1. Introduction

1.1. Statement of the Problem

As is evident from the title, this research pertains to certain intricate aspects of South Asian politics in the post-Cold War era. In doing so, it seeks to answer several queries regarding South Asia. These have been listed below:

1) The research attempts to define a "region" on the basis of certain specific indicators which confirm the existence or otherwise, of a region. It also briefly touches upon various regional cooperation efforts across the globe with special reference to the ASEAN and SAARC.

2) Thereafter, the research examines South Asia's prospects of being categorised as a "region". More specifically, it attempts to answer whether over a given period of time (that is, during the post-Cold War era, starting 1990 onwards), South Asia has been able to identify (more or less closely) with the given definition of a "region". Also, whether the South Asian countries can be credited with any remarkable achievements in the field of economic and political integration/cooperation.

3) Having answered this, the research moves on to a related aspect of explaining South Asia's role in the prevailing international scenario of the 1990s. This would be possible by determining South Asia's role and significance in the "post-Cold War global agenda". The "global agenda" comprises certain universally acknowledged priorities that have been primarily identified by major international actors, keeping in view the changes and consequent demands of the global environment. Thus, contemporary global priorities include a host of issues such as social compatibility, upholding human rights, environmental protection, economic development, promoting liberal democracy, arms control, disarmament and nuclear non-proliferation. Given the range and sheer relevance of these issues, it is imperative for each and every part of the world to identify with them. India and the countries comprising South Asia as a whole, are no exception to this fact.

4) At the same time, it is felt that certain basic pre-requisites such as a minimal level of socio-economic and political stability must be met with, before any actor can hope to assimilate into the global agenda, and simultaneously, attract global interest in its activities. From this perspective, the research also evaluates the degree of order, welfare and legitimacy in the South Asian countries.

5) Moreover, the research seeks to highlight the causes and consequences of the degree of compatibility that South Asia exhibits with the contemporary global priorities. In order to do so, the neighbouring Southeast Asian countries (particularly the ASEAN members) have been used as the occasional point of reference, and subsequent comparison. Such an endeavour is also expected to provide valuable lessons for the deficient party.

1.2. Major Premises of the Research

This research revolves around certain specific premises. These can be best explained by elaborating upon the choice and significance of the text of the research title (which would also provide the rationale of the study). The "contemporary global priorities" relate to the emerging trends in the post-Cold War period. Though the world today appears to be in a flux, it is possible to discern the broad issues that are in the process of shaping the emerging world scenario: it is the transition from a bipolar world dominated by the two super powers, the United States of America...
and the former Soviet Union, to a multi-polar world where a more effective role is sought by new regional actors. During this transitional stage where there is an absence of a countervailing super power, the U.S. is finding it tempting to perpetuate its dominance over world affairs, thereby temporarily and occasionally transforming the world into a uni-polar order.  

The term superpower used so frequently here, did not actually come into common parlance until the second half of the twentieth century. Historically, one spoke of great powers, usually within Europe's classical balance of power. The term superpower came into vogue in the era of bipolarity between the United States and the Soviet Union. By definition, a superpower has interest in all regions of the world, together with capabilities enabling it to act on behalf of its interests. Superpowers can project their power and influence into regions remote from their own geographic space. Moreover, superpowers have vast military, economic and technological capabilities. A superpower is also able to back its diplomacy with military force, if necessary. At the same time, a superpower possesses values and ideals that have broader global attractiveness, together with a vast and diversified economy. Such a definition indeed applies best to the United States today, as it did during the Cold War era. As an economic superpower, the United States is known to possess the largest, most diversified, and technologically advanced economy in the world. This includes a total GDP of more than $7 trillion and a per capita GDP of $27,500, the highest among industrial nations. Second to the United States is Japan, with a GDP of $2.7 trillion and a per capita GDP of $21,300, followed by Germany with a GDP of $1.45 trillion and a per capita GDP (West) of $21,000 (comparable to Japan). The figures for Russia are a GDP of $796 billion, with a per capita GDP of $5,300. China’s GDP is said to total slightly above $3 trillion with a per capita income of only $2,900 but a real growth rate of about 10 per cent. 

