

A Vision for South Asia

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PART I: LEADING THE WORLD

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. This article attempts to articulate a vision for South Asia in the new world that is taking shape.

I.1 South Asia can lead the World

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 civilisation in the 21st century. For the first time in the last 350 years, the global economy is undergoing a shift in its centre of gravity from the continents of Europe and North America to Asia. If present trends in 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 (Syed 1968: 9-22; Nehru 2004; Fernando n.d: chapter 1; Perry n.d: chapter 2; Schuon n.d.). 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. 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 civilisation.

I.2. South Asia and the New Paradigm of Policy

All great epochs of economic and cultural achievement are associated with a critique of the received wisdom of the day and a rediscovery of a universal humanity that lies at the root of specific ideological and religious traditions. So must it be for South Asia as it faces the prospect of a leadership role in the 21st century. Let us begin with a critical examination of the theoretical postulates that have formed the basis of economic and foreign policy of modern nation states.

The policy paradigm underlying the last three centuries of economic growth within nation states and political relations between states, has been characterised by two propositions that are rooted in conventional social science theory:

- (a) Maximisation of individual gains in terms of continuous increases in production and consumption, within a competitive framework ensures the maximisation of social welfare at the national as well as global levels (Gilpin 2001).
- (b) The economic and political interests of a nation state are best achieved by translating economic gains into military power.¹ The assumption here is that a state can enhance national welfare by initiating, or being part of an initiative for projecting hegemonic power over other states.

These propositions now need to be questioned because of the increased inter dependence of people and states on each other and on the ecology within which they function. Let us briefly critique each of these propositions to lay the basis of proposing an alternative paradigm of policy, as this region develops a leadership role in the world:

(a) First, the idea that competition alone ensures an efficient outcome may not be necessarily true in all cases in view of the work by Nobel laureate, economist John Nash, who proved mathematically that in some cases the equilibrium, which maximises individual gains, could be achieved through cooperation rather than competition (Nash Jr. 1996).

The Nash Equilibrium solution may be particularly relevant in the context of India-Pakistan relations. Consider India, if it is to sustain its high growth rate, will require sharply increased imports of oil, gas and industrial raw

materials from West and Central Asia, for which Pakistan is the most feasible conduit. Similarly India's economic growth, which has so far been based on the domestic market will in the foreseeable future require rapidly increasing exports for which Pakistan and other South Asian countries are an appropriate market.² Thus the sustainability of India's economic growth requires close cooperation with Pakistan. Conversely, peace and cooperation with India is essential for Pakistan, if it is to achieve and sustain a GDP growth rate of about 8 per cent, overcome poverty and build a democracy based on a tolerant and pluralistic society. It is clear therefore that governments in India and Pakistan will need to move out of the old mindset of a zero-sum game, where gains by one side are made at the expense of the other. Now the welfare of both countries can be maximised through joint gains within a framework of cooperation rather than conflict.³

The missing dimension of the relationship between competition and welfare in conventional economic theory is that of institutions. The recent work of another Nobel Prize winning economist, Douglass North has shown that if competitive markets are to lead to efficacious outcomes, then they must be based on a set of underlying institutions (North 1990). He defines institutions in terms of constraints to behaviour for achieving shared objectives within an appropriate combination of incentives and disincentives. We can apply Douglass North's principle to suggest that emerging economic powers need to seek a broad framework of cooperation for the efficient functioning of a competitive global economy.

Our proposed logic of locating competitive markets within broader institutional structures of cooperation at the regional and global levels is necessitated by the integrated ecology of the planet. *Global cooperation in environmental protection, poverty reduction and defusing the flash points of social conflict and violence will become the essential underpinning of sustainable development and human security in this century.*

(b) The second proposition in conventional social science theory and political practice is, that the economic welfare and political influence of a nation state can be best achieved by translating economic gains into military power. This is also questionable. In the new world that is now taking shape, the influence of an emerging power will be determined not by the magnitude of the destruction it can wreak on other countries but by its contribution to enhancing life in an inter-dependent world. *Thus it is not the military muscle of a state that will be the emblem of status, but its contribution to meeting the challenge of peace, overcoming global poverty and protecting the planet from environmental disaster.*

Meeting these challenges will require a deeper understanding of the processes that shape nature and human societies, as well as a deeper awareness of our inner self and our shared civilisational wellsprings. Thus, as South Asia pursues a leadership position in the global economy, it would also have to strive to reach the cutting edge of human knowledge in the natural and social sciences. At the same time it would have to bring to bear its value system rooted in the experience of humanity that is evoked in its diverse literary and philosophical traditions (Pallis n.d; Syed 1968; Nehru 2004).

PART-II: HUMANITY, NATURE AND 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 competition 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, some of the leading environmental scientists and international institutions have recently come together to conduct the Millennium Ecosystem Assessment of planet earth. The Report presents 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 per cent 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 ecosystem services that were examined in the study are being degraded.... including fresh water.... air and the regulation of regional and local climate” (MEAR 2005).

