THE CHALLENGES AND DRIVERS OF REGIONALISM IN SOUTH ASIA: THE INDIA PAKISTAN PEACE PROCESS

By

Akmal Hussain
Distinguished Professor,
Beaconhouse National University and
Member, Governing Board, SACEPS

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INTRODUCTION

This is the moment of reckoning in South Asia. The economic dynamism and innovativeness of its people is catapulting the region into a leadership position as the seismic change in the global economy shifts its center of gravity from the West to Asia. Yet at the same time the region is threatened by the spectre of a nuclear holocaust, the rupturing of the social fabric by religious extremism, persistent poverty of the masses amidst the affluence of elites and the destabilization of the life support systems of its ecology. In this context, regional cooperation has become an important framework for addressing the grave challenges and utilizing the great opportunities. In this paper we begin in section-I by indicating the economic opportunity now available to South Asia and its rich cultural tradition that can be brought to bear to build a better world. In section-II we discuss the need for a new policy paradigm for addressing the multiple challenges of peace, poverty and environmental degradation in a holistic fashion. We discuss the need to bring to bear a new sensibility rooted in the South Asian tradition of human solidarity, harmony with nature and the values of sharing and caring. In section-III we analyze the relationship between the peace process, development and human security. In section-IV we analyze the constraints to the peace process between India and Pakistan, the nature of path dependence and some of the short and medium term initiatives that can be undertaken to catalyze the peace process and to achieve regional cooperation.

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[1]   An earlier version of this paper was contributed as an input into the SACEPS proposals for deepening regional integration, to be submitted to the SAARC Heads of State scheduled to meet in Colombo for the SAARC Summit in August 2008. The same version was also circulated amongst the participants of the SACEPS/IPS Conference on Strengthening Economic and Social Integration of South Asia, 30-31 May 2008, Colombo.

I.   CAN SOUTH ASIA LEAD THE WORLD[2]?

South Asia is likely to play a key role in the global economy in this century. In doing so, the people of this region could contribute to addressing the challenges of poverty, peace and environmental degradation that confront the world. In this paper we will indicate the economic, political and cultural issues involved in addressing these challenges.

South Asia is at a historic moment of transforming the economic conditions of its people and playing a leadership role not only in the global economy but also in the development of human civilization in the 21st century. For the first time in the last 350 years, the global economy is undergoing a shift in its center of gravity from the continents of Europe and North America to Asia. If present trends of GDP growth in China, U.S. and India respectively continue, then in the next two decades, China will be the largest economy in the world, U.S. the second largest and India the third largest economy. However, if South Asian countries develop an integrated economy, then South Asia can become the second largest economy in the world after China. Given the geographic proximity and economic complementarities between South Asia on the one hand and China on the other, this region could become the greatest economic powerhouse in human history.

Yet the world cannot be sustained by economic growth alone. Human life is threatened with the environmental crisis and conflicts arising from the culture of greed, from endemic poverty and the egotistic projection of military power. Societies in this region have a rich cultural tradition of experiencing unity through transcending the ego, of creative growth through human solidarity and a harmony with nature[3]. In bringing these aspects of their culture to bear in facing contemporary challenges, the people of this region could bring a new consciousness and institutions to the global market mechanism.

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[2]   *This section is based on a more elaborate paper presented by the author before the Parliamentarians from South Asian countries at the SAFMA Conference on Evolving a South Asian Fraternity, Bhurban (May 16, 2005).*

[3]   See: (i) Najam Hussain Syed: Recurrent Patterns in Punjabi Poetry, Majlis Shah Hussain, Lahore, 1968, Pages 9 to 22.
(ii) Jawaharlal Nehru: The Discovery of India, Pengium Books, 2004, Section: The Indian Philosophical Approach.
(iii) R. Fernando (ed): The Unanimous Tradition, chapter 1, Whitall N. Perry: The Revival of Interest in Tradition, and chapter 2, Frithjof Schuon: The Perennial Philosophy.

In so doing South Asia and China can together take the 21st century world on to a new trajectory of sustainable development and human security. It can be an Asian century that enriches human civilization.

II. CHANGING THE POLICY PARADIGM: HUMANITY, NATURE AND ECONOMIC GROWTH

As South Asia acquires a leadership position in the global economy over the next two decades, a change is required in the policy paradigm of nation states: from conflict to cooperation, from the production of new weapons as the emblem of state power to the nurturing of a new sensibility that can sustain life on earth.

We will suggest that if sustainable development is to take place in the global economy, indeed if life itself is to survive on this planet, a new relationship will have to be sought between human beings, nature and economic growth. South Asia with its living folk tradition of pursuing human needs within the framework of human solidarity and harmony with nature, may be uniquely equipped to face this challenge.

II.1 The Global Ecological Crisis

In perhaps the largest collaborative scientific effort in the world history, some of the leading environmental scientists recently worked together to conduct the UN's Inter-Governmental Panel on Climate Change (IPCC) assessment report (2007)[4]. Earlier a similarly comprehensive audit was conducted on the state of the life support systems of the planet earth by the Millennium Ecosystem Assessment. Both reports present evidence that indicates an ecological crisis. The results show that over the past fifty years, humans in the process of economic growth have caused "substantial and largely irreversible loss in the diversity of life on Earth": 25% of the species living on earth have gone extinct in the last fifty years. The crisis is made even more grave by the fact that "60% of the

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[4]   Climate Change 2007, Impacts, Adaptation and Vulnerability, Working Group-II Contribution to the Fourth Assessment Report of the Inter-Governmental Panel on Climate Change, Cambridge University Press, N.Y., 2007.

ecosystem services that were examined in the study are being degraded…. including fresh water…. air and the regulation of regional and local climate" [5].

The IPCC assessment of the impact of global warming and associated climate change provides evidence to show that the adverse changes in the life support systems of the planet have been directly caused by human intervention[6]. It can be argued that this intrusion into the ecosystem is associated with the levels and forms of production and consumption associated with the economic growth over the last three centuries within the framework of capitalism.

The IPCC Report projects with a high degree of confidence that the increased global average temperatures will result in major changes in "ecosystem structure and function", leading to "negative consequences for biodiversity and ecosystem goods and services e.g. water and food supply"[7]. It is projected that climate change associated with global warming could decrease crop yields in South Asia by 30 percent by the mid 21st century. This could result in an increase in the intensity and extent of the food crisis and sharply increased poverty that is already being observed.

The IPCC assessment shows that approximately 20-30 percent of plants and animal species are at increased risk of extinction[8]. The consequent reduction in biodiversity would make the ecosystem more fragile and therefore more susceptible to exogenous shocks.

The existing process of production and consumption of goods involves generating toxic gases and materials into the air, land and water systems. Since the earth's ecology has a maximum loading capacity, it is clear therefore that the present consumerist culture, patterns of economic growth, and the underlying institutional structure, cannot be

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[5]   See: Ecosystems and Human-Well-Being, Current State and Trends, Millennium Ecosystem Assessment Report, (Volumes 1-4), Island Press, Washington DC, 2005.

[6]   Climate Change 2007, Impacts, Adaptation and Vulnerability, Working Group-II Contribution to the Fourth Assessment Report of the Inter-Governmental Panel on Climate Change, Cambridge University Press, N.Y., 2007.

[7]   Ibid. page-11.

[8]   Ibid. page-11.

sustained indefinitely into the future without undermining the life support systems of the planet. *For sustaining life on earth, a new relationship will have to be sought between human beings, nature and economic growth. Thus we may be either on the threshold of ecological disaster or the construction of a new human civilization. In this situation, for South Asia to lead the world means introducing new cooperative forms of social and inter-state relations to achieve sustainable development, human security and freedom from hunger. This will require new forms of social organization, technologies and institutions underpinned by a new consciousness that can sustain life on earth.*

II.2   **The New Sensibility**

Today the market is being apotheosized as the mythical space in which the individual can be free and yet provided with plenty by the hidden hand of the market. Yet, inherent to the capitalist accumulation process is the systematic inculcation of an insatiable desire to possess goods[9]. As Marx writing in the 19th century pointed out, "the capitalist system not only produces goods that satisfy needs, but also the needs that these goods satisfy." The subliminal language of advertisement does not *represent* goods, but rather *fantasizes* goods such that they appear to us not in terms of their material attributes, but as magical receptacles of such qualities as beauty, efficacy and power[10]. Thus, qualities, which we actually possess as human beings are transposed into goods, and the individual gets locked into an endless pursuit of acquisition[11].

The culture of consumerism, which the market systematically inculcates, is inconsistent with conserving the environment. The life support systems of our planet cannot be sustained beyond a certain limit in the levels of global output growth inspite of any foreseeable development and adoption of green technologies. As Mahatama Gandhi said, "There is enough in the world for everybody's need but not for everybody's greed".

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[9]   See: Akmal Hussain: Commodities and the Displacement of Desire, Daily Times, November 28, 2002.

[10]   R. Barthes: Mythologies, Paladin, London 1973, Pages 95 to 97.

[11]   Akmal Hussain, op.cit.

Contemporary market culture is marked by the atomization of society, the inculcation of greed, egotism and the estrangement of the individual from his humanity. A new more humane sensibility must form the basis of a sustainable process of economic growth, forms of production, distribution and societal as well as inter-state relations. Perhaps South Asia can contribute to the contemporary world by weaving from the golden threads of its folk cultures the tapestry of a 21st century sensibility.

In South Asia the interaction of diverse civilizations across millennia has brought to the surface certain fundamental features of each civilization, which while being rooted in its specific linguistic, religious and cultural *form* are essentially of a universal nature. Underlying the diversity of religious beliefs is a universal spiritualism of love, beauty and truth. Associated with this sensibility is a set of values of caring and sharing. In this context three characteristics of a South Asian sensibility can be articulated:

   i)   The *other* constitutes the essential fertilizing force for the growth of the self. The *other* when brought into a dynamic counter-position to the *self*, helps to transcend the ego and thereby enlarge the experience of the *self*. To recall the words of Shah Hussain, the Punjabi Sufi poet. "You are the woof and you the warp, you are in every pore, says Shah Hussain Faqir, I am not, all is you". In the tradition of the Sufis, or the Bhaktis or the Buddhists or the Christians it is through the act of giving that the Self is enhanced.

   ii)   In the South Asian tradition, (whether the muslim Sufis, the Bhaktis or the Buddhists) there is a detachment from the *desire* for commodities, which are seen as merely *useful*. The Greek philosopher Aristotle, held a similar view when he observed in his Nichomacean Ethics, that goods cannot have value since they are merely useful. It is human functioning that is of value[12]. The voice of the Sufis still echoes in contemporary South Asian folk culture: "Those who have accumulated millions, that too is mere dust." (Shah Hussain); and the Tamil poet Kambar in describing a good

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[12]   See: Aristotle: The Nicomachean Ethics, Book I, Section 5, D. Roos (ed.), Oxford University Press, 1980. Cited in A.K. Sen: Hunger and Public Action.

society says, "There was no one who did not have enough, there was no one who had more than enough[13]."

iii) Nature in the South Asian tradition is treated not as an exploitable resource but as a reference point to our own *human* nature. Nature is the context within which we experience our connection with the eternal, and sustain economic and social life. The Bishnoi community in Rajasthan and the peasants of Bhutan still conduct their production and social life in harmony with nature, as part of their spiritual beliefs. Najam Hussain Syed, the contemporary Sufi poet of the Punjab writes, "Plant the moonlit tree in your courtyard, nurture it, and thereby remain true to the beloved."

Amidst its diversity South Asia has shared civilizational propensities of transcending the ego as a means of fulfillment, of locating the need for goods in the context of human responsibility and of harmonizing economic and social life with nature. It is this South Asian sensibility and the associated human values that could be brought to bear in building a new relationship between humans, nature and production to sustain life in the 21st century world.

III. HUMAN SECURITY, DEVELOPMENT AND THE PEACE PROCESS

III.1 Peace: A Question of Life and Death

South Asia today stands suspended between the hope of a better life and fear of cataclysmic destruction. The hope emanates from the tremendous human and natural resource potential: the rich diversity of its cultures that flourish within the unifying humanity of its civilization. The fear arises from the fact that South Asia is not only the poorest region in the world but also one in which its citizens live in constant danger of a nuclear holocaust. At the same time the structures of state and the fabric of society are threatened by armed extremist groups who use hate and violence to achieve their political goals.

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[13]   Cited in: P. Wignaraja, A. Hussain, H. Sethi, G. Wignaraja: Participatory Development: Learning From South Asia, Oxford University Press, Karachi, 1991.

It can be argued therefore that inter state peace in the region rather than enhanced military capability is the key to national security, indeed human survival. We will propose in this paper that peace between India and Pakistan is necessary not only for sustaining economic growth but is also vital for building pluralistic democracies and thereby sustaining the integrity of both states and societies in the region.

III.2   **Militarization, Human Security and National Integrity**

States in South Asia have primarily pursued 'national security' through the building of the military capability for mass annihilation of each other's citizens. It is not surprising that South Asia is the poorest and yet the most militarized region in the world[14]: It contains almost half the world's poor and yet has the capability, even in a limited nuclear exchange to kill over 100 million people immediately with many hundreds of million more dying subsequently from radiation related illnesses[15].

The arms race between India and Pakistan (with these two countries accounting for 93 percent of total military expenditure in South Asia) is responsible for this cruel irony. India ranked at 142 in terms of per capita income, ranks first in the world in terms of arms imports. Pakistan is not far behind, being ranked 119 in terms of per capita income and tenth in the world in terms of arms imports[16]. These military expenditures whose scale is unprecedented in the developing world are being undertaken in the name of achieving national security in a situation where the majority of the population in South Asia is living below the international poverty line (US$ 2 a day)[17], 46 percent of the children are malnourished[18] and 35 percent of the population is suffering from health

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[14]   See, Mahbub ul Haq, Human Development in South Asia, Oxford University Press, 1997, Karachi

[15]   Newsweek, June 8, 1998, p.17.

[16]   See, Mahbub ul Haq, Human Development in South Asia, op.cit.

[17]   In terms of the international poverty line of US$ 2 a day per person the population living below the poverty line is 80 percent in the case of India, 65 percent in the case of Pakistan, just over 80 percent in the case of Nepal and 50 percent in the case of Sri Lanka. See, Human Development in South Asia 2005, Mahbub ul Haq Human Development Center, Oxford University Press, 2006, figure 3.1, page 51.

[18]   Ibid. Table 4.4, page 70.

deprivation (measured in terms of lack of access to safe water and undernourished population)[19]. The trade-off between military expenditures and the provision of basic services is worth considering. For example a modern submarine with associated support systems costs US $ 300 million which would be enough to provide safe drinking water to 60 million people. These figures put into question the logic of increasing military expenditures as a means of achieving national security.

The deadly nuclear dimension that has since 1998 been added to the India Pakistan arms race, is seen by the respective governments to reinforce national security through a presumed 'deterrence'. In this context it can be argued that there are three defining features of the India Pakistan strategic nuclear environment which imply a high probability of an accidental nuclear war, thereby making nuclear deterrence unstable: (a) The flying time of nuclear missiles between India and Pakistan is less than five minutes. (b) The unresolved Kashmir dispute which fuels tensions between the two countries makes them susceptible to disinformation about each other's intentions. (c) Intra-state social conflicts in each country feed off inter-state tensions.

Apart from the danger of an accidental nuclear war the current structure of the India Pakistan tension is such that a chance terrorist attack can induce military mobilization and repeatedly bring both countries to a point where the nuclear button could be deliberately pressed by one, then the other side. Consider the elements of the structure: (i) Armed militant groups continue to conduct what they see as a war of liberation in Kashmir. Pakistan's government claims that such groups are not under its control, while it continues to be accused by India of being involved in "cross border terrorism". (ii) When a high profile terrorist attack occurs in India, Pakistan is held responsible as occurred following the outrageous attack on the Indian Parliament (December 2001) and the more recent barbaric train bombings in Bombay (July 2006). In the former case India actually mobilized its military forces in a war like deployment on the India Pakistan border. (iii) In the case of an Indian incursion into Pakistani territory following a chance terrorist attack, if the territorial gains of Indian forces reach an unspecified critical level,

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[19]   Ibid. Table 4.2, page 68.

Pakistan has already made clear that it will use nuclear weapons to defend itself. At the same time the declared Indian nuclear doctrine involves in response, an all out nuclear attack on Pakistan. As the Indian Defence Minister George Fernandes clarified in December 2002, such an all out nuclear retaliation will occur even if Pakistan drops a nuclear bomb on Indian forces operating within Pakistani territory[20].

These elements of the Pakistan-India problematique, could spark a military confrontation between the two states at any time. Moreover there is a grave danger that given the relative lack of geographic depth in the Pakistan case, a conventional war could very quickly reach the nuclear threshold. That this prospect is terribly real was illustrated on at least three occasions: (i) First, India's Operation Brass Tacks in 1986. This military exercise which was seen by Pakistan as a prelude to an Indian invasion, led to a threat of nuclear war by the then Pakistani Foreign Minister, Mr. Sahibzada Yaqub Khan, given explicitly to his old college mate Mr. I.K. Gujral, the Indian Foreign Minister during a meeting in Delhi. (ii) The second illustration is the Kargil conflict in 1999. It quickly escalated to a mobilization of military forces along the international border, and the danger of an all out war became so grave, that Prime Minister Nawaz Sharif had to rush to Washington to get President Clinton's support to avoid it. Bruce Reidel[21], who was present during the Nawaz-Clinton meeting, claims the US had information that Pakistan was preparing its nuclear arsenal for possible use. Furthermore, he claims that Clinton actually asked Sharif "if he knew how advanced the threat of nuclear war really was?"[22] (iii) After the attack by armed militants on the Indian Parliament, India mobilized its military forces along the international border with Pakistan and tension rose to a point where Pakistan threatened "unconventional" military retaliation if war broke out[23]. Thus

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[20]   Global Security Newswire, December 30, 2002.

[21]   Bruce Reidel was at that time President Clinton's Special Assistant for Near Eastern and South Asia Affairs at the National Security Council.

[22]   See, Bruce Reidel, American Diplomacy and the 1999 Kargil Summit at Blair House, Center for the Advanced Study of India, University of Pennsylvania, 2002.

[23]   President Musharraf was reported to have said that Pakistan was not afraid to use unconventional weapons if attacked according to the daily The Hindu, See, Global Security Newswire, January 7, 2003.

the very structure of the India-Pakistan situation suggests that wars between the two countries can now neither be localized nor conventional.

With the stakes of catastrophic destruction as high as they are in the region, any non-zero probability of nuclear war should be unacceptable. Yet, as we have argued above, the defining features of the nuclear environment in South Asia make the probability of an intentional or accidental nuclear war perhaps higher than in any other region of the world. In contrast to the preoccupation of governments to achieve 'national security' within a paradigm of conflict, the citizens of even adversarial states share a common concern for human security: They seek security from the threat of war, religious extremism, economic deprivation, social injustice and environmental degradation. The bridging of this gap between the preoccupations of state and civil society is necessary for maintaining the social contract that underlies the writ of the state and sustains national integrity. Thus establishing a new framework of lasting peace for the provision of human security to civil society is essential for the stability of states in South Asia. The question is, what are the constraints to such a lasting peace and what factors can drive the peace process. This question is addressed in the following section.

IV. THE CONSTRAINTS AND DRIVERS OF THE INDIA PAKISTAN PEACE PROCESS

Let us start with the strategic dimension of the political economy of India and Pakistan respectively, within which both the constraints to and the drivers of the peace process can be examined. India's economic strength lies in the fact that having established a heavy industrial base during the Nehru period in the 1950s, and a reconfiguring of India's policy framework in the 1990s to play a role in a globalized economy, India's economy has been launched on a high growth trajectory. With a domestic technological change capability, international competitiveness in selected cutting edge sectors like software and electronics and large capital inflows India has achieved impressive GDP growth over the last two decades. Yet it has been predominantly based on the home market with India's exports as a percentage of world exports, still less than 1 percent. Continued growth in the future will require acceleration in export growth. To sustain GDP growth India will need to establish: (i) Markets for its manufactured exports in South Asia and

abroad. (ii) An infrastructure for the supply of oil, gas and electricity. It is in this context of sustaining GDP growth that three strategic imperatives for India become apparent: (i) Achieving a regionally integrated economy through an early implementation of the Islamabad SAARC Summit Declaration on SAFTA (January 2004). (ii) Securing oil and gas pipelines and rail and road transportation routes from Central Asia to India through Pakistan, and (iii) Overcoming political disputes with Pakistan and other South Asian neighbours to establish a political framework of lasting peace that would be integral to economic union.

Peace and economic cooperation with Pakistan is necessary for India not only to secure its strategic economic interests but also to maintain its secular democratic polity. A high growth, open economy framework for India today is inseparable from a liberal democratic political structure. Therefore the existing social forces of Hindu nationalism, intolerant of minorities will undermine India's secular democratic structure as much as its economic endeavour. Continued tension between India and Pakistan, will only fuel extremist religious forces in both countries, to the detriment of their economy and polity.

Pakistan by contrast is faced with an economic crisis whereby it is unable to sustain high GDP growth due to an aid dependent economic structure, inadequate export capability, and recurrent balance of payments pressures. The persistent high levels of poverty, and continued tension with India fuels the forces of religious extremism. Armed militant groups have now emerged as rival powers to that of the state within its territorial domain, thereby threatening the structure of the state as well as the fabric of society. Peace with India will mean a substantially improved environment for the much needed foreign and domestic investment. This could play an important role in accelerating and sustaining GDP growth and poverty reduction in Pakistan.

It is clear that through peace, both India and Pakistan can reap economic benefits for their people, and secure their respective democratic structures against the forces of religious extremism. The national security of both countries is threatened not by the neighbour across the border but internal social forces of intolerance, violence and poverty. A new structure of peace would reduce for their respective nations the danger of cataclysmic

destruction from nuclear war, and also provide them economic and political stability. Thus national security in both countries will be enhanced, by providing increased security of life and livelihood to their respective nations.

Trade and investment has historically been both the cause and consequence of institutional change. So it can be for Pakistan, India and indeed South Asia as a whole. Thus implementation of the Islamabad SAARC Declaration[24] with respect to SAFTA would be another strategic step towards regional economic integration, peace and the strengthening of the institutional structures of democracy in the region.

Pursuant to SAFTA, Pakistan ought to quickly establish free trade and investment with India and other South Asian countries, together with an easing of travel restrictions within the region for the people of South Asian countries. Free trade and investment within South Asia and particularly between India and Pakistan could be a driver of change in the institutional structure of the economy, polity and society respectively: (i) It would be a powerful economic stimulus; (ii) It would create stakeholders for peace and the demilitarization of the polity in Pakistan, which would strengthen the struggle for civilian supremacy in Pakistan; (iii) It would help build a tolerant and pluralistic democratic culture. Let us briefly examine each of these dimensions of institutional change resulting from an India-Pakistan peace settlement:

IV.1   **Economic Cooperation**

IV.1.1 *Free Trade and Sustainable Growth with Equity*

An economic opening up with India would sharply accelerate GDP growth in Pakistan through increased investment by Indian entrepreneurs. Moreover, import of relatively cheaper capital and intermediate goods from India could reduce capital output ratios in Pakistan and thereby generate higher GDP growth for given levels of investment. At the same time import of food products during seasonal shortages could reduce food inflation and thereby improve the distribution of real income in Pakistan. Easing of travel

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[24]   Islamabad SAARC Declaration, January 2004.

restrictions would give a massive boost to Pakistan's tourism, services, and retail sectors, which could stimulate growth. At the same time it would increase employment elasticities with respect to GDP growth (since the tourism sector is labour intensive), and hence increase employment and improve income distribution. Thus free trade relations with India would enable Pakistan to achieve a higher and more equitable GDP growth.

IV.I.2 *Free Trade and Civilian Supremacy*

As free trade and investment bring substantial economic dividends to the middle and lower middle classes a large constituency will be created in Pakistan to change the existing perspective of Pakistan as a 'National Security State' which is presumed to be 'threatened by India' and hence requires the dominance of the military in the polity and national policy. Shifting from the ideology of a National Security State to a democratic perspective will make it possible to acknowledge that the security and welfare of citizens is primarily achieved through peace and development. This change in the national perspective can be an important factor in achieving civilian supremacy within the polity.

IV.I.3 *Free Trade and Democratic Culture*

An important constraint to the building of a democratic polity and indeed the principal threat to state structures in South Asia arises from internal conflicts such as: religious extremism, ethnic, communal, and caste conflicts, and linguistic sub-nationalism. Containing these conflicts requires the building of institutions for a pluralistic society. In such a society not only diverse identities between individuals can coexist but at the same time multiple identities can be maintained by each individual (Amartya Sen, 2006)[25]. Thus not only for example, Muslims and Hindus should be able to live in peace but also a particular individual can be a Muslim, a Balochi, a Karachite, a Pakistani, a South Asian and a Commonwealth citizen at the same time.

Underlying the cultural diversity in South Asia is the unity of shared wellsprings of human civilization. It is a unity that is nurtured by its diversity. Thus national integrity is

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[25] For a discussion on multiple identities, see, Amartya Sen, Identity and Violence: The Illusion of Destiny, Allen Lane, London, 2006, pages 3 to 5.

strengthened not by the denial of multiple identities but by creating a democratic polity within which they can blossom. Essential to the building of pluralistic democracies in India and Pakistan respectively is the opening up of new economic and cultural spaces within which the people of the two countries can encounter the 'other'. In so doing citizens of the two countries can experience the diversity and richness of the self. In the past state sponsored mutual demonization has sustained inter-state conflict. Demonization involves a narrowing of the mind and a constriction of the identity that places the self and the other into a mutually exclusive and conflictual dichotomy. Nurturing one's richness requires a human relationship within which the other is experienced as a vital fertilizing force in the growth of the self. Liberating the dynamic of such a human contact between erstwhile 'enemies' could be vital to the enrichment of identities and the building of pluralistic democracies in Pakistan and India[26].

IV.2   The Dialectic of Cooperation and Confrontation

The constraints to the peace process can be understood in terms of the dialectic between the strategic political and military imperatives for peace on the one hand and on the other the pressures for path dependence within the military establishment. We will briefly discuss this dialectic within the power system to explain the stop-go nature of the peace process, and the opportunities now available for triggering medium term change.

IV.2.1 *The Strategic Imperatives for the Peace Process*.

The decision by the Musharraf government to engage with India for a peace process was predicated on three power system imperatives:

(a)   Reducing tensions with India in order to focus on economic growth which was seen by the new military regime as a means of achieving political legitimacy.

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[26]   This sub-section-iii, is drawn from Akmal Hussain, Human Security, Economic Development and the Peace Process, chapter in the book titled: Non-Traditional and Human Security in South Asia, Collection of papers presented at an international seminar, jointly organized by the Institute of Regional Studies and National Commission for Human Development in Islamabad on 31 October – 1 November 2006, Institute of Regional Studies, Islamabad 2006, pages-233 to 234.

(b)   After 2001 when Pakistan joined the West in the war against terrorism in Afghanistan, closure of the front (at least temporarily) was a rational military necessity to avoid a two front situation.

(c)   The military government thought it politic to accede to what had now become a popular demand for peace with India.

These strategic military and political imperatives induced General Musharraf to engage with India on the basis of a new and innovative policy formulation constituted by three elements:

(i)   Shift away from the traditional Pakistani position of making a plebiscite in Kashmir the precondition for normalizing economic relations with India. This was replaced by a new position whereby a *composite* dialogue was to be conducted within which economic relations with India were to be discussed side by side with the resolution of outstanding political/territorial disputes including Kashmir.

(ii)   Since the dynamics of each of these two tracks were different, with the potential of trade relations producing results relatively rapidly while the process of resolution of the Kashmir dispute, given its intractable nature was expected to be much slower. It was initially thought that success in economic relations and the resultant peace dividend would not only create constituencies for lasting peace in both countries but would also help build the confidence between the two contending states resulting in positive synergistic effect on the political dispute resolution process.

(iii)   There was a significant and innovative change from Pakistan's traditional 'plebiscite or nothing' Kashmir position in which plebiscite was seen as the "unfinished business of partition" and hence essentially a bilateral dispute. This was replaced by a more rational policy whereby General Musharraf proposed that:

(a) Both Pakistan and India should set aside their traditional rigid positions and seek to find common ground.

(b) He converted the earlier bilateral dispute into a trilateral one by proposing that the resolution of the dispute should be acceptable to India, Pakistan, *and* the people of Kashmir.

IV.2.2 *The Power System Constraints to Peace*

General Musharraf's stated policy initially produced encouraging results, with a substantial increase in trade volumes between India and Pakistan and confidence-building measures such as increased visa permits for a larger number of travelers across the border. However the structural restrictions to trade and indeed investment could only be overcome if Pakistan granted MFN status to India whereby trade, instead of being restricted to a few officially negotiated items, could be opened up for a free flow of goods and capital as in the case of other countries under the WTO regime. These structural constraints to freer trade persisted even as Pakistan under the SAARC umbrella signed the Islamabad Declaration making a South Asian Free Trade Area (SAFTA) a national objective.

It is at this point that the power system constraints to the peace process kicked in. Influential elements in the establishment regarded a rapid improvement in economic relations and a permanent peace with India as ultimately a threat to the raison d'etre of a large military establishment. It was getting a lion's share of the budget on the basis of the 'Indian threat' and the ideology of a national security state. Fears of Pakistan's economy being swamped by India began to circulate as did the notion that the very identity of the state would be threatened by normalization of relations with India.

These considerations acted as a break on the peace process and Prime Minister Shaukat Aziz pointedly declared that improvement in economic relations was dependent on progress on the Kashmir dispute. Thus the policy of delinking the economic and political tracks was reversed and progress in economic relations

once again made hostage to the intractable Kashmir dispute. This setback in the peace process was reinforced as President Musharraf's political position weakened and his reliance on support from his military constituency increased amidst the gathering storm of the judicial crisis. The peace process went on hold as President Musarraf faced the double threat to his government from the democratic opposition on the one hand and the intensified attacks from militant extremists on the other.

The new democratic government in Pakistan which emerged after the February 2008 elections holds promise to pursue what its Foreign Minister, Shah Mahmood Qureshi recently called a "comprehensive settlement" with India. Earlier the Co-chairperson of the People's Party of Pakistan, Mr. Asif Ali Zardari declared the government intentions to accelerate the peace process and focus on economic cooperation[27]. The imperatives of peace for building a dynamic economy and a democratic polity are clearly apparent to the leadership of Pakistan's fragile democracy.

IV.2.3 *Path Dependence and the Short-Term Triggers for Accelerating the Peace Process*

The concept of path dependence has been conceived by Douglass North as a tendency of individuals and groups to resist institutional change where such a change threatens their interests. Such individuals and groups are willing to invest their energy, resources and time to resist institutional change[28]. Thus as North points out, path dependence is "the constraints on the choice set in the present that are derived from historical experiences of the past……"[29].

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[27] In an interview with CNN-IBN's programme Devil's Advocate, Mr. Asif Ali Zardari said that good relations with India would not be held hostage to the Kashmir dispute. He said the two countries would wait for future generations to resolve the issue… and the two countries should focus on trade ties for now. [Reported in the Daily Times, Sunday, March 2, 2008].

[28] Douglass C. North, Understanding the Process of Economic Change, Princeton University Press, Princeton, New Jersey, 2005. page 51.

[29] Ibid. page 52.

The problem of path dependence in this context is located in the 'mindsets' of the respective bureaucracies in the two countries that have emerged through many years of mutual demonization. These mindsets were reinforced by the wars between India and Pakistan in 1965, 1971, the more limited Kargil conflict in 1999, and the protracted insurgency in Indian-occupied Kashmir. The recurrent military confrontations and the perception of each other as adversaries in a zero sum game has bred attitudes of mutual mistrust and suspicion amongst the military establishments, the bureaucracies and to some extent the political leadership of the two countries. The attitudes of the political leadership in Pakistan and India have changed significantly during the last decade as a result of the popular pressure to pursue peace. However 'the trust deficit' in the respective military and bureaucratic establishments remains unchanged.

The problem of path dependence in this context is illustrated by an observation made by Prime Minister Manmohan Singh when he graciously invited a few of us at the South Asia Center for Policy Studies for a discussion over tea at his house in New Delhi on 30th August 2004. I suggested how great the gains of peace were for both India and Pakistan and how history had placed him and the Pakistani leadership in a position to *make* history by actualizing these potential gains for the people of both countries. He responded with an incisive remark, "the gains from peace are immense, yet old attitudes of strife, mistrust and suspicion could lead us to a sub-optimal solution". He went on to say that he is however, willing to make a "new beginning". Any ideas for peace would have his "fullest support, and I hope that of my government"[30], he said turning hesitantly to his National Security Adviser (at that time Mr. Dixit) sitting on his right.

The power system constraints to peace are primarily located in the bureaucratic and military establishments of the two countries. These are locked in the 'old attitudes' not only because of the persistence of modes of thought now considered

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[30] This discussion was first reported in my article titled: Taking the Peace Process Forward, published in the Daily Times, on Thursday, 23 September 2004. Significantly, Prime Minister Manmohan Singh repeated his remark about making a "new beginning" in the UN subsequently.

obsolete but also because their present economic power and influence over the political leadership based on what are regarded as 'national security considerations' may depend on maintaining the status quo. The possibility of overcoming 'old attitudes' and taking initiatives for peace is located in the space available to democratic governments within the power structures of the bureaucracy and military, to translate the will of their people for economic welfare and peace, into policy action.

Clearly free trade between Pakistan and India would be an important medium term objective that could sustain and substantially accelerate the long-term political process for institutionalizing a lasting peace between the two countries. In the context of the power system discussion above it can be argued that the short-term initiatives required for the medium term objective in the Pakistan case would be integrally linked with the initiatives for strengthening and deepening democracy that are proposed in the preceding section. Achieving free trade would essentially be an act of persuasion whereby a popular consensus is created amongst civil society organizations, think tanks and a responsive parliament. It would also involve an act of persuasion with respect to the military establishment that free trade would be in the best interest of Pakistan and therefore of the military. Moreover, it would enlarge the corporate gains of the military within its economic sphere.

Four specific short-term initiatives could be undertaken for triggering the process of achieving economic cooperation between India and Pakistan:

(i)   **A Conference of South Asian Parliamentarians**. This could be on the issue of regional economic cooperation[31]. The issue of free trade and implementation of the SAFTA agreement ought to be the main item on the agenda. The participants of the conference could also include

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[31]   A few years ago SAFMA organized a highly successful conference in Bhurban of Parliamentarians from each of the countries of South Asia in which it was agreed that the peace process should be made irreversible through institutional mechanisms in both government and civil society.

representatives from regional think tanks, experts who have worked on regional cooperation, representatives of civil society advocacy organizations for peace and economic cooperation, civil servants involved in the peace process, lawyers, the media, and representatives from the faculties of the Command and Staff College and the National Defence University.

(ii) **Establishing A Network of South Asian Institutes for Regional Cooperation**. Networking regional institutes in South Asia that are devoted to policy research and advocacy for peace and economic cooperation through a series of workshops. These workshops would bring together the latest thinking on issues of peace and economic cooperation in South Asia and specifically the dynamics of the peace process.

(iii) **Advocacy Programme for South Asian Parliaments and Governments**. Establishing an institutional base for bringing together representatives of civil society organizations in Pakistan and India as well as representatives from regional think tanks to undertake a short-term advocacy programme with their respective parliaments and governments in order to create the basis for a definitive decision on SAFTA implementation in the SAARC Summit of 2010.

(iv) **Easing of Travel Restrictions for Tourism in South Asia**. Easing of travel restrictions for South Asians traveling in South Asian countries would enable greater economic, cultural and social interaction amongst the citizens of India and Pakistan in particular and South Asia in general. The sharp increase in the magnitude of tourism following an easing of travel restrictions would be a powerful economic stimulus to the economies of the region and tourism could become one of the largest industries in Pakistan and some of the smaller South Asian countries. Moreover the secondary multiplier effects of tourism, would be to increase incomes of a

wide strata of the population from porters, restaurants, hotels and transporters.

IV.2.4 *Medium Term Drivers of Peace and Economic Cooperation*

Some of the medium term initiatives that could be undertaken by the private sector and civil society in South Asian countries with support from SAARC and which could help over come path dependence are as follows:

(i)   **South Asia Health Foundation as a Trigger of Medium Term Change**. The aim of the South Asia Health Foundation (SAHF) would be to make the benefits of peace and cooperation in South Asia palpable to people through improved healthcare. The objective of the SAHF would be to establish high quality model hospitals, together with satellite clinics and outreach programmes for preventive health care, in selected backward districts in each of the countries of South Asia[32].

(ii)   **South Asia Education Foundation (SAEF) as a Trigger of Medium Term Change**. **A** South Asia Educational Foundation (SAEF) could be created on the basis of contributions by individual SAARC member countries, individual philanthropists and more substantially by multilateral donor agencies. The purpose of SAEF would be to create a network of high schools at an international standard in every Tehsil (at least one in each Tehsil) of each of the countries of South Asia. These SAARC schools could act as role models and set the standards for both the private sector and the individual governments to follow.

An important dimension of setting up the SAARC network of schools in Pakistan would be to counteract the growing influence of madrassas and militant religious groups who are enlarging their dragnet of indoctrination particularly in the rural areas and small towns of the NWFP and the

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[32]   For an elaboration of this concept see, Akmal Hussain, South Asia Health Foundation, Concept Note, November 8, 2004, South Asia Center for Policy Studies (SACEPS), Dhaka, 2004.

Punjab. One of the factors that attracts 'students' to the madrassas is that in most cases they get free lodging and boarding with the parents having to pay only nominal fees. The SAEF schools, which would provide a broad-based liberal education, ought to have a differential fee system where children from affluent families pay higher fees to partially subsidize those from poor families. An endowment fund for scholarships could also be created to provide free education to students from poor families. Additionally the schools should also have a residential facility for out of town students and a provision for free lunch to day scholars.

(iii) **Energy Cooperation in South Asia**.

    (a)   In the context of developing energy markets of these resources, power trading in the region calls for establishment of high voltage interconnections between the national grids of the countries of the region. India, Pakistan and Bangladesh should, also, cooperate closely in establishing a gas pipeline for transporting gas from Iran, Qatar and Turkmenistan and even Myanmar.

    (b)   The precondition to create a competitive power market is to allow freedom to generators to produce electricity and distributors to sell in the market. In this context joint developing, trading and sharing of energy should be pursued.

    (c)   Apart from electricity production and distribution through large hydro electric projects, it is time now to undertake joint efforts to develop innovative new technologies such as solar and wind energy and single turbines on the canal system for use in both the national and regional grids as well as at the village and tehsil levels.

(iv) **Increasing Investment within South Asia through joint venture projects**

The key joint venture projects that can be undertaken to increase investment and growth in the region are as follows:

(a) Facilitating private sector joint projects in building a network of motorways and railways at international quality standards through out South Asia. These modern road and rail networks would connect all the major commercial centers, towns and cities of SAARC countries with each other and with the economies of Central Asia, West Asia and East Asia.

(b) Facilitating regional and global joint venture projects for developing new ports along both the western and eastern seaboard of South Asia, and at the same time up-grading existing ports to the highest international standards.

(c) Facilitating regional investment projects in building a network of airports, together with cold storages and warehouses that could stimulate not only tourism but also export of perishable commodities such as milk, meat, fish, fruits and vegetables.

(d) Facilitating regional joint venture projects for building dams to utilize the huge untapped potential for energy and irrigation in the mountain ranges of South Asia. These dams of course should be designed and located strictly in accordance with the existing international treaties such as the Indus Basin Treaty.

(e) Facilitating regional joint venture projects for improving the irrigation efficiency of the networks of canals and watercourses in South Asia.

(v)   **Regional Cooperation for Environmental Protection**

Some of the specific areas in which regional cooperation could be pursued for the protection of the environment are as follows:

(a)   Institutionalized cooperation in the face of growing water scarcity to undertake innovative joint efforts for water conservation, and improved delivery and application efficiency of irrigation. This could include construction of medium and small sized dams for increased water availability in the off season and water distribution on an equitable basis between countries and provinces; lining of canals and water courses as well as improved on-farm water management.

(b)   Joint efforts to reduce emissions of greenhouse gases within South Asia and joint diplomatic efforts to achieve the same objective on a global scale to combat global warming.

(c)   Joint efforts to develop heat resistant varieties of food grains and conduct biotechnology research to achieve a new green revolution in South Asia as the old green revolution comes to an end.

(d)   Joint efforts at re-forestation of water sheds, and the treatment of industrial and urban effluent waste could help reduce soil erosion, devastating flash floods and toxicity of rivers.

(e)   Sharing of bio-saline research and technical know-how on controlling desertification of soils. (For example use of plants such as Halogenic Phradophytes for controlling salinity).

(f)   Sharing of know-how on ecologically sound industrial technologies and cost effective and safe methods of effluent disposal.

(g)   Sharing of information on water-flow of rivers, especially flood forecasting.

(h)   Engaging in joint projects for the development of Himalayan resources, especially the prevention of deforestation and soil erosion on the mountain slopes.

(i)   To collect, systematize and subject to scientific evaluation the traditional knowledge systems of South Asian communities, which have experience of innovative techniques of conducting their economic existence in a harmonious relationship with nature.

(vi)   **Restructuring Growth for Faster Poverty Reduction**

A rapid improvement in the material conditions of the people of South Asia requires not only a faster economic growth rate but also a restructuring of growth so as to make it pro poor[33]. This requires providing the institutional basis and economic incentives for changing the composition of investment towards those sectors which generate relatively more employment and which enable increased productivity and incomes of the poor[34]. In this context of achieving pro poor growth three sets of measures can be undertaken at the country as well as regional levels:

(a)   Joint venture projects need to be undertaken to rapidly accelerate the growth of those sub sectors in agriculture and industry respectively which have relatively higher employment elasticities

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[33]   For a detailed discussion on pro poor growth, See, Akmal Hussain, A Policy for Pro-Poor Growth, chapter in: Towards Pro-Poor Growth Policies in Pakistan, Proceedings of the Pro-poor Growth Policies Symposium, 17th March 2003, UNDP-PIDE, Islamabad.

[34]   Akmal Hussain, with inputs from A.R. Kemal, Agha Imran Hamid, Imran Ali, Khawar Mumtaz, Poverty, Growth and Governance, UNDP, Pakistan National Human Development Report 2003, Oxford University Press, Karachi, 2003. chapter 5.

For a more recent discussion on the subject, focused on the institutional basis of pro poor growth, see, Akmal Hussain, Institutional Imperatives of Poverty Reduction, paper contributed to the Institute of Public Policy, Beaconhouse National University, Lahore, May 2008.

and which can increase the productivity and hence put more income into the hands of the poor. These sub sectors include production and regional export of high value added agricultural products such as milk, vegetables, fruits, flowers and marine fisheries.

(b)   Regional network of support institutions in the private sector can be facilitated for enabling small scale industries located in regional growth nodes, with specialized facilities such as heat treatment, forging, quality control systems and provision of marketing facilities in both the country specific and regional economies.

(c)   A SAARC Fund for vocational training may be established. The purpose of this Fund would be to help establish a network of high quality vocational training institutes for the poor. Improved training in market demanded skills would enable a shift of the labour force from low skill sector to higher skill sectors and thereby increase the productivity and income earning capability of the poor. It would at the same time generate higher growth for given levels of investment by increasing factor productivity.

CONCLUSION

In this paper we have argued that South Asia in the 21st century has an opportunity to lead the world by addressing the challenges of poverty, peace and environmental degradation through cooperation in a region where these challenges are manifest in their most intense form. Regional cooperation in South Asia could enable a new form of equitable and sustainable economic growth. This would involve new initiatives for restructuring the growth process to make it pro poor and accelerating the process of peace and economic cooperation. Innovative initiatives are also required for developing new institutions and technologies for use at the regional, national and local levels, in the fields of water resource management, energy production, heat resistant seed varieties, reducing

soil depletion, and reducing greenhouse gas emissions. Equally important, this process of achieving sustainable development could be catalyzed, by bringing to bear South Asians' rich cultural tradition of seeking unity in diversity, human solidarity and harmony with nature.

Never before in history was the choice between life and comprehensive destruction so stark as it is today. The question is, can we grasp this moment and together devise a new path towards peace, freedom from hunger, sustainable development and regional cooperation? There is an urgent need today for moving out of a mind-set that regards an adversarial relationship with a neighbouring country as the emblem of patriotism, affluence of the few at the expense of the many, as the hallmark of development, nature as an exploitable resource and individual greed as the basis of public action. We have arrived at the end of the epoch when we could hope to conduct our social, economic and political life on the basis of such a mind set.

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