This paragraph does not seek to justify any hegemonic role of the United States but merely points out the inevitable superiority of the world's largest economic and military power in the post-Cold War system. Though these observations can, and have been subject to much debate and criticism world-wide, it remains an inescapable fact that the United States and its allies are presently the global "elites" who play a major role in the conduct of international affairs. In fact, the American foreign policy which basically aims at promoting the country's national interest has, indeed, shaped several events and circumstances of the larger international society of states. As a corollary, it can also be said that it is these very global elites that determine the nature of contemporary global priorities, which either as cause or consequence, hold relevance for the rest of the world as well.

A statement in 1995 by Warren Christopher, the former American Secretary of State further strengthens the case for U.S. authority in world affairs: "We have put in place the building blocks of a more prosperous, more secure, more democratic world that will serve our national interests well into the twenty-first century. We have stopped Iraqi aggression and halted North Korea's nuclear program. Russian troops have left the Baltic states and Germany. We helped persuade Ukraine, Kazakhstan, and Belarus to get rid of the nuclear weapons on their territory. We have begun to reshape Europe's security architecture. And we have brought the Middle East closer to a comprehensive peace. We have set up the framework for the most open global trading system in history - through the North American Free Trade Agreement (NAFTA), the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the new World Trade Organisation (WTO), the Asia-Pacific Economic Co-operation forum (APEC), and the Summit of the
Americas plan for hemispheric free trade. And we have helped secure democracy from Central Europe to Asia, and from Southern Africa to Haiti and the Americas". 3

Coming to the main concern of this thesis, it is now obvious and to a large extent natural, that the earlier-mentioned contemporary global priorities also be largely determined by the U.S. and its elite allies. The present study focuses on the economic and security priorities of the post- Cold War era, again largely determined by the elitist powers but at the same time, holding equal relevance for the rest of the world as well.

At the height of the Cold War, there was a generally industrialised and free First World, a Communist Second World, and an underdeveloped, largely non-aligned Third World. By the 1980s, these divisions were beginning to erode as some Communist lands began to develop freer institutions and some underdeveloped nations evolved into industrial democracies. The emerging world order also involves the division of the world into three parts, but along totally different lines. Today, there exist:
(1) the market economies which comprise a growing community of free and prosperous industrialised nations,
(2) the transitional states which include ex-authoritarian and ex-Communist lands that are working towards democracy and free markets, as well as countries like India which made late entries into this global arena, and
(3) the troubled states which are basically located in Africa, the Greater Middle East and parts of Asia to include countries that fall behind the rest of the world economically, politically, and ecologically.

In the light of these divisions and particularly in the post- Soviet period, the Western foreign policy of containment has been replaced by a policy of enlargement of the family of the free market democracies. Socialist dictatorship has been replaced by liberalism, the dominant goal of which is global capitalism. As elaborated above, the economic, and to some extent, political power is now with the G-7 (Group of Seven) countries, led by the United States. The political environment is now dictated more and more by economic relations and less by ideology. The relations between nations are increasingly being determined on the basis of trade and economic reciprocity. And interactions between countries are more through bilateral and multilateral deals in respect of trade and development. The key-point is that the world is moving towards a multi-polar economic system with genuinely more international phase. 4 In such circumstances, free market economy and liberalisation have evidently become major contemporary global priorities.