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 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 civilisation. In this situation, for South Asia to lead the world means introducing new forms of social production, new institutions and a new consciousness that can sustain life on earth.*

II.2 The New Sensibility

Today the market is being apotheosised 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 (Hussain 2002). 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 (Barthes 1973: 95-97). Thus, qualities, which we actually possess as human beings are transposed into goods, and the individual gets locked into an endless pursuit of acquisition (Hussain 2002).

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 in spite of any foreseeable development and adoption of green technologies. As Mahatma Gandhi said, "There is enough in the world for everybody's need but not for everybody's greed." Contemporary market culture is marked by the atomisation 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 relationship between man, nature and economic growth. 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 civilisations across millennia has brought to the surface certain fundamental features of each civilisation, which while being rooted in its specific linguistic, religious and cultural *form* are essentially of a universal nature. Three characteristics of a South Asian sensibility can be articulated:

- i) The *other* constitutes the essential fertilising 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.”
- 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 (Aristotle 1980). However this proposition is no more part of the contemporary Western culture. Unlike the West however 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 society says, “There was no one who did not have enough, there was no one who had more than enough⁴ “(cited in Wignaraja, Hussain, Sethi 1991).
- 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 civilisational propensities of transcending the ego as a means of fulfillment, of locating the need for goods in the context of human responsibility and of harmonising 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.

PART-III: CONCRETISING THE VISION

South Asia can contribute to the emergence of a 21st century civilisation by helping to establish a sustainable relationship between individuals,

commodities and nature. We will first outline an alternative perspective on development and then indicate a set of specific policy initiatives that can be undertaken to begin the process of actualising the great human potential of South Asia.

III.1 An Alternative Approach to Economic Development

Aristotle in his *Nicomachean Ethics* propounds a relationship between human beings and commodities, which seems strange to contemporary economic theory but may be vital in building a new 21st century perspective on economic development. As indicated earlier, he proposed that it is *human functioning* that gave richness to life and not commodities, which are merely useful (Aristotle 1980). The Nobel laureate, economist Amartya Sen in his recent work has drawn upon Aristotle's proposition to go beyond the notion of living standards in terms of just income or goods. A.K. Sen proposes the concept of capabilities and entitlements whereby in addition to requiring certain goods and services for oneself one may also *value* one's capability to be *socially useful* (Dreze and A.K. Sen 1989). This helps to clarify that the issue of overcoming poverty is not simply 'delivering' a certain quantity of food, but also providing complementary services such as drinking water, sanitation, health care and education. Thus A.K. Sen laid the theoretical basis of what has come to be known in the literature as "human development." Sen argues that food, health care and education constitute entitlements of citizens since they are necessary for actualising human capabilities.

It can be argued that Sen's capabilities and entitlements formulation is rooted in the premise that our *sociality* is essential to human functioning. If this indeed is the case, then could we not extend the scope of Sen's concept of entitlements to include those institutions that are necessary for the functioning of *human sociality*. These include high quality universities, hospitals, a free press, peace, human security and the entire range of political rights associated with democracy? These rights and institutions are surely necessary for human beings to fulfill the peculiarly human need to function in "a socially useful way." If we could broaden Sen's concept in this way then the measure of "standard of living" in the theory of economic development would include not just goods and services but the whole set of social and political institutions that are necessary for what Aristotle called "human functioning."

III.2 Specific Policy Actions

A vision is efficacious to the extent that it can be concretised. This requires bringing to bear the new consciousness of South Asian cooperation to

undertake five specific policy actions for our new perspective on economic development:

(a) Let the People Meet

Visa restrictions should be eased to allow citizens of each country of South Asia to travel freely to enjoy the natural beauty of the region, and to participate in the social and cultural events of the various countries of South Asia. Tourism alone could make a major contribution to the GDP growth of the region. It would at the same time be pro poor growth since it would generate employment and incomes for a wide range of social groups: From porters, and owners and employees of road side cafes to restaurants, hotels and transport companies. Such travel and social interaction would help in the rediscovery of the shared civilisational values of South Asia, and help build more pluralistic societies to strengthen democracy in the region (see part II.2: The New Sensibility).

(b) South Asia Health Foundation (SAHF)

Ill-health is a major trigger that pushes people into poverty and keeps productivity at a low level in South Asia (Hussain et al. 2003). Therefore provision of high quality preventive and curative health facilities would be a strategic intervention for poverty reduction, human development and economic growth in the region. It is proposed that a South Asia Health Foundation may be instituted with the following objectives: (i) To set up district level general hospitals at the highest international standards in selected districts of each of the countries of South Asia. (ii) Each SAHF hospital would have a network of high quality basic health units and also reproductive and child health care clinics. The latter would provide pre natal and post natal care to mothers, family planning services and basic pediatric services to infants. (iii) Each SAHF hospital would initiate community-based campaigns for hygienic drinking water, sanitation, immunisation and control of epidemics.

The doctors and staff of the SAHF hospitals in a particular country could be drawn from other South Asian countries to signify the commitment of South Asians to each other. The healing and humanity in these hospitals would stand as a living symbol of both the promise and fulfillment of South Asian cooperation.

(c) South Asia Education Foundation

A South Asia Education Foundation may be instituted on the basis of a private-public partnership with contributions from multilateral donor agencies. The

purpose of the foundation would be to establish a network of schools as well as universities at the best international standards to help develop the knowledge base to prepare South Asia for its leadership role in the new world that is taking shape. The network of universities could enable students and researchers to interact intensively across international boundaries in South Asia and create a community of scholars that could produce new knowledge in the natural and social sciences (see Part II.2: South Asia, The New Sensibility).

(d) Implementing SAFTA

Free trade between India and Pakistan will not only provide substantial economic gains for the people of both countries but will also set in motion a powerful dynamic of enlarging the constituency for peace at the political level. Free trade in agricultural commodities will help stabilise seasonal price fluctuations, and prevent the associated real income losses to farmers. Free trade in capital and intermediate goods will lower the incremental capital output ratios, thereby enabling higher GDP growth for given levels of investment. Free trade in consumer goods and services will mean substantial welfare gains particularly for the middle class, lower inflation rates and improved income distribution in both countries. To actualise these potential economic gains for India and Pakistan emanating from free trade, it would be necessary for India to reduce its existing relatively high tariff and non-tariff barriers and for Pakistan to recognise that its best interests of both economic welfare and peaceful resolution of political disputes lie in implementing SAFTA. Given the asymmetry in the size of the two economies and the futility of war, it would be counter productive for Pakistan's national interests to leverage free trade as a device for resolving political disputes. Political disputes would be best resolved through the current composite peace process. The gains from free trade could play a synergistic role in accelerating the peace process.

(e) Private Sector Joint Venture Infrastructure Projects

- (i) India, Pakistan and Bangladesh should cooperate closely in establishing gas pipelines in South Asia for transporting gas from Iran, Qatar and Turkmenistan and even Myanmar. Specifically the ongoing official negotiations on transporting oil and gas from Iran through Pakistan to India should be brought to an early and successful conclusion. To strengthen the mutual inter dependence between India and Pakistan the earlier proposal by Manishanker Iyer for transporting

diesel fuel from Panipat to Lahore should also be taken up quickly. 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.

- (ii) Facilitating private sector joint projects in building a network of motorways and railways at international quality standards throughout 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.
- (iii) 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.
- (iv) 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.

These initiatives could be part of the new policy paradigm discussed in Part I.2. They could stimulate GDP growth and employment in both countries and create new economic inter-dependencies, which could strengthen peace and stimulate the resolution of outstanding political disputes.

(f). Restructuring Growth for Rapid Poverty Reduction

Economic growth must not only be accelerated but restructured in such a way that its capacity to alleviate poverty is enhanced for given growth rates of GDP. In this context of achieving pro poor growth, three sets of measures can be undertaken at the country as well as the regional levels:

- (i) 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 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 (Hussain 2003).
- (ii) Regional network of support institutions in the private sector can be facilitated for enabling small scale industries located in regional growth

nodes, with specialised facilities such as heat treatment, forging, quality control systems and provision of skill training, credit and marketing facilities in both the country specific and regional economies.

- (iii) 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. This would enable growth with rapid poverty reduction. A growth process that is more broad based would help create a sense of community and a stake in the polity for all citizens. This will help develop the new sensibility discussed in Part-II.2.

Conclusion

If South Asia is to play a leadership role in the new world that is taking shape, then it must undertake specific initiatives within a new policy paradigm for pursuing peace, overcoming poverty and protecting the life support systems of the planet. However, this requires that governments move out of a mindset 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, individual greed as the basis of public action, and mistrust as the basis of inter state relations. 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 mindset. This is a historic moment when the people of South Asia have recognised that they have a new tryst with destiny. They are affirming that their security and well being lies not in inter-state conflict but in peace and cooperation. Let the governments hearken to the call of their people.

This paper is based on the author's presentation before the Parliamentarians from South Asian countries at the SAFMA Conference on Evolving a South Asian Fraternity, Bhurban (16 May 2005). An earlier version was serialized in the Daily Times (Lahore) on 24, 25 and 26 May 2005. The author is indebted to the participants of the conference for their encouragement and helpful comments. The author wishes to thank Dr. Zafar Shaheed and Mr. Savail Hussain for invaluable suggestions on an earlier draft. However, the responsibility for the views expressed in this paper or any errors that might remain is that of the author alone.

Notes

- 1 “.....each of the leading states in the international system strove to enhance its wealth and its power to become (or remain) both rich and strong” (Kennedy 1988: i).
- 2 India’s exports as a percentage of its GDP (at purchasing power parity) is 2 per cent. For details see: <http://www.cia.gov/cia/publications/factbook/geos/in.html#Econ>. India’s share in total global exports increased by 0.26 per cent — from 0.41 per cent in fiscal 1992-93 to 0.67 per cent in 2000-01. In the next five years beginning fiscal 2002-03, India aims to raise the share further by 0.33 percent by 2006-07 to have 1 per cent share of total world exports. For more details see: http://www.indiaonestop.com/tradepartners/indias_trade_partners.html.
3. For a more detailed discussion of this proposition see, Akmal Hussain, *Poverty, Power and Peace* (Forthcoming).

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