, August 1995. The Henry L. Stimson Centre for Washington, DC launched another programme for young people. Under this programme young Indian and Pakistani scholars are invited to spend a few weeks together at the centre's facilities to study confidence building measures. RCSS workshops of young scholars of the region on arms technology, disarmament and cooperative security measures in South Asia have been a regular feature.

Apart from the initiatives in the youth front, the bigger players have been showing interest in conflict resolution. Benazir Bhutto, championed the process in 1992 while she was leader of opposition in the Pakistan Parliament. She invited all opposition leaders of the region to Karachi to discuss a common vision for the future of the region. In the same year speakers of parliaments of the region met in Sri Lanka and Nepal to form an Association of SAARC Speakers and Parliamentarians. In July 1995 the Association organised the first series of conferences in New Delhi, with a focus on exchanging information on parliamentary procedures. Another initiative in this tier was the International Centre for Peace Initiatives, Bombay who, in collaboration with the Rajiv Gandhi Foundation organised a meeting of the senior statesmen of the world (with emphasis on South Asia) to support the phased elimination

of weapons of mass destruction. Since 1994 the International Centre for Peace Initiatives has been collaborating with the Parliamentarians of Global Action and the International Peace Academy for their programme of workshops in peace-making and preventive diplomacy for parliamentarians in South Asia. The programme is steered by eminent conflict resolution experts and political leaders from within the region. The first workshop was held in Kathmandu, May 1994 and the second in Maldives, May 1995. Political leaders, including serving or former ministers, attended the workshops. The result was several follow-up processes, the most significant of which was the idea of a multi-party dialogue between leading political parties in India and Pakistan. The increase of annual meetings of regional ministers under Track-One has also contributed to the legacy of this unofficial regional process.

The trend of peoples' coming together for the cause of regional cooperation has intensified in the recent years. A group of very well represented members of civil society met in Kathmandu, December 1999, under the auspices of the Coalition for Action on South Asian Cooperation (CASAC) to discuss the future of South Asia. They envisaged and chalked out a programme for South Asia 2010. That discussion was followed by another specialised group on the Ganga, Brahmaputra and Meghna Basin, who met in Dhaka in December 1999.

The issues related to infrastructure and energy were thoroughly discussed in a conference attended by sector experts in New Delhi, December 1999. The South Asian business houses and industrialists met in Male in January 2000 to discuss the economic issues in the Fourth SAARC Economic Conference organised by SAARC Chamber of Commerce and Industry (SCCI). A weeklong conference was held in Kathmandu in February 2000 to discuss issues related to growth, poverty alleviation and sustainable natural resource management in the mountain areas of South Asia. The writers of the South Asian countries met in New Delhi in April 2000 to discuss the trends of South Asian literature. These are only a few random examples of South Asia-wide activities that have taken place even when the official SAARC forum has been less active. So the process goes on regardless of SAARC's officialdom, and the spirit of SAARC has reached far beyond the establishment to accelerate co-operation from one sector to another. These are the activities that will hold SAARC in good stead in the long run and sustain the regional process.

In South Asia, the primacy of politics is all the more a dominant characteristic of social reality. The socio-economic agents are highly underdeveloped, very poorly organised and inept in consideration of skill and articulation. The economic forces are subservient to the political ones. As such, in regional moves, incentives of economic gains and the influence of economic agents without their political implications are by and large incidental. This theoretical understanding as well as practical observations led South Asians to resort to political and military confidence building measures. However, in the last 50 years no such measures have sustained, or, have remained totally emasculated and ineffective. A majority of the confidence building measures addressed only those who held a serious stake in perpetuating the conflict. These stakeholders have always been in microscopic minority. The fate of these measures was always determined by politicians and bureaucrats — both civil and military. Academics, private sectors and other vocal members of civil society have generally remained in the periphery only to observe and analyse the plays of the central actors. That is why the peace and cooperation constituencies in the region have been remaining marginalised. To eliminate the predicament, a thought process to address the regional common issues through collective efforts evolved. As there are stakeholders in keeping the conflict alive, it is presumed that there are stakeholders for peace building. Solid business communications of economic stakeholders became essential to respond to the actual needs of the region, where alleviation of poverty and development of the masses are the highest priority areas to address. In this context South Asia can learn from other regions. In the extra-regional pageant, for example, the ‘integration process’ in Europe has been consolidated into the mutual stake holding of the countries. In South Asia also we can have a glance at the relations of India with regional countries other than Pakistan. India’s economic and commercial relations with neighbours including Nepal, Bhutan, Bangladesh and Sri Lanka have several examples to offer. These countries have faced serious political crises vis-à-vis India but they have been remarkably momentary and have shown urgent signs of recovery, mainly because of the large-scale economic stake holding on both sides of the border. In contrast, striking has been the fact that India-Pakistan relations have no such stake holding in the business sector.

Meanwhile, the mutual awarding of the most favoured nation (MFN) status to one another was a result of the continuous pressure from the business lobby. Now, Punjab-Haryana-Delhi Chamber of Commerce in India and the Federation of Commerce and Industry in Pakistan are



exchanging business delegations in search of small trade opportunities. Already they have achieved a Delhi-Karachi bus service and are pressing to straighten transport communication for the commodity lorries from one country to another. An initiative was taken by Parekh's Bombay Group, a project of professional businessmen, which attracted the attention of Indian and Pakistani scholars and officials from the capitals. The intention of the meeting under the auspices of the UN in 1994 was to bring together leading industrialists and multinational executives of the region to discuss the policy environment rather than specific trade opportunities. Despite this, the advancement in the implementation level was not very substantial but such an exercise was timely, especially when the liberal economies of South Asia were vying for extra-regional capital. This was necessary to make more scope for employment and income in the state and region.

#### **4.4.2.2.4 Track Three: People Take Initiative and Come Closer in South Asia**

One of the main criticisms against the regional process is that nothing happens but 'meeting, seating and eating'. However, there are dedicated individuals who have been involved with the SAARC process who act to spearhead the process for the betterment of the millions of the poverty-stricken population and to establish peace in the place tension.

SAARC leaders have attached high priority to the promotion of people-to-people contacts to strengthen mutual understanding and goodwill among the people of the region. In order to give effect to this concept, a number of initiatives have been taken under the aegis of SAARC. The initiatives that have been undertaken so far are elaborated in the yearly publication of SAARC Secretariat, SAARC—A Profile,<sup>94</sup> and include institutions, such as the SAARC Visa Exemption Scheme, the Association of SAARC Speakers and Parliamentarians, and Recognition of Professional Bodies and SAARC Recognised Bodies.

Until August, 2003 the Professional Bodies included SAARC Chamber of Commerce and Industry, SAARCLAW, South Asian Federation of Accountants etc. SAARC Recognised Bodies include South Asian Association for Regional Cooperation of Architects, Association of Management Development Institutions, SAARC Federation of University Women, SAARC Association of Town Planners, SAARC Cardiac Society, SAARC Diploma Engineers Forum,

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<sup>94</sup> SAARC Secretariat, *op. cit.* pp. 76-84.

SAARC Teacher's Federation, Foundation of SAARC Writers and Literatures, Federation of State Insurance Organisations of SAARC Countries, Radiological Society of SAARC Countries, and SAARC Surgical Care Society. These organisations are not name or on paper only; all of the organisations have their respective Secretariats.

We can find an spontaneity of growth of organisations and conferences in the region, such as the Conference of South Asian Journalists and SAARC Microcredit Conference as well as student visits to intra-SAARC countries, etc. If we examine the above list we find that even though some organisations have the calibre to influence official decision-making, the organisations of teachers, diploma engineers or doctors do not have much influence. These people cooperate with one another in the region for technical purposes, thus spreading functional cooperation.

## CHAPTER-V

### ASSESSMENT OF THE EXPERIMENT: TRENDS AND PRACTICES

#### 5.1 Introduction

While seeking for an assessment of regional cooperation in South Asia in functional terms, we shall proceed by mentioning the expected deliverables, including the achievements that have so far been achieved along with prospects and constraints in reaching the targets through cooperation.

#### 5.2 Confidence Building:

Confidence building measures are necessary in South Asia because the suspicion and mistrust among or between the states are deep-rooted. Because of the relations of man and milieu, the people of South Asia have not have confidence in one another. Natural endowments and human psychosis played a major role in this. South Asia is one of the conflict-prone areas of the world and it is still haunted by unbridled military build-ups, an arms race, and mutual suspicions and wrangling. The situation has become aggravated from balance of power to balance of terror through Pakistan's acquisition of nuclear deterrence capabilities. Writes Rajesh Basrur, "Even if existential deterrence in South Asia were to be granted, the hostility between India and Pakistan would still be sustained by the 'deep structure' of the system — anarchy — that drives states to accumulate power and be inimical to that of others."<sup>95</sup> Being trapped in Cold War hazards, still the countries are not in a position to give the functional issues proper care. India feels shaky in the arms collection of its small neighbours while building its own stockpile. The arms race in the region has been intensified. India dares to exert its 'right' to prevent the neighbours from accumulating arms, which they think is interference in their sovereignty. The latest example occurred within a month or so of the Ninth Summit in Male in 1997. The Summit visibly produced an amicable environment between the two great powers of the region but very unpredictably, India deployed 'Prithvi' along its Pakistan border; this not only produced Pakistani anguish, but Pakistan also retaliated in the same line through more than one nuclear test. Instead of cooperation or amity, distrust and suspicion spilled over in the region.

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<sup>95</sup> .Rajesh Basrur, *South Asia's Persistent Cold War*, ACDIS Occasional Paper, Research of the Program in Arms Control, Disarmament, and International Security. University of Illinois at Urbana-Champaign, November, 1996, p. 3.



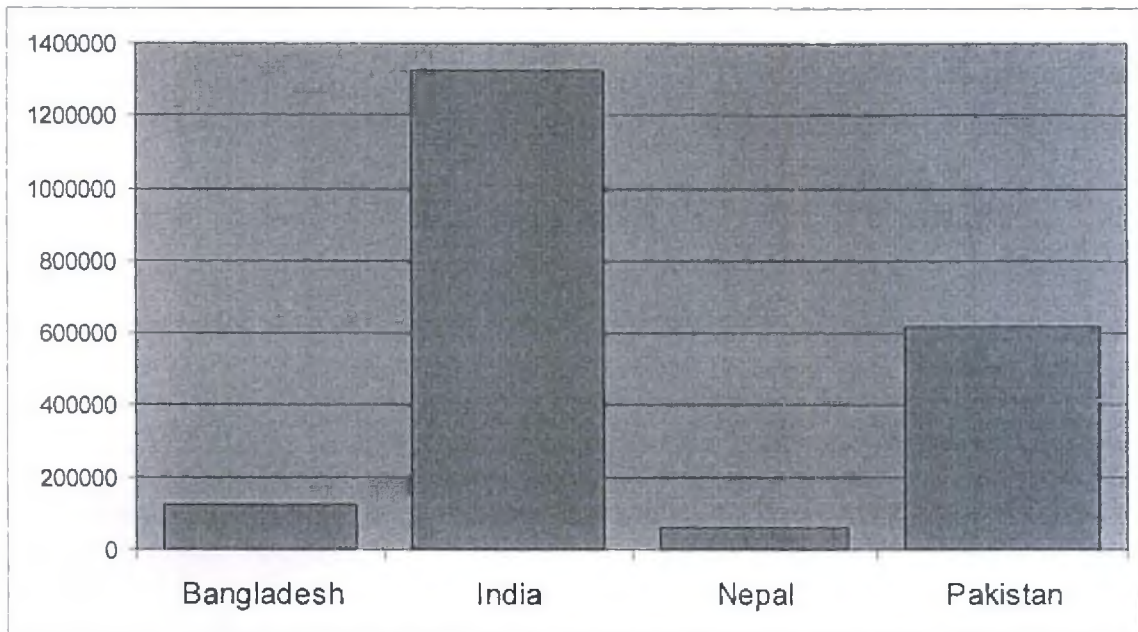
The first thing to be considered here is the geographic configuration of the states and the impact of geopolitics on regionalism in South Asia. Geopolitics obviously belongs to the indicators of the process concerned that set the bond of the states' interactions in South Asia. These factors have influence on regionalism in all stages. The central position and 'greatness' of India dominate the dynamics of regionalism as well as other phenomena of the region, including the sheer size of India in the middle, bordering each South Asian country. Beyond size there is a psychological barrier posed by the fact that the map or satellite image of South Asia is essentially a picture of India's coastline. The shores of both Pakistan and Bangladesh fail to provide distinctive features to divert from India's omnipotent and, simultaneously, omnivorous image. It appears as a great constraint in the way of convergence in South Asia.

India's overwhelming presence, beyond physical expanse, its population and diversity, its economy and overall clout as regional superpower, make talk of regional cooperation in South Asia unreal to some scholars. The physical and demographic proportions of the country, and its economy, history and political power, may be seen to set objective limits to the growth of regionalism in South Asia. Then there is the rich history of South Asia which, after 1947, has been essentially concerned by India as its own legacy. In fact, its very centrality requires that India plays a prominent role in fostering regionalism in this part of the world, because how it plays this role will set the fate of the process as a whole. During I.K. Gujral in the office and Gujral Doctrine in the offing the beginning of a renovated Indian attitude was seen in the surface of regionalism. Then the neighbours saw a comfortable New Delhi. A sea of change in the perception of regional cooperation in South Asia had happened along with India's taking over of chairmanship of SAARC for the second time, showing its feeling for cooperation in the region. The 'Delhi Raj' in South Asia, usually demonstrated by the National Congress regime, was being mitigated to a certain degree. The Deve Gouda regime also followed the same line of a 'unitary peace initiative' in South Asia. But this initiative, an outcome of the Gujral Doctrine, suddenly was replaced by 'unitary nuclear' explosion by the Bharatiya Janata Party regime of Atal Bihari Vajpayee.

Thus, not only the sheer size of India or its geographic centrality frightens the small neighbours, but also its overt and covert postures. The India Doctrine has remained the guiding principle of Indian foreign policy for a long time, which revolves around power politics, being imbued by

Kautilyan ideology. A good policy, according to Kautilya, must achieve four things: to acquire what the nation does not have, to preserve what it has, to enhance what is preserved, and to use for the welfare of the people what is enhanced. Foreign policy, too, has to serve these ends.

**Figure-9: Active Arms Forces in major SAARC countries, 2002 once again reveals the omnipotent position of India in the region. The second position is held by Pakistan; see Table-2.**



*Source: The Military Balance 2003-2004, Oxford University Press, London, October, 2003. pp-135-143.*

Kautilya also wrote that power was the only means to ensure friendly relations with other countries. This fundamental precept must serve as a guide to the foreign policy of the government of India.<sup>96</sup> This attitude of India sometimes shatters the process of functionalism. This created a negative weight of history in the minds of the neighbours. If they fail to correspond to any of India's noble ventures, this will also hinder the regional process. During the brief tenure of Janata regime of Morarjee Desai, the then Foreign Minister Atal Bihari Vajpayee was able to bring about a sharp change in the neighbours' perceptions by pursuing a more accommodative policy towards them. India signed separate trade and transit agreements with Nepal that made immediate changes in the Nepal elite's perceptions of its neighbouring colossus. The Ganges water sharing agreement with Bangladesh; her catalyst role to the Chittagong Hill

Tracts Peace Agreement, are gestures of positive intention of India, and there was an immediate change in Bangladesh perceptions about her. Vajpayee and Morarjee Desai both visited Pakistan, initiating 'visit diplomacy' gesture never before shown by India. The Janata regime not only gave a priority to the neighbourhood, also adopted a policy of harmonising relations with the neighbours on India's unilateral initiatives. The idea was that India, with its preponderant size, power and resources, could afford to be the giver rather than the taker in the region. The experiment ignited considerable interest in her South Asian neighbours. India now has to understand that the era of achieving regional leadership, or even global leadership, by the sheer exercise of 'power' has come to an end. Writes Subir Bhaumik that if India had wanted to lead South Asia, which it should and could, was stopping to act the bully. It should be mindful of the interests and sensibilities of the smaller neighbours and be able to generate not only a consensus but also unanimity on key regional issues in economy and politics. He also said then India would be able to extract major concessions from international bodies on issues considered important by the regional countries." He goes on to say, "Delhi has to understand that almost despite themselves the small, they gravitate towards the Big. This is the law of gravitation and in order not to upset this natural law, the Big has to behave accordingly."<sup>97</sup> The Deve Gouda regime in India accommodates this paradigmatic shift in the concept of power. This may not be the end of talking of the India factor in South Asian regionalism and the feedback from the small countries of the region. Says Bhabani Sengupta et al., "Living with a leviathan neighbour can be like living with an elephant. All countries who share borders with large and more powerful neighbours share this feeling. However, an elephant can be nice if it wants to be; with a little bit of training, it can go on raising its trunk, saluting people without reducing its bulk and its might. An Indian attitude of understanding, sympathy, generosity and enlightened self-interest would generate a new pattern of behaviour with the neighbouring countries."<sup>98</sup> It would not mean that India would deviate from its policy of national interests, but would be required to understand the sentiments and susceptibilities of the neighbours with greater sympathy and sensibility. The authors maintain the following ideas about a cost-effective but apparently benevolent role of India in South Asia that may favour regionalism:

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<sup>97</sup> N. N. Jha, *With Kautilya as Guide*, HIMAL South Asia, March 1996, p. 46

<sup>98</sup> Subir Bhaumik, *op. cit.*, p. 29.

<sup>99</sup> Bhabani Sen Gupta, Amit Gupta, Prakash Nanda, *op. cit.* p. 25



- i. By allowing a larger share of water of the Ganges India can pacify Bangladesh, while she can win over Dhaka for long-term exploitation of the waters of the eastern flank of the subcontinent for the benefit of the two countries. India should have the courage and the far-sightedness to adopt a more giving attitude in its own larger long-term interest.
- ii. Acceptance of the zone of peace concept of Nepal would make not the least change in the geo-political realities of the Himalayas or in Nepal's relations with India and China. It will not in any way impinge on the Indo-Nepali treaty. But its impact on the Nepali elite will be electric.
- iii. The surest way to build a better atmosphere in the Indo-Pakistan relations is to initiate summit diplomacy as an annual feature. Pakistan wants to be recognised as equal to India. It cannot be India's equal in terms of power and influence. Britain is not an equal of the United States. But the US tries to treat Britain as an equal."<sup>99</sup> India can behave in the same manner with Pakistan for the greater interest of the overall *process* and obviously for the enlightened self-interest of India.

*Interdependence* is needed in all respects. India alone, however, cannot bring about a new pattern of regional behaviour in South Asia without the cooperation of others. It is necessary to work out an inventory of behaviour expectations in the region, each country explaining in clear and explicit terms what kind of behaviour it expects from India and what it can give in return. Here we can remember the comments of I.K. Gujral, then Foreign Minister of India, on the overall issues with Bangladesh during his visit to Bangladesh prior to the Ganges Water Treaty.<sup>100</sup> India too should tell the neighbours candidly what behaviour it expects of them and what it is ready to give in order to get the desired kind of behaviour. Only through a frank and open mutual exchange of views can the existing behaviour patterns be changed. It needs the pragmatism of the small states to realise that in international relations no state can part with national interest. So they should not expect a great leap in India's policy, which will be out-and-out coated with philanthropy. In the 'give and take' formula those who cannot afford material support, at least should show their psychological affinity.

Mutual suspicions and communication gaps hinder the regional process. Subir Bhaumik wrote in *HIMAL South Asia*, "Small nations are generally afraid of big ones, but there are occasions when the big begins to take note of the small and even develop apprehensions about them. In the last two decades, South Asia has often experienced this when India, though perceived as the 'Big

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<sup>99</sup> *Ibid.*, p.26

<sup>100</sup> Dr. Abdur Rob Khan, "Issues in India-Bangladesh Relations :An Introspection". Paper presented in *The International Seminar on Bangladesh-India Relations*, Bangladesh Institute of International and Strategic Studies (BIISS), Dhaka, 1997 December, p.7.

Brother', has developed a scare about some of its smaller neighbours."<sup>101</sup> For example, Sri Lanka was seen to be a menace when it was thought to be offering port facilities to the United States, which New Delhi perceived as an anti-India posture. The migration of the overflowing population of Bangladesh into the Eastern part of India has been seen as a 'silent invasion,' while the successive post-1975 regimes until Sheikh Hasina were believed to be patronising guerrilla infiltration in the India's Northeast. The Hindu state Nepal has been seen as a threat, as per intelligentsia's claim, to have clear evidence of her use as a nerve-centre for Pakistani offensive intelligence activity against north India. Pakistan remains a living threat element to it since the genesis of these two countries through the 'great divide' of the subcontinent in 1947. Consequently a hesitant India becomes timid to play the 'core' country role in the process. The absence of the 'core' country's role adversely calls upon the whole process. The European experiences reveal that even resorting to a more accommodative, all-embracing and visibly low-profile policy of the 'core' country can adequately serve the purpose of the process. Germany does not feel threatened from Luxembourg or from France and vice versa even with the experience of three face-to-face wars in a century, but India feels threatened from Nepal and Bangladesh, two India-locked countries. For the case of Bangladesh we can resort to an elaboration of M.G. Kabir and Shawkat Hassan, "Unlike its regional neighbours Bangladesh is the only country which is totally surrounded by India (notwithstanding the few kilometres of common borders with Burma in the extreme South corner), and if one ponders the much-improved Indian navy cordoning off Bangladesh's approach to the ocean, then Bangladesh's isolation would be complete."<sup>102</sup> For Nepal's common territory with China, India keeps vigilance over her by playing with the geo-political cards. The trade-transit crisis of 1987 is an example that justifies this position.

### **5.3 Economic Cooperation**

One of the objectives of SAARC was to increase cooperation step by step in economic and cultural fields. Gradually cooperation in other fields such as trade, industrial joint ventures, joint harnessing of natural resources and other fields mutually agreed upon were expanded. In its working paper on regionalism, Bangladesh suggested 'market promotion' in some items such as tea, jute and cotton. Initially, if joint market promotion policies abroad for these vital products

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<sup>101</sup> Subir Bhaumik, *op. cit.*, p. 28

could have been pursued, then some tangible gains such as reducing promotional costs, taking full advantage measures under Generalised System of Preference (GSP) and additional guarantees for further market expansion at remunerative prices would have been achieved. In the face of opposition from some countries, the field of world trade was not included in the areas of cooperation. As the prime institution of the process, SAARC is carrying out and furthering the pledges made by the member countries to their peoples. In 1993 SAARC entered the sphere of 'hard core' cooperation through the generation of SAPTA. Now it is the main area of cooperation. In the meantime it has adopted various instruments of work and various wings to advance.<sup>103</sup>

Despite the fact that the economies in South Asia are highly competitive, they gradually could expand the level of complementarities. Besides, together with trade expansion in the items each country can now offer, new areas and opportunities can be created through production planning in the countries of the region on the basis of comparative advantage. All regional countries have resorted to bold economic reforms along with the continuous hammering of the WTO mechanism. Following the theory of comparative advantage, joint industrial ventures for mutual benefits can be developed region-wide. This can also be done through a part-production system in each country of the region, so that each one can become a producer and consumer at the same time on a regional basis. This region-wide production planning can be undertaken considering the vast production and consumption area in South Asia. Politically, this policy bears the seeds of growing understanding and amity through increasing interdependence of the states. It is, thus, acting as a force for continuous political stability in the region.

The ongoing realities were not unknown to the founding fathers of SAARC. "While bilateral political issues will continue to persist in the SAARC dynamics, their role in deterring cooperation will decline. The pace of progress meanwhile will depend upon hard-core economic cost-benefit issues."<sup>104</sup> Thus SAPTA is deemed a significant step towards the ultimate goal of a South Asian market in the lines of the European Community. The next step is the establishment

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<sup>103</sup> Shawkat Hassan, *op. cit.* p 51.

<sup>104</sup> Sabbir Ahmed, "From SAPTA to SAFTA: Problems and Prospects", *Quarterly Bangladesh Foreign Policy Survey*, Bangladesh Institute of International and Strategic Studies, Dhaka, vol 2, Number 2, April-June 1996, pp 5-6. See, Report of the Fifth Meeting of the Committee of Experts (COE) on Drafting A Comprehensive Treaty Regime for a South Asian Free Trade Area (SAFTA), 14-17, October, 2003, SAARC Secretariat, Kathmandu.

<sup>105</sup> Mizanur Rahman Khan, "SARC and Regionalism in South Asia", in M. Abdul Hafiz and Iftekharuzzaman, *South Asian Regional Cooperation: A Socio-economic Approach to Peace and Stability*, Bangladesh Institute of International and Strategic Studies, 1982. p 77.



of the South Asian Free Trade Area (SAFTA). In the meantime, the items on which concession have been achieved reached from 246 to more than 5500.

Now we may turn to the question of *allocation* of benefits from the new unit — the gain of big and small countries from the process of regionalism. According to the theory, in such a process, relatively larger gains accrue to weaker and small countries, which in the SAPTA context means the least developed economies — Bangladesh, Bhutan, the Maldives and Nepal. Conversely smaller gains accrue to the stronger and larger countries. In the SAPTA context this means India, Pakistan and Sri Lanka. Bibek Debroy wrote, “Any process of bloc formation, therefore, has to be subsidised by the large countries. The extent to which the SAPTA succeeds is a function of the extent to which India, Pakistan and Sri Lanka are prepared to subsidise the process. This is under the assumption that bloc formation implies more than trade liberalisation, and that required structural adjustments are also carried out. If bloc formation is carried out in a limited area of trade liberalisation, relatively larger gains often accrue to the larger countries.”<sup>105</sup> So, under the present nature of preferential trading arrangements the small states of South Asia will incur losses. The small states may be weaker in strength but are majority in number. If the necessity of the majority is not accommodated in the system then that system cannot survive, let alone progress. Limited negotiation in trade is no better arrangement in regionalism. Regional bargaining is better in the economic diplomacy than bargaining by a single state in a world where regionalism sails on in the systemic level.

The quest for economic grouping across the world gave the impetus to float SAPTA and, at least, advancing towards SAFTA in such a region where boycotting products of the neighbouring country is generally taken to be a symbol of patriotism in the rubric of *swadeshi* (a sort of political programme in which foreign goods are being boycotted). Now, the policies of economic liberalisation and the unleashing of the private sector are nudging the South Asian states to integrate the market of the region and to face economic challenges in the area of trade, investments and technology transfers. On the other hand, the global trend of expanding and strengthening regionalism is pressing for greater economic cohesion in South Asia in apprehension that already marginalised economies of the region might face a worse situation in the era of globalisation.

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<sup>105</sup> Bibek Debroy, *op. cit.*, 22

In respect of intra-regional trade, writes Bhabani Sengupta, "All of India's smaller neighbours are seeking increasing access to the huge Indian market for their products. The 'big' is no longer awesome and ugly; instead it is becoming beautiful. India, on its part is trying to accommodate its smaller SAARC neighbours as far as possible."<sup>106</sup> A five-volume study carried out by the Pakistani Ministry of Commerce offered positive recommendations while asking India to reduce subsidies on its agricultural products to create a level playing field for Pakistani businessmen. It also proposed that the two countries improve transport and communication links. India and Pakistan are also co-ordinating their approaches in the field of textile trade to meet international pressure.

In spite of resistance from the core establishment, Pakistan, under Nawaz Sharif, engaged itself in political talks with India on all matters of mutual concern, including trade and people-to-people exchanges. As the result of backspace parley of the 9<sup>th</sup> Summit in Male, India and Pakistan worked seriously on regional cooperation on the sale of surplus Pakistani hydropower to India. The face-to-face dialogue between Nawaz Sharif and I.K. Gujral stimulated some confidence-building measures from both sides. Both have accepted a clean slate approach to resolve bilateral contentious issues. Both of them have decided to set up a hotline, arrange a release of prisoners and form working committees to discuss the bilateral contentious issues.

Convinced by this dialogue, it has been agreed upon in the declaration to launch a process of informal political consultation, which will prove to be useful in fostering good neighbourly relations, relieving tensions and building confidence as a means to promote and accelerate social and economic co-operation in the region. An improved Indo-Pak relationship is the cornerstone of success of regionalism in South Asia.

Trade is obstructed for 'formalities' of the state-machine. Goods are smuggled to meet the seasonal and temporary demand. Another important aspect is that "formal trade cannot respond instantaneously to the urgent demand due to time consuming procedures and administrative complexities"<sup>107</sup> However, in the second round of the SAPTA, it was sought to switch focus to across-the-board tariff reductions, where the impact on trade flows is likely to be much more significant. Under these circumstances, Track-Two co-operation can greatly help tariff

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<sup>106</sup> Bhabani Sengupta *et al. op. cit.*, p. 21.

<sup>107</sup> International Development Centre of Japan, *Schemes of Regional Economic Cooperation Aimed at Fostering Economic Growth in South Asia : The Role of Japan*, Final Report, March

reductions. That is, apart from the Track-One adopted for reductions throughout SAARC, there can be a faster track if tariff reduction through bilateral negotiations occurs among the relatively more advanced countries.

More importantly, trade flows are a function of cross-border investment flows. In world trade, a large chunk of trade flows consists of intra-industry trade of which a large portion consists of intra-firm trade. The target of enhancing trade flows cannot, therefore, be de-linked from the objective of increasing cross-border flows of investment. In South Asia joint ventures are possible in sectors such as jute, tea and textiles, and garments. The transition from conventional trade flows to investment flows has the added advantages of tapping synergies and complementarity and exploiting economies of scale, since competitive economic structures become relatively less important. Joint ventures need not be confined in manufacturing, but can be extended to service-sectors and even to non-tradable sectors. The point, however, is that such joint ventures often involves structural adjustments within the individual countries. The SAARC countries are yet to be prepared for such structural adjustments. The future of SAARC lies in the standard transition from a free trade area to a customs union, and from that, to a common market and an economic union. Given the lack of political will, even the free trade area is a long way off. Not surprisingly, intra-regional investments have been far less significant than intra-regional trade.

It would be naive to deny the influence of political relations on economic and cultural cooperation. At the same time, non-political cooperation also has implications for political fields. One of the important objectives of the initiators of SAARC was to create an environment conducive to confidence building. This has been well recognised in the Declaration of the South Asian Regional Cooperation and the Joint Communiqué issued at the launching meeting of SAARC in August 1983 in New Delhi. In such a situation, we find through 'political will' the countries of South Asia have come to congruence to float SAARC, SAPTA and SAFTA. For continuous talks, misgivings are waning. At the same time, for discords in political relations the economic and cultural relations also become badly affected. The threats to boycott or cancel the summits and conferences call upon the overall spirit of regionalism. In a similar vein the late Prime Minister of India, Indira Gandhi, while inaugurating the meeting of Foreign Ministers in



Delhi clearly said, "At a political level, this is an important step in the development of mutual relations. The world can survive and progress only with a strong sense of the unity of humankind and tolerance of the right to political diversity. Within this framework we seven must conduct our affairs so as to eliminate tension and promote greater peace and stability in our region."<sup>108</sup>

The basic answer to politico-strategic impediments lies in the creation of a strong 'political will' or 'sense of community' in the region. But 'political will' is more of a concept than a cliché. In terms of concrete reality 'the political will' has been an illusive and slippery phenomenon, which depends upon the outcome of various complex considerations that keep changing in an unpredictable manner. When the regional states cannot even discuss the things among or between them for prevailing bitter relations, there the 'sense of community' becomes far off. Where lack of expectation is prevalent by member countries, the question of allocation does not arise. In such a situation the very rationale of bestowing loyalty to the new unit ceases to be.

Another point here should be reckoned with. Now a trend is sweeping over South Asia that the countries are very eager to join economic groupings, either in or beyond the region. If all of the seven members think it suitable for their collective interest then it will help the regional process. The talk of SAARC-ASEAN cooperation may bring a lot for the countries of two regions. The megalomania joining of Bangladesh India Myanmar Sri Lanka Thailand Economic Cooperation (BIMSTEC), International Organisation of Rim (IOR) and Developing-Eight (D-8) by some countries of the region has ushered in frustration, or more aptly suspicion, in some of the members' policy-psyche. It has been a long time since the states have floated BIMS-TEC, IOR, and D-8 but the real gain have been minimal. India, Bangladesh and Sri Lanka's joining BIMSTEC, and that of Bangladesh and Pakistan to D-8 aroused questions in the scholars' minds whether or not a 'politics of minus' or a 'politics of counteract' was going on in South Asia. Further, suspicion looms large around the sub-regional grouping among Bangladesh, Nepal, Bhutan and seven north-eastern provinces of India in which Pakistan apprehends an exclusionary measure against her within SAARC. Sri Lanka and Maldives also expressed their reservations in this case when it was raised in the New Delhi SAARC Summit in 1996. In the Ninth Summit in Male the three countries gave up and consented to the proposal within the framework of SAARC. The press conference on sub-regionalism of the foreign secretaries and their 'haplessness' before the journalists smelled bad in this respect, at least in the question of their

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<sup>108</sup> Mohammad Shamsul Haq, "The SAARC Evolution" in *SAARC*, Department of Film and Publication, Ministry of Information, Government of Bangladesh, Dhaka, 1985, p. 9.

loyalty and support towards the unit, SAARC. The member-states are dividing their loyalty into many pieces or bestowing them to more than one unit. As the members are underdeveloped so their full commitment and loyalty sometimes may be insufficient for the regional process to reach its destination. The prospect then becomes bleak when there arises any question in the comprehensiveness in the members' loyalty, political commitment and integrity to the whole process. Many reasons like this work in the background for slow progression of the process. For an unsettled mind in this respect, Bangladesh, who was supposed to play a sheet anchor role, failed to do so in SAARC.

The politics of the elite at the domestic level make politics unstable and unpredictable, and very often these jeopardise policy continuities in her external relations. According to P.H. Partridge, "Continuity in the policies of the successive governments, the willingness of government in most cases to accept and build up the legislation of its predecessors, to cancel it, is one of the things we mean by political stability."<sup>109</sup> Some of the South Asian regimes are inherently unstable. As per history and records, the regimes of Pakistan and Bangladesh fall into this category. The most politically stable country, India, has become most volatile in the mid-1990s. It has created a record by embracing three regimes of different parties in only six months — Gujral, Dev Gouda and Vajpayee in 1996. There was a similar history in Nepal, which changed regimes four times in a three years (until mid-October, 1997). Pakistan has been afflicted by the habit of falling into the parenthesis of unconstitutional governments now and then. Continuity of policy of the regimes is very important for the regional process. The approach to regionalism of Gujral is quite different from that of Narasimha Rao. A complete turnaround in the policy towards relations with neighbours has been about a notion in this region. A retrospective view of Bangladesh's India policy during the Bangladesh Nationalist Party and Awami League or India's Bangladesh policy under Congress and Janata Dal or minority regimes will reveal this fact.

The intention of the political elite and statesmanship of the leadership can play a great role in regionalism. The initiatives of Ziaur Rahman in the inception period of SAARC can be cited. If the leadership is confined in traditional thinking, then nothing is possible. Against the traditional conservative and sidetracking role about SAARC, India's unilateral efforts of maintaining workable relations with its neighbours can be recollected. The following United Front

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<sup>109</sup> P.H. Partridge, *Consent and Consensus*, (London: Pall Mall) 1971, 77-78, p. 107-108, cited in Mahbubur Rahman & Abdur Rob Khan, *Bangladesh: Towards National Consensus* (in

government of Dev Gouda also was very serious about a smooth relation with India's neighbours. The policy of Morarjee Desai and V.P. Singh, also cherished good relations with the neighbours. Even the steps of Atal Bihari Vajpayee, such as the 'bus diplomacy' with Pakistan, are worth mentioning. These all are positive for regionalism in South Asia, and should be far-reaching. Being the core country, India's role is most important for the regional process. For example, with respect to Indo-Bangladesh trade relations, only three-quarters of Bangladesh's import bill is possible to be covered by her export income. The condition of other least developed countries is no better than Bangladesh in trade and other aspects. It is very important for these countries to increase their exports. All of these countries have gross trade imbalances with India. India sometimes need not or cannot purchase goods from them as per their expectations. Again, as far as imports are concerned, these countries shall try to import from sources other than India. This can happen for two reasons: either the price and other charges in India are higher, or the quality of goods is not at the expected level. India needs little to bother the regional neighbours in this respect. Practice of tolerance and generosity may pay greater dividends to India, other parties and to South Asia overall.

The *capacity* of the new unit to reward the actions, decisions and sacrifices of the member-states is also important for sound cooperation in a region. SAARC or SAFTA has not yet been capable to meet the needs of the member states. Perhaps it will be one of the reasons for the member-states' searching, in or beyond the geographic region, for other 'economic groupings' or a sub-regional grouping. But a comparative analysis of the regional cooperation between two periods — the pre-SAARC period and after the inception of the process by Ziaur Rahman's hectic parleys in the region, will obviously give a positive picture of expectation. In the political front, we see that in the later period there was no war between or among the countries. To thwart any possibility of war, in the Male Summit backspace parley the regional titans agreed to set up hotline between them. In consideration of the necessary paraphernalia of institutional development of the process of SAARC itself, its various organs and strings are achievements. SAARC has achieved the capacity to resort to peaceful means if there is any crisis in the regional pageant. Colombo's intention of withdrawal of the Indian Peace-Keeping Force from her soil was achieved through showing the card of cancelling the Summit, for example. Sri Lankan Prime Minister Jayawardhane set an example of passive resistance in external relations with the country



of Mahatma Gandhi. Before reaching any conclusion about the capacity of the process to meet the members' necessity, one has to bear in mind at least two things: that SAARC is an instrument serving what has been labelled the most sensitive region for strategic volatility, but there have been no major clashes or sustaining conflict in the region. Despite this, SAARC, at least in the policy documents, has been one of the fastest growing regional processes in the world. We can have a comparative view juxtaposing SAARC with its counterparts in this realm. ASEAN has drafted charter 13 years after beginning and has declared a free trade area after 26 years. SAARC has adopted its charter within five years of the beginning, and could announce a free trade area to be implemented from 2001, four years ahead of the expected time in 12 years. These all bear signs of advancement of the process to accommodate the aspirations of the members. This obviously subscribes to the cooperative tendency of the elite that have started to discover their interest in the process. During the second half of the first decade of SAARC, the organisation witnessed some decisive developments.

- i. Regionalism acquired a fairly elaborate institutional infrastructure, and appeared to have achieved the resilience needed to survive setbacks that are part of South Asian reality. The organisation also developed to the potential of a war-preventive and peace-facilitating forum.
- ii. Progress towards institutionalisation of democracy in several countries also helped SAARC.
- iii. Member countries have been convinced of the fact that administrative procedures must be simplified to prevent smuggling. Also, "Tariff and duties must be rationalised in parity with the border price."<sup>110</sup>
- iv. By internalising informal border trade between the regional members through appropriate trade and institutional mechanism the intra-trade flow can be significantly augmented.
- v. Every country is gradually introducing bold and basic reforms for economic liberalism, success in which may also promote interdependence.

Initiatives in the economic front promise higher rates of growth, greater macro-economic stability, increased foreign direct investment, an expanding middle class, growing modernisation and fast access to the information revolution. All these indications are favourable for regionalism in the present South Asia.

The mainstay of the cooperation process is economic, i.e., the cooperation in trade and commerce. TBs and NTBs interrupt the flow of the free market. The NTBs are more crucial in this respect. Therefore, the relatively tractable business of tariff reductions and tariff eliminations needs to be completed fast, so that one can move on to the NTBs. For the sake of augmentation of regional trade the number of items for tariff reductions must be increased both qualitatively and quantitatively. Negotiation should be on items that have demand in the region. In this regard they can have collective bargaining over a common tariff for the extra-regional countries. Achieving this clout in the international arena was one of the main reasons for forging into SAFTA.

#### **5.4 Socio-economic Agenda: Poverty Alleviation and Social Empowerment**

Trade sometimes becomes the business of the businessmen only, not of people. Is there anything in the regional process for the poor masses of the region? The regional process entered the area of poverty alleviation a bit later than expectation. Although poverty has been taken as the number one strategic issue no serious talk on poverty issues occurred until 1993. Since then the poverty alleviation modalities also has received necessary support. Already poverty alleviation projects have been put into operation and the efforts for accumulating resources in the resource-scarce region from relevant sources is occurring.

If we go for evaluating the *allocation* from the process, the success is meagre so far. But, if we consider the things with a farsighted angle, the process has achievements. If the next Summit in January 2004 accepts the SAARC Social Charter then it will get a tremendous boost. Besides, the initiatives of the SAARC Secretary General are continuing. In this respect the main gains will come through cooperation with regional and international organisations. To trigger the pace of development, social empowerment, trade and human resource development SAARC has already signed either agreements, or memorandum of understandings or protocols with many international and regional organisations, including i) European Commission, ii) ASEAN, iii) United Nations Conference on Trade and Development, iii) United Nations Children's Fund, iv) UNDP, v) Asia Pacific Telecommunity, vi) Economic and Social Commission for Asia and Pacific, vii) United Nations Drug Control Programme, viii) International Telecommunications

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<sup>118</sup> International Development Centre of Japan, *op. cit.*, p. 71

Union, ix) Canadian International Development Agency, xi) World Health Organisation, xii) South Asia Cooperative Environment Programme.

This cooperation spree in the functional areas bids fair some positive changes in the South Asian development regime.

### **5.5 Regional Process Withstands Problems**

The SAARC Charter remained a non-starter from the very beginning to guide the regional process. For example, since summit meeting were constitutionally provided for, its position as the highest authority with proper competence and function is naturally implied. A clear mentioning of it would have strengthened the Association to shoulder the regional responsibility with more sharpness. Even its relationship with the immediate subordinate body, the Council of Ministers, is not defined. It is such a confusing element in the charter that some writers hesitate to include 'Summits' as part of the organisational activities of SAARC.<sup>111</sup> Again, the Summits could not be held every year as per schedule, in most cases for the appearance of discomfort with any of the 'six goats with the lone tiger.' Two years elapsed for the Ninth Summit in Male, May 1997 since the Eighth Summit in Delhi, May, 1995. The tenth Summit was held as per schedule in July 1998, but again the Eleventh Summit, to be held in November 1999 in Kathmandu, was not held because of India's strong reservation in sharing dais with the Pakistani junta. Thus, instead of 17 Summits in more than 17 years, SAARC could manage only 11 Summits. The elapsed five Summits thus breached the charter of the umbrella organisation. This hampers the continuity, and thus, the spirit of the process of regionalism in South Asia.

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However, the Summits have very important influence on the regional process as far as confidence building measures and the peace process are concerned. Whatever may be the progress made by SAARC so far it has been the only forum where the regional leaders sit for mandatory talks that eventually help evaporate 'tensions' among them. They come to the meeting and conference to talk about 'functional' or non-political issues, where they get ample scope to pacify the political tensions that have been built in their relations, particularly in the relations of the regional high-ups. As for example, the Tenth SAARC Summit in Colombo, July 1998 sharply mellowed down the serious Indo-Pak bilateral political flare-ups after their nuclear

<sup>111</sup> : Gilles BOQUE' RAT, *op. cit.*, p. 9. Article III, which provides for summit, was considered as guide for the organisational structure of SAARC.





tit-for-tat nuclear explosions in May 1998. This summit, in fact, also facilitated the signing and issuing of Lahore Declaration in February 1999 although their relations hit the trough within another three months with the intrusion of Pakistan into Kargil followed by a short-lived but costly war during May-August 1999. The 11<sup>th</sup> Summit in Kathmandu could have for the first time brought the leaders of the regional giants face to face after the Kargil misdemeanour. Besides, the Summit was supposed to deal with some crucial issues of hard-core co-operation. The Summit ultimately held in curtailed duration in Kathmandu with three years already gone by.

The urgency and usefulness of raising political issues in the SAARC forum have started finding 'logic' among a significant portion of South Asian elite, including politicians, economic stake holders, former diplomats, bureaucrats and academics. Writes Palma, "Their main contention has been that by constantly evading political issues, SAARC has pushed itself into a farcical corner and rendered itself into an unrealistic and disoriented forum."<sup>112</sup> Sri Lankan President Chandrika Kumaratunga explicitly spoke at length about the inevitability of gradually inserting political issues in the SAARC discussion forum in the Tenth Summit in Colombo. Although Article X of the SAARC Charter mentions "bilateral and contentious issues shall be excluded from the deliberations," all of its four of the postponed Summits, were met that fate because of *bilateral contentious issues*. Actually the bilateral and contentious issues that should not bother SAARC as per the charter slowed down the pace of SAARC.

The frame of the charter of SAARC to some extent failed to foresee the practicability of the clauses that had been drafted in it. Article III stipulates, 'the Heads of the State and Government shall meet once a year or more often as and when considered necessary by member states.'<sup>113</sup> Some scholars justified India's position as the Kargil misadventure flouted the very foundation of SAARC which is prominently there in the preamble of the SAARC Charter. The preamble mentions, the member-countries, would be desirous of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the UN Charter and the norms of Non-alignment, particularly respect for sovereign equality, territorial integrity, national interdependence, non-use of force and non-interference in the internal affairs of other states and peaceful settlement of all dispute. Here Pakistan is held liable for breaching the very spirit of

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<sup>112</sup>. Mehendra P. Lama, . *op cit.*, p. 9.

SAARC written in its preamble for which India did not want to sit beside a culprit of that kind that dishonoured not only the SAARC but also the Non-align Movement and the United Nations. On the other hand, Pakistan, labelling the military take-over as a pure 'internal issue' on which SAARC did not have any legitimate jurisdiction.<sup>114</sup> One of the three principles of SAARC (Article II) can be quoted here that states "cooperation within the framework of Association shall be based on respect for the principles of sovereignty, territorial integrity, political independence, non-interference in the internal affairs of other states and mutual benefit."<sup>115</sup> Pakistan blamed India for breaching all of the principles stated here.

Even in SAARC there is a tyranny of the big shots where the voice of the weak states seldom is voiced. Despite the fact that bilateral issues have been forbidden in the SAARC forum in principle, in its actuality it has been primarily the India-Pakistan bilateral issue that always takes the driving seat, pushing the remaining five member states to the backstage. Many "urgent and critical issues of socio-economic development, natural and human resources management and trade and investment linkages that concern overwhelming majority in the region have been used as an instrument to achieve marginal political benefit and score points against one another."<sup>116</sup> In the process, the genuine initiatives both within and outside the SAARC framework are also side stepped and crushed. This we find in Pakistan's stubbornness in the SAPTA III round over selecting the basis of tariff reductions when the negotiation ultimately boiled down to the 'redundant' product by product negotiations. Such stubbornness hampers the very nature of multilateralism of the forum and reveals the lack of *political attitude* for cooperation.

Once again comes the issue of 'egalitarianism' of the states in the system. This was the fourth time the Summit was postponed. The fact that during 1985 to 2003 only eleven Summits were held and it reflects the flexibility that has characterised the Summit schedules. Interestingly, India related issues were the prime reasons for the three postponements in the past. The Fifth Summit was supposed to be held in Colombo in 1989 but because of the consternation caused by the continued presence of the Indian Peacekeeping Force in Sri Lanka, President Premadasa was very reluctant to host it. Similarly, Colombo was to host the Sixth Summit in November 1991 but

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<sup>114</sup> SAARC Secretariat, Document, 1985.

<sup>115</sup> Deccan Herald, 1999.

<sup>116</sup> SAARC Secretariat, 1985.

<sup>117</sup> Mehendra P. Larma, *op. cit.*, p. 5.

because of serious political problem in Bhutan caused by the massive expulsion of Nepali speaking Bhutanese (Lhotsampas) from Southern Bhutan, it had to be postponed to December 1991. The seventh summit was to be held in Dhaka in January in 1993. It was postponed because of the apprehension of the security risk of Indian Prime Minister in a surcharged atmosphere after the demolition of Babri Masjid in India by the Hindu fundamentalists in December 1992. It was finally held in Dhaka in April 1993. Indicating India, writes Palma, "The surprise and fineness with which General Mosharraf coercively ousted the democratically elected government of Nawaz Sharif, however, served as an *alibi* for some who wanted to slow down the SAARC process."<sup>117</sup>

On the other side, the 'core' country stands harassed by another big member's regular unexpected overtures or misadventures. The tensions in Kashmir and the North East, the Kargil, the burglary with fake notes and narcotics, the open patronising of meetings like *Laskar-e-Toiba* in Lahore on the eve of the Kathmandu Summit in November 1999 and the hijacking of Indian Airlines have in all of them Pakistan as the central figure, rather a versatile actor. All of these have happened and continued to do so even after the 'historic' Lahore Declaration. Pakistan's injection of political instability heightened the degree of unpredictability and made the reliability matrix immensely unmanageable. This has forced India to have a very hardened stand. Writes Palma, "After all, another Kargil, hijacking or any such unexpected misdemeanour, could be the Waterloo for the ruling fragile political alignments at home."<sup>118</sup> The resulting domestic political compulsions on both sides may push these two neighbours to the vortex of a most unwanted war. This is where India's demand for speedy restoration of democracy in Pakistan became the core issue in the SAARC process also. Here we find the dilemma of SAARC as an institution in defining the 'right' and 'wrong,' 'pro' and 'anti,' and the 'aggressor' and 'defender' without which a socio-political-economic organisation falls prey to frequent confusion to give the verdict and to recognise its own position in certain issue. For all of this, the SAARC fell into a fiasco, unsure of how to proceed.

India's persistent propaganda, all and excessive consciousness and care of US about Islamic forces, and/or Islamic fundamentalism, and thus pressure on Pakistan on the wake of US consecutive wins on both sides — Afghanistan and Iraq — convinced Pakistan about the

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<sup>117</sup> *Ibid*, *Op cit*, p. 2



consequences of not bowing to US desires in South Asia. Pakistan suspended the activities of radical Islamic groups, including Jois-e-Mohammad, Lasker-e-Toiba and the like. Pakistan had to take some other measures, including the nuclear issues, to convince India and US that it was serious to get rid of the fundamentalist forces. All of these 'political' measures had commendable repercussions on non-political organisation of SAARC. Gradually India became active in her relations with Pakistan. Pakistan's invitation for the Indian Prime Minister has been accepted and Vajpayee has confirmed his participation to the January 4-6, 2004 Summit in Islamabad, defying the double attempts on the life of Parvez Musharraf.

### **5.6 People Level Cooperation Triggers or Guides the Process**

Critics say that despite the plethora of growth of organisations, seminars, symposiums, etc. "Track-Two process has almost never served as forum for surrogate or proxy negotiations occurring in concert with formal governmental negotiations as they have for example, in the Middle East peace process. Nor have they often been used, as in the Asia Pacific, as forum for discussion of threat perceptions as part of a process of confidence building measures and mutual reassurance."<sup>119</sup> Evaluation of actual achievements of the process is not currently possible. It is true that they had not been that successful to lay impact on the governmental thinking and interactions. But they have improved the atmosphere in which contentious issues are addressed and have begun reshaping public attitudes in a way that eventually translates into state policy.

Iftekhar Zaman, an expert on regionalism in South Asia has said that the non-official interactions have become a growth industry, with the number of initiatives increasing by the day. This has certainly improved the scope and channels for better linkage of individuals and institutions within the region. Unfortunately, he observed, most of these initiatives have remained popular events, rather than becoming transformed into any sustained process of networking. He said there is no well-framed direction, and most importantly, there is hardly any coordination of the various initiatives through an institutional mechanism.<sup>120</sup> The other criticism includes, the lack of sharp focus, and rare implementation value to the policy makers of the directions.

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<sup>119</sup> *Ibid.*

<sup>119</sup> . Navmita Chanda Behera, *op. cit.* p 27

<sup>120</sup> . Iftekhar Zaman, "Nothing Official About It" *Op. cit.* , p 19

The criticisms above all are true, but in the meantime the peoples' communications in the SAARC region had some achievements. So far their utility has been seen when used as a path to explore alternatives for conflict management at the non-governmental level and as an informal channel for exploring policy options without committing governments, influencing public discussion in regional issues, prompting government action by calling public attention to escalating problems, lowering barriers between officials and citizens, creating new connections among research institutes and NGOs, serving as formative influence ground on individuals who would later go into leading national roles, etc. They cooperate one another in the region for their technical purposes. Thus spread functional cooperation.

### **5.7 Conclusion of the Assessment**

The most fascinating aspect of the channels of cooperation is that when one faces obstacles then at least one tries to react. This can be seen through an example: How the efforts are working with regards to India's river linking project.

At the official level Bangladesh has registered protest with India. But India is proceeding with the plan. Bangladesh has tried searching for help from countries like Japan and the US to convince India not to continue with the plan. But the concerns of Bangladesh are now being shared by the people of the country, and different organisations in the country and in the region. The people of South Asia have now been united against such a move by India. Various forums and organisations have been floated and various meetings have been held in this regards, such as, South Asian Solidarity for Rivers and Peoples and Bangladesh Peoples Initiatives against River Linking. Also, the human rights organisation, Odhikar, Bangladesh Environment Lawyers' Association and UBINIG, a social organisation, are working behind the initiative.

The Bangladesh Peoples' Initiative will hold a regional consultation in mid-March, 2004 to protest the highly controversial river-linking project taken up by India, and to identify efficient management of the water resources of South Asia. South Asian Solidarity for Rivers and Peoples has held consultation on the issue in Kathmandu from 17 to 19 October, 2003 in the presence of experts on river management and legal issues, journalists, green campaigners, representatives from civil society and NGOs across the South Asian region, and has adopted a declaration protesting India's move. Bangladeshi citizens have formed the Bangladesh People's Initiatives

against River Linking to organise the whole issue in collaboration with the South Asian Solidarity for Rivers and Peoples. The organisers will ensure participation of representatives from four other South Asian countries—India, Nepal, Bhutan and Pakistan. The organisers have chalked out an action plan for effective advocacy in creating wider awareness of the issue and mobilising opinion against the controversial river-linking project. The organisers also will meet the Chief Justice of the Indian Supreme Court and water experts and human rights NGOs to express Bangladesh's concern. It has decided to create awareness at the local, national, regional and international levels about the adverse ecological impact of the project. From the initiative in relation to the river linking project we can see how the people are guiding the state for its regional policy.

The reciprocity and transformation of the tracks of cooperation in relation to India's river linking project and Bangladesh's reactions to it can be presented as the followings:

- 1. Track-One:** Bangladesh registered protest with India: discussions at different levels, including ministerial, were held.
- 2. Track-Two:** Seeing the Indian Government's stubbornness and the vulnerability of the Bangladesh Government in bilateral relations vis-à-vis India, civil society people and political leaders came up to talk on the issue and urged India not to continue the project at the cost of the lower riparian country's interest. The collaboration of Bangladesh Peoples Initiatives against River Linking, and the Solidarity for Rivers and Peoples falls in Track-Two cooperation.
- 3. Track-Three:** NGO (BELA, Odhikar, UBINIG) activists, journalists, and commoners gather in meetings, draft letters to contact people in other countries including India. They send letters to the Supreme Court judges in India, including the Chief Justice. People from cross-section of professions gather in frequent meetings. They now plan to send copy to the Summit attendants in Islamabad.

The presentation above shows the spill-over process of cooperation in South Asia which has already been a penetrating device for conflict resolution and socio-economic development. However, in the diplomacy of anti-river linking from the Bangladesh side we see the spill-over of the issue, at first from government to civil society and politicians and then to the people-level through the movements of the NGOs. At the same time, we find a flaw in the process as far as an ideal path of regionalism is concerned. Bangladesh has failed to internalise the matter within the region. The government has sought help from Japan and the US, while the Peoples Initiatives also has shared their plans to raise the issue with the international community.



## CONCLUSION AND RECOMMENDATIONS

### 6.1. Introduction

Major shifts in the power structure and political dynamics in South Asia since the mid-1980s accompanied by an atmosphere for democracy, despite the machinations of bureaucratic dilly-dallying, have generated aspirations for greater regional cooperation and interactions. A sense of community gained a new strength. A formal initiative ensued at the official level. Civil society and even the common people asserted their role for the bringing cooperation process to the present stage. Now it is not confined in the corridors of power. Popular forces have started playing their legitimate role in the process, and are shaping the future course. This regional process of convergence - knowing each other and getting together for 'mutual good' also received a strong push from some extra-regional developments.

In a post-Cold War environment the economic imperatives have provided the momentum to bestow the countries' *loyalty* to the regional process. The process has yet to fulfil the pledges made in its zenith. But the people of the region need a greater allocation of resources and a greater degree of peace. These are pledges of the process. Although the main vehicle of the regional cooperation, SAARC, has been facing successive debacles, it has proven its capacity to ramify the process of cooperation. In rigid material terms the achievement of the process and thus the *allocation* for the members still are not significant, but the process itself is an achievement. At least it reminds the elite, institutions, and common people that there is a path for peace and development other than conflicts and wars.

### 6.2. General Observations in the Conclusions

From the critique of the functionalist approach in the context of regionalism in South Asia, some general observations may be drawn:

- i. The process works by encompassing officials, organisations and peoples in the path of cooperation. The enthusiasm of people for cooperation is attained in South Asian regionalism through the SAARC process that is now, perhaps, creating the will to withstand the potential odds in its way to meet the peoples' expectations.

ii. Perhaps, one of the best things about SAARC is that it provides a forum for the highest political level meetings, once a year for the heads of state or government, and twice a year at the level of council of ministers. These are designed to be meetings for the highest political level directions to the programmes of cooperation undertaken by the regional association. These now work and speak even when the leaders of the countries do not speak to one another.

iii. There remains always a policy push for people's SAARC and the increase of people-to-people contacts. Academics go ahead to preach for pro-people co-operation that the bureaucrats cannot but give heed to. Gradually the moves in this direction are increasing. In some respects, perhaps, time has ripened for saying that the people of SAARC region will keep the association in proper track if it sometimes tends to slip away.

iv. One notable aspect has been the increased frequency of mutual contacts at official and political levels. Contact between government and non-government activities has been increased; cross-South Asian meetings and thinking have been intensified from a trickle to a torrent. Experience indicates that the moment the businessmen began to show interest in regional cooperation then the process began to appear as 'real'. There is a tremendous interest for cooperation among the stakeholders today. The emergence of various forums like SAARC Chamber of Commerce and Industry and like organisations reveals this fact. Not only that, there are a few professional groups who do not have a 'SAARC' or 'South Asia' organisation. SAARC has given many of them her affiliation for a greater regional spirit.

v. In the peace aspect, along with the formal talks, there has hardly been any major SAARC event that does not witness informal consultation of member states on issues of bilateral or regional importance. Although, as per the Charter, discussion over such issues are not allowed and such issues do not appear in the agenda, the leaders and officials discuss matters of common concern practically without restriction in the back-space parleys. The trend has been set in the first SAARC Summit held in Dhaka in 1985, when the member governments decided through 'informal' consultations to explore the possibility of expanding their co-operation in combating drug trafficking and terrorism. Since then the 'political' talks in the non-political SAARC have been a common phenomenon.

vi. The regional process has gone far ahead in the aspect of the commoner's psychology. Owing to this reason, cooperation in all tiers and tracks has ensued. The cooperation in the tracks have achieved reciprocal and complementary effects to one another. In this region Track-Two helps Track-One, but it is the onus of Track-One to produce a wider scope of manoeuvrability in cooperation so that Track-Two and Track-Three can work for regional matters. This is the point where SAARC as an institution and SAARC as a process differ. In this context, the process is the amalgamation of all works under the aegis of Track-One, Track-Two and Track-Three. The process includes a wide range of issues, not excluding 'bilateral and contentious' ones.

vii. In South Asia we find a perfect 'spill-over' of functional regional organisations, along with the SAARC Secretariat in Kathmandu. In the region "... seriousness extends to all sectors: the foreign offices of the member's governments, the Secretariat, in the various national chambers of commerce and industry, and individuals and non-governmental groups. They all see the possibility of improving the quality of life in South Asia by thinking regionally, acting locally."<sup>121</sup> If we see the progress of the present 'political will' for economic cooperation prior to the 12th Summit it seems the age-long deadlocks are waning. It is the first time a leader of Indian democracy, Vajpayee has expressed concerns about the attack on a Pakistani military 'uniform' President.<sup>122</sup> Only their stakes in the functional areas are bringing them to one another.

viii. The adoption of the SAARC Charter is a hallmark for the process of regional cooperation in South Asia. There may be loopholes in it, or but still it is able to guide the process. There are articles in the Charter may be helpful in some situations while it may also deter the process in others. For example, the clause on 'unanimity' helped the organisation in the formative period, but it creates a dilly-dallying in the decision-making process.

ix. Although poverty alleviation is the main strategic issue in the region nothing substantial has been achieved in this front in the last one and a half decades. Since 1993 proper heed has been given to these areas. Some poverty alleviation projects have started and if the present trends continue the process eventually led to the arrest of poverty. The Secretariat, particularly the office of the Secretary General, has adopted poverty alleviation as the prime area of action.

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<sup>121</sup> SAARC Starts to Get Serious, Cover story, *Himal South Asia*, May/June 1997, p. 15

<sup>122</sup> Kuldip Nayer, "A Region Without A Borders," *The Bangladesh Observer*, December 28, 2003



x. Despite a snail's pace in the implementation level of the agreed policies, the adoption of the SAPTA and the SAFTA, speedy framing of the final draft of SAFTA in Nepal have the revitalised tenacity of the leaders for regaining confidence in the regional process that it can promote and foster their desired peace and development.

### **6.3 The Potential Allocations of the Process for the Members**

The regional process has some functional pledges to the one and a half billion mass of the region. The potential immediate gains of the people from the process may be seen below:

i. With the rapid progress of the negotiations over trade, especially through SAPTA and SAFTA, particularly in the 'revitalised SAARC environment', the 'escapist' trade policy for narrowing intra-regional trade will come to a halt and the regional trade will get a real boost. If India keeps her commitments about the increase of tariff lines, Pakistan and Sri Lanka proceed with an open slate, and the regional LDCs also try to accrue benefit by flooring their possible offers; there may happen a 'real evolutionary revolution' in the very needed area of cooperation.

ii. Eyes should not but be fixed on addressing the scarcity of resource in the region. This resource-scarce region needs more investment. In 2002 total foreign direct investment in the SAARC region stood at only US \$4 billion in comparison to US\$ 53 billion in China alone. Regionalism can be a tunnel in this respect to improve the situation. We learn from the ASEAN experience that trans-national capital finds it attractive to invest in a region where several countries have common or similar trade and investment rules and easy mobility of capital, goods and labour. The more South Asian states attempt to lure trans-national capital and technology, the more they are bound to find a move to a common market. It is promising to note that SAARC has been involved in cooperation with many regional and international organisations.

iii. This region has a clear-cut advantage in the low-tech economies of scale in the labour-intensive areas, market of commodities, specialisation in assembling works, manpower supply, etc. The region also can explore some strategic gains in the given scenario of economies and market utilities. In view of the fact that agriculture is still the mainstay of the economies, the abundant hydropower and irrigation potentials can play a vital role, if properly harnessed and developed. The present author thinks that the persisting problem on water is larger problem than

the nuclear arms race in the region, if the regional states do not cooperate for developing the regional water resources. There is no alternative to mutual cooperation of the countries to tap the vast resources for optimum utilisation. The Indo-Bangla Ganges Water Agreement, the Indo-Nepal Mohakali Treaty; the uproar in the region, particularly in Bangladesh, against India's river linking project and the taking into cognisance of the facts by the Indian leaders, can be cited as the gradual increase of awareness and increase of cooperation among the leaders.

iv. Politics dominates economics and other realities in this region. However, although there were flare-ups on the political front, it was the functional agendas, particularly the economic trade issues, that brought the regional elite to the path of cooperation. It is the first time in SAARC history that India-Pakistan relations are at a peak. Now the 'core' country and the second regional power have been serious about cooperation. This helps the spill-over of cooperation from economic or functional area to the political area.

v. The regular contacts and interactions for peace and development, transaction in trade and culture and participation of the peoples in the regional programmes will help meet the peoples' demand in South Asia. But a consistency of the efforts and policies is very much important.

#### **6.4. Constraints to Regionalism**

In spite of the potentialities identified above, the actual progress in regionalism has been rather slow in South Asia over the past fifty years; the institutional mechanism also could not help it as per expectation, for many reasons:

i. The impediments lie in both the edges, in adopting policies without having adequate and appropriate groundwork, or through blind leaf; on the other hand, the dilemma of the cautious and shy progress in policy implementation. Sometimes even the factors of commonalities turned to be impediments by adding twisting meanings and interpretations under political and extra-economic considerations.<sup>123</sup> The atrocity of the regional big powers until recent times was the main obstacle. For this the Summits were postponed on more than one occasion. Perhaps, the sea-gap in political, economic and other capabilities between or among the member states, or non-egalitarian positions of the states of the region, deters the process. Otherwise the situation

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<sup>123</sup> PC Mathur, Virendra Narain, MV Lakhi, "Intra-Regional Relations: A Study in Intra-Structural Determinants", in SP Varma and KP Misra (eds), *Foreign Policies in South Asia*, Orient

would be reverse. Not only holding summits, but also on many others issues the big states play bully to block the regional process. In this respect, the record of SAARC is comparable to that of the UN Security Council.

ii. The SAARC Charter has a problem in giving the regional process a pilfer-proof platform for cooperation. For example, as it was mentioned earlier, the rule of *unanimity* often creates problems for the smooth running of the regional organisation. To quote Norman D. Palmer, "as experience in various international bodies in which the rule of the unanimity prevails, indicates, this provision is almost a guarantee of ineffectiveness and frustration and stands foursquare in the way of genuine international regionalism."<sup>124</sup> If there were not the provision of *unanimity* in the Charter as mandatory for any decision, then the Summits would not have needed to call and then to defer so many times.

iii. Frequent holding of meetings may call upon their effectiveness. The aspect of cost and benefit analysis is also important. Experience says that the annual holding of Summits should be reconsidered; they could be periodically arranged. This has been the case with two successful cases of regionalism, ASEAN and EEC.<sup>125</sup> SAARC has already built many forums of ministers, secretaries and experts that may be seen as plethora to the necessity. It also appears as an expensive issue for the small states. The number of meetings has been nearly doubled since the Male summit, 1997.

iv. Conflicts of the states are a serious bar to cooperation and those mainly emanate from psychology. As such, "Part of the way they look at us is based on how they think we look at them."<sup>126</sup> Fed by the memories of the wars that have been fought in the subcontinent, and by the great differences between India's huge hulk and the smaller physiques of the neighbouring countries, the attitudinal aggressiveness of the omnipotent regional power often renders it a hegemony. The informants of the present study have given their opinion in a similar line. Of

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Longmans, New Delhi, 1969, pp. 91-93.

<sup>124</sup> Norman D. Palmer, "Regional Cooperation in South Asia: Present Dimensions and Future Scenarios", *Paper presented at the BISS Conference*, Bangladesh Institute of International and Strategic Studies, Dhaka, 14-16 January 1985, p. 1.

<sup>125</sup> Subir Bhaumik, *op. cit.*, p. 27.

<sup>126</sup> Ainslie Embree, "Anti-Americanism in South Asia: A Symbolic Artefact", paper read at a seminar on *Anti-Americanism in the Third World*, sponsored by the University of Pennsylvania, Philadelphia, 21-23 March 1984, p. 53.



them, 24% think that the prime obstacle is psychological, 18% think it is due to historical disputes, while only 2% held the lack of leadership liable for it.

v. A formidable obstacle emanates from physical consideration. Here comes up the contiguity of the states, and their Indo-centric nature. India's central position in the region encompasses all criteria: geographical, socio-economic and political manoeuvrability. At least three states are more or less locked by India. They are overwhelmingly dependent on India but always remain scared of Indian hegemony. Of the informants of the study, 56% think it is Indian hegemony that is the main obstacle to regionalism in South Asia.

vii. The very institution of the process sometimes suffers from proper *support* or *loyalty* from the member states. As far as loyalty and support to process is concerned, South Asia is in a hesitant condition: the members forge new units in the region or join an established one. Despite the fact, there is no prohibition for the member countries to join other regional groupings but it undoubtedly deters the pace of progress of the mainstream SAARC. Forty percent of informants of the study think that the sub-regional process will hamper the systemic process in SAARC. Thirty-five percent think that it will not help the mainstream, 20% think it will help, while 5 % think that it will have no impact on the overall process.

viii. The difference in security perceptions and expectations from the regional process owing to the difference in their capability as nation-states has been affecting the process from inception until today, when the countries are forging for free trade; some of are even talking about a common regional currency.

### **6.5. The Ways to Strengthen Regionalism**

The regional process faces many odds and it has many vulnerabilities. To reach the goals the process must be strengthened. The ways to do so may be the following:

- i. First of all the states must be taken into confidence, and if necessary, to punish the recalcitrant, the SAARC Charter must be given some teeth. The strengthening of the process must be the lone answer to many questions in this respect.
- ii. The clauses of the Charter should be defined in good faith, and must not be interpreted by the countries for their petty interest. If any clause appears too misleading it can be reviewed and

changed through appropriate amendments. But to oversee misinterpretation of the clauses, a 'Court of Justice' following the model of the European states can be drafted in to the process to treat the complaints brought by the governments against each other. The Court may deal with the individual or organisational allegations, and even the allegations brought against the Court itself.

iii. Consistent commitment and loyalty of the units to the system have no alternative, and these should be unhindered and unqualified. Not only to resolve but also to touch or talk on the regional issues, commitment and an all out support to the process from all concerned are essential. There is no provision in the SAARC Charter or anywhere that the regional countries will not be able to join any or form another regional organisation. But undoubtedly it diverts attention from the ongoing one. Again raising a hue and cry over an initiative is also not fair. The regional process in South Asia is maturing, and to keep pace with the reality and to run the process effectively, the leaders need to show more maturity.

iv. Two vital roles, among others, are essential for the regional process: the 'core' country role and the 'sedate' role. To keep the process in the right track and to keep it away from total collapse or set backs at least one country must play the sedate role. The regional process led by SAARC today lacks that sedate role. For various considerations Bangladesh should play the sedate role. India is the natural 'core country' in the region. Thus far India did not posit itself in the needed acts and appearance, although in the recent days India's role is meeting expectations.

v. In a poor sub-system like South Asia very justifiably the forefathers of SAARC have envisaged alleviation of poverty as the main strategic issue that encompasses many things like livelihood, housing, health and sanitation, etc. But the achievement in this front is miserable. The initiatives of the SAARC Secretary General must be consistently fluent. No the Secretary General liases with donors and the experts, periodical reviewing the RPP and follow-up of the total process are important. A concerted efforts combining the regional bandwagon, governments, NGOs, civil society people, experts and the grassroots are essential to resolve the problem.

vi. In Track-Two and Track-Three initiatives, very little efforts has gone into roping the younger generation of professionals, future policy-makers and opinion-builders. This generation,

expected to be free from prejudice and historical baggage, hence, may bring fresh perspectives, replacing ever-rolling stereotypes in the elite-minds that impede the process.

vii. Despite continued setbacks the growing interface between the official and non-official process now guides the process towards the right track. This must lead, in time, to the evolution of institutions to keep governments more in tune with the aspirations of the people. Meanwhile, the expanding channels of non-official initiatives must be developed into a committed network. Only then Track-Two and Track Three will be able to play their real role. If their efforts and achievements begin to be drafted into the regional policy and are being implemented to a certain extent many regional problems will be addressed.

viii. In carrying out the adopted agendas towards the needed level the involvement of all functional bodies, and experts must work together. Then rational functional distribution of the cooperation areas both at the vertical and horizontal levels among the member countries will take place. All these human interactions at different levels on a regular basis would likely serve as a process for cross-pollination of minds, resulting in increased appreciation and appraisal of each other's problems, needs and aspirations. These will ultimately trigger the pace of the process.

ix. The regional process was initiated in response to the genuine demand of the people, still to keep pace with the peoples' needs, and also to keep the process in the track, it must have the *capacity of responding*. For example, Track-Two may be proven counter-productive if the interactions between the political leaders are not managed with care, or if the dishonest businessmen are not handled with certain rules. Already the *haptas*<sup>127</sup> are rising in numbers, owing to the partnership of these spurious businessmen and corrupt border security personnel at the Bangladesh-India border. The overall India-Bangladesh relations in 1973-1974 were about to be shattered because of this. So, responding capacity is very important.

x. Farsightedness and enlightenment of the leaders is very important for this process to develop, function and flourish. The second-generation leadership of SAARC was unable to lead the process in the envisaged direction. Now, after a prolonged stalemate in SAARC, it is clear that in the growth and development of regionalism as well as in the inception, the role of a visionary leadership is important. Kuldip Nayer, in a newspaper article told that there might be bilateral



problems among or between the countries, the leaders must be educated to live with and correct these, and simultaneously to cooperate one another for their common benefits.<sup>128</sup>

viii. It is a reality, when the 'loci' becomes a bit logical, prudent and beyond prejudice, and intends to take some bold steps in favour of the process, then they may face ultra-nationalist movement in their respective homes. In these circumstances motivation, mobilisation and congruence of the positive forces in the process are needed to keep the process in the right track. This movement for convergence must be a comprehensive one that will touch all aspects— political, non-political, high political and low political, and thus, functional and non-functional. The notion of this movement may be like that of the 'green movement,' the movement for nuclear disarmament, the on-going feminist movement or the movement of the environmentalists. As the contentious or political issues always stand in the way of cooperation, thus, the movement may guide the statesmen to include these issues in the purview of the process. If the course of settling the problems is ensued, then its effects will be ramified to other areas.

ix. It is cooperation, not the channel, is important. Cooperation may come any way— bilateral, multilateral, sub-regional or by another way. History says building opinion on an initiative of any members and not going deep into the actual matters, does not pay dividends. In addition to the mainstream regionalism today regional countries are opting for bilateral trade agreements. This is positive for regional development. For example, the trade imbalance of Bangladesh with India can sharply be minimised by cooperation in a bilateral channel. A multilateral arrangement may take a long time to address it.

## **6.6 The Conclusion of the Conclusions**

In the quest for a pragmatic approach to regionalism many pundits preached for replicating the model of ASEAN, EU or the Gulf Cooperation Council (GCC). In the onset of the institutional move of regionalism in South Asia through the formation of SAARC, it was flanked by two regional co-operation moves—GCC and ASEAN. Then there was natural tendency to argue that South Asia should follow the institutional regional cooperation pattern of these two neighbouring

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<sup>128</sup> A sort of toll on the regular basis.

<sup>129</sup> Kuldip Nayer, *Ibid.*

experiments.<sup>129</sup> The arguments and attempts to replicate ASEAN were not very weak as the two neighbouring regional organisations have some similarities. But South Asian countries have devised their own vehicle to reach the destination where they need not follow any other. They have formulated the modalities of cooperation in all aspects. In some aspects they have gone far ahead, especially in the arena of spreading a web of organisations for cooperation at all levels. Time has shown that the South Asian regional process is advancing towards the right direction under proper guidance. The vulnerabilities it has shown in its one and a half decade span of operations have rapidly overcome. The improved relations of the elites and the states, interactions of the think tanks and civil society people, the awareness and action of the grassroots, the push from the global economic and political environments, and overall the ever increasing holding of stakes have been consolidating the ties of the regional countries in a sustainable manner. So, it is decisive time to be confident that South Asians got their own ways to develop themselves and consolidate the peace process. 'The shared perceptions and values' that guided the founders of SAARC to formulate an institutional process in the region,<sup>130</sup> it appears, are going to set the genuine trend for regional cooperation.

However, in the course of time, positive roles from home and abroad may be welcomed if they help congruence and trigger the pace of the process, in any way. This is the point where even a catalyst role from an external source — person, group, agency or country — should be welcomed. Knowledge and expertise are necessary to keep the process in the right track. It is more necessary in the technical and functional areas. The process of this region may easily share the experience of the EU, ASEAN, or any other. Regionalism in this region must be run by its own course of action set in the SAARC Charter and in the vision of the SAARC process. Culture, behaviour pattern, attitude, necessities, constraints and potentials of the people must be taken into account in the regional policy formulation. The visionary leaders, with proper ground works, have wished functional cooperation for the people of South Asia. Now it is the onus of the incumbent leaders to harvest the grains for the 1.5 billion South Asians.

The formal institution for cooperation, SAARC, withstood all the odds through the years, and has successfully entered the core area of cooperation through forging into cooperation in trade.

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<sup>129</sup> . SD Sethi, "Extended Regional Cooperation", in *South Asia : Stability and Regional Cooperation*, MS Agwani and others (eds.), CRRID, Chandigarh, 1983, pp. 50-67.

<sup>130</sup> . Mohammud Shamsul Huq, *op. cit.* p. 7.

The transformation of preferential trade to free trade is a matter of time now. The main boost is coming from the leading regional economies—India and Pakistan. Already the 25-article SAFTA document is on the brink of being finalised. The document consists of definitions of the issues, objectives and principles, instruments, national treatment, trade liberalisation programme, additional measures, extension of negotiation concessions, institutional arrangements, special and differential treatment for the LDCs, non-application areas, general exceptions, balance of payments measures, safeguard measures, maintenance of the value of concessions, rules of origin, consultations, dispute settlement mechanisms, a specific date of commencement, reservations and amendments, etc. A complete framework of cooperation is there to lead the ‘core’ area functional cooperation of the region, in line with set goals and/or beyond. If cooperation on the economic front happens, history reveals that it will be the people, the real stakeholders of cooperation, in their own responsibility will run it.



## Appendix-1

### List of Tables

**Table-1: Active Arms Forces in the Major SAARC Countries, 2002**

Serial Number	Countries	Number of Forces
1.	Bangladesh	1,25,500
2.	India	13,25,000
3.	Nepal	63,000
4.	Pakistan	6,20,000
5.	Sri Lanka	

Source: The Military Balance 2003-2004, Oxford University Press, London, October.

**2. Table-2: Defense Budget of the Major SAARC Countries, 2002 (USD)**

Serial Number	Countries	Number of Forces
1.	Bangladesh	67.5 million
2.	India	1750 million
3.	Nepal	70 million
4.	Pakistan	2500 million
5.	Sri Lanka	73.9million

Source: The Military Balance 2003-2004, Oxford University Press, London, October.

**Table-3: A Macro Scenario of Illegal Cross-Border Trade between Bangladesh and India**

Commodity	Value (US\$ million)	Share of exports/imports (percent)
<b>IMPORTS</b>		
Livestock, poultry, fish and related products	252.2	40.0
Live animals (cattle)	216.0	34.2
Agricultural Products.	78.0	12.4
Sugar	35.0	5.60
Processed food and tobacco	114.2	18.1
Textiles	76.2	12.1
Sarees (Cotton)	50.0	7.9
Other industrial manufactures	26.9	4.3
Bicycles and parts	13.9	2.2
Other consumer goods	83.6	13.2
Electronics	43.1	6.8
Total Imports	631.0	100.0
<b>EXPORTS</b>		
Copper, brass and other metals	61.7	58.0
Fish	35.1	35.1
Synthetic textiles	4.6	4.3
Electronics, spares	5.1	4.8
Total Exports	106.0	100.0
Total Illegal Trade	737.0	

Source: World Bank, Report No. 15900-BD, 1997.

4. Table-4: Intra-SAARC Trade in relation to World Trade

Year	Intra-SAARC Trade (X+M) Million US \$	Annual Growth (percentage)	World Trade of SAARC (X+M) Million US \$	Annual Growth (percentage)	Share of Intra-SAARC Trade in World Trade (%)
1980	1210		37885.3		3.2
1981	1176.8	-2.74	36616.2	-3.35	3.2
1982	1015.3	-13.72	39875.3	8.90	2.5
1983	969	-4.58	40410.1	1.34	2.4
1984	1119	15.48	44055.1	9.02	2.5
1985	1088.7	-2.71	43759.5	-0.67	2.5
1986	1054.5	-3.14	44041.8	0.65	2.4
1987	1145.9	8.67	49480.3	12.35	2.3
1988	1731.5	51.10	52669.4	6.45	3.3
1989	1722.8	-0.50	58595.1	11.25	2.9
1990	1584.7	-8.02	65041.6	11.00	2.4
1991	2136.8	34.84	68462.4	5.26	3.1
1992	2215.7	3.69	74050.2	8.16	3
1993	2410	8.77	73317	-0.99	3.28
1994	2919	21.12	83104	13.35	3.46
Average	1566.6	7.7	54090.9	5.9	2.8

Source: Abdur Rob Khan & Shamsur Rahman, Transition from SAPTA to SAFTA, SAARC Chamber of Commerce.

5. Table-5: List of Tariff Lines Negotiated under Different SAPTA Rounds and a projection of SAPTA in 2004

Serial Number	SAPTA Rounds	Tariff Lines Negotiated
1.	Round-I	226
2.	Round-II	2013
3.	Round-III	3456
4.	Round-IV	5500+

Source: Larua, Mahendra P., 2000: "SAARC: Shallow Regionalism, Political Abstinance and Economic Advocacy", *BIISS Journal*, Vol. 21, No.1, Bangladesh Institute of International and Strategic Studies (BIISS), Dhaka; and New Age. 2003: SAFTA Document Likely to be Finalised Soon: Commerce Secretaries of SAARC Countries Meet in Islamabad from Dec 27," Holiday Printers Limited, December 9.

6. Table-6: A Comparison of Nominal Rate of Protection between Bangladesh and India

	Year	Maximum Tariff	Unweighted average	Coefficient of Of variation	Import-weighted average
Bangladesh	1995	50	25	73	21
India	1991	509	89	79	42

Source: World Bank, Report No 15900-BD, p. 15

7. Level of India's Non-Tariff Barriers, 1995

	Industry	Frequency Index (percent)
I	Consumer goods	
	A Primary	64.55
	B Semi-finished and finished food and beverage	30.04
	C Textiles	66.28
II	Intermediate goods	
	A Primary	
	A-1 Agro-based	76.67
	A-2 Others	11.37
	B Semi-finished and finished	40.52
III	Capital goods	35.48
	Total	44.0

Source: Rajesh Mehta, "Trade Policy Reforms, 1991-92 to 1995-96", *Economic and Political Weekly*, April 12, 1997, p. 780



**8. Table-8: Trends of Bangladesh Trade with India 1979-80 to 1996-97 (US\$ million)**

Year	BD's Import from India	Annual Growth Rate of Import	BD's Export to India	BD's Trade Deficit with India	Annual Growth Rate of Deficit (%)	Export as % of Import
1979-80	56	39.00	8	-48	70.61	14.4
1980-81	64	15.11	20	-44	-7.98	31.6
1981-82	43	-32.34	20	-23	-47.49	46.9
1982-83	38	-12.47	7	-31	34.78	18.2
1983-84	60	58.58	28	-32	2.58	47.1
1984-85	65	7.99	30	-35	11.01	45.6
Total 1980-85	326		112	-213		
Average 1980-85	<b>54</b>	<b>12.64</b>	<b>19</b>	<b>-35</b>	<b>10.58</b>	<b>34.0</b>
1985-86	57	-11.86	8	-50	40.23	13.5
1986-87	74	30.07	11	-63	28.08	14.8
1987-88	90	20.97	9	-81	28.23	9.7
1988-89	121	34.11	11	-110	35.30	8.9
1989-90	170	41.09	22	-149	35.09	12.7
Total 1986-90	513		60	-453		
Average 1986-90	<b>103</b>	<b>22.88</b>	<b>12</b>	<b>-91</b>	<b>33.39</b>	<b>11.9</b>
1990-91	190	11.27	23	-167	12.18	12.0
1991-92	284	49.87	4	-280	67.97	14
1992-93	381	34.01	13	-368	31.28	3.4
1993-94	467	22.71	24	-443	20.52	5.1
1994-95	994	112.85	36	-958	116.25	3.6
1995-96	1100	10.67	72	-1028	7.28	6.6
1996-97	1500	36.36	80	-1420	38.17	5.3
Total 1991-97	4915		252	-4663		
Average 1991-97	<b>702</b>	<b>39.68</b>	<b>36</b>	<b>-666</b>	<b>41.95</b>	<b>5.4</b>
Cumulative Total	5754		425	-5328		7.4

## Appendix-2

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