While economics becomes increasingly important, national security also retains its position of dominance in the conduct of international affairs. Once again it has been observed that America and its allies have historically exerted tremendous authority over the resolution of conflicts and security-related crises. It must also be mentioned here that a major development in the post-Second War global security scenario has been the increasing frequency of regional wars and conflicts as ominous threats to world peace and prosperity. Indeed between 1945 to 1990, there have been over a hundred regional wars (both internal and inter-state) in the Third World alone. 4 Moreover, it is the regional hegemons (of the Third World) that possess most of the modern weapons, both conventional as well as nuclear. Hence, an all-out military encounter between these emerging powers would entail high levels of death and destruction. 6 The production and
proliferation of nuclear and non-nuclear weapons, though slightly abated after the Cold War, continues. Arms and military technology transfers, especially of mass destruction weapons and long-range delivery systems, threaten regional and global security. The progressive "multi-laterization" of arms production and sales has assumed an international life of its own, and is disciplined to the particular interests of those charged to direct it. As a consequence, regional security coupled with disarmament, arms control and nuclear non-proliferation are also prominent concerns of the post-Cold War era. Furthermore, though military conflict among Western states may have become unthinkable, there is no evidence of a world-wide trend toward the obsolescence of war. On the contrary, in many places, current borders are not accepted as legitimate and force remains an accepted way of resolving disputes. As recent and continuing examples, Bosnia-Serbia-Croatia, Hungary-Romania, India-Pakistan, the former Soviet Republics, Yugoslavia, and the Korean peninsula come readily to mind. And South Asia in particular, has been always prone to national, regional, inter-regional and superpower conflicts stemming from sources as diverse as ethnic overlap, clashes of ideology and identity, India's differences with its neighbours and global competitiveness in the area. The nuclear mess that South Asia has landed itself into since May 1998 seems to magnify such pessimism about the region, if it can be termed as a region at all during such times.

Another significance of examining the aforesaid issues stems from the fact that regional studies of South Asia or even elsewhere, are closely connected with the prevailing political reality of the global environment which constantly impinges upon the local levels of the international system as well as sets the limits within which national-regional actors can work out their moves. South Asia was chosen as the area of this research because it is convenient to study a region while being a resident of its most prominent state -India. It enables greater access to research material and daily happenings. Being based in India also provides the necessary concern and impetus for delving into the dynamics of South Asia and the adjoining Southeast Asian region. Moreover, a three-level research plan had been initiated at the Masters level of my studies. Thus, research undertaken for a dissertation on certain social, economic and political realities of India at the M.A. level proved to be an added advantage. It provided insights into the order, welfare and legitimacy concerns of India over a period of forty-five years. This was elaborated upon at the M.Phil. level to deal with interactions between India, Pakistan and Bangladesh from both the global agenda, and the order, welfare and legitimacy perspectives. Hence, the M.Phil. dissertation has provided a particularly strong foundation as well as a rational continuity to this thesis.

Prior to examining the nature of South Asia per se, it would be useful to briefly delineate the progressive development of the concept of a distinct "South Asia". This concept has originated in relatively recent times. Indeed, even the broader concept of Southeast Asia made its appearance only during the Second World War. Initially therefore, the general tendency was to lump the countries of South Asia with those of the Southeast. Later on, in spite of the emergence of South Asia as a distinct entity, there was no unanimity regarding the exact definition of this concept. It was only with the formation of the South Asian Association of Regional Countries (SAARC) in 1983, that some of the confusion regarding the countries comprising South Asia was removed.

Since South Asia is still evolving, the pros and cons of its developmental efforts need to be properly understood. This has been made possible by evaluating the levels of order, welfare and legitimacy in the countries comprising South Asia. The "order, welfare, legitimacy" triad
(acronym OWL) has been derived from a relatively new political theory of International Relations, propounded by Edward A. Kolodziej. This theory has been integrated into the present study because "it is becoming increasingly important to rethink the traditional framework of international relations studies in order to address the contemporary nature of global politics". The sweeping changes on the international scenario are said to have rendered several existing theories of international relations redundant. In such a situation, the emergence of new ideas and theories such as those proposed by Kolodziej deserve due attention by way of understanding, testing and critically evaluating them. Further details of this theory are provided in the theoretical framework section of this chapter.

Moreover, to round off the analysis, the "OWL" situation of South Asia has been occasionally compared with that of Southeast Asia in order to determine which is the more deficient party of the two, and to provide valuable lessons for the lesser-privileged area. Finally, this troika is important in relation to the global priorities because the forces which influence order, welfare and legitimacy of a particular country or a region, also determine the area's prospects of assimilating with the global agenda. Hence, one can establish an elementary conjunction in the rationale of this thesis as:

**CONTEMPORARY GLOBAL PRIORITIES---------DYNAMICS IN SOUTH ASIA**

"OWL" IMPERATIVES OF SOUTH ASIA

However, a more explicit connection between these aspects will be determined during the course of this research and presented in the concluding chapter.

Another related aspect of this study has been represented by the following diagram:

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International System (Global Priorities)
  |    |
Economic Issues  Security Issues
  |    |
X.....X.....X.....X
  |    |
X   X   X   X
South Asian States ("Region")
(Perpetuated by intra- and inter-state conflicts)
  |    |
Welfare  Legitimacy  Order
  |
Domestic System (Basic Pre-requisites for Stability)
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This diagram encapsulates how the South Asian states are facing pressures from above as well as from below. From the top, the international system is attempting to thrust its priorities, which
include certain economic and security issues that will also be a part of this research. Simultaneously, South Asia is also facing certain pressures from below in the form of domestic compulsions to achieve the basic requisites for stability - order, welfare and legitimacy. Given this scenario, this research will also try to examine the strategies adopted by South Asia for tackling the above-stated pressures. This will later be compared with strategies adopted by the Southeast Asian countries to assuage similar pressures. The strategies in question include a vast range of options in the systems of governance, societies, and economic structures of countries comprising both the regions.

And finally, the research will evaluate the extent to which both South Asia and Southeast Asia have succeeded in adopting the measures suggested by Kolodziej for achieving adequate levels of order, welfare and legitimacy. These are nationalism (as in the concept of a nation-state), free market economy and democratisation respectively. Though these measures can have negative connotations, on the positive side of the ledger, the nation-state is seen as the principal organising unit of the diverse peoples of the world. The notion of nationality is the most powerful unifying force of an otherwise sharply differentiated regional or global population. The idea of the nation provides the main impetus for the creation of independent states, defined by their territory and qualified by their respective governing regimes. These common elements of nation, territorial state, and the governing institutions are indispensable for order. The creation of global markets, associated with the Industrial Revolution and the growth of modern science and technology, has also been the primary human instrument for the production and distribution of wealth in the modern age. The quest for ever greater material welfare is as much an imperative animating the world's populations, as their particular demands for national identity and independence. Finally, it is believed that governmental policies, international institutions, and the very structure of power of the international system must increasingly meet a test of democratisation. The legitimacy of governmental institutions and of regional and international structures of power depends crucially, as never before, on their claim to popular support, whether identified as national or domestic populations, world opinion, or both. This democratisation process has most recently scored victories throughout eastern Europe, the former Soviet Union, and throughout many parts of the developing world such as South Africa, South America, South and East Asia. In a much broader sense, a society can be said to experience a high level of legitimacy when its rules are not explicitly rejected by any major social group. The decline of legitimacy therefore, is marked by political disorder. In this sense too, the imperatives of legitimacy and order are very closely connected.

1.3. Literature Review

This research, as well as the research premises elaborated above, benefited enormously from a review of specific and general literature pertaining to the broad field of International Relations. Presented below are a few comments from the diverse texts referred to during the course of this study.

Since this thesis opens with the term "contemporary global priorities", it would be appropriate to begin with some remarks on the related post-Cold War scenario which shapes and influences these priorities. It has been quoted that in the post-Cold War era, "the only constant in international politics is the unexpected!" "The Cold War era, the age of two superpowers is
over. Gone with it is the comfortable predictability and stability of its institutional structures. The changes in Eastern Europe, the reduction of U.S. presence in Western Europe, the rise of a reunified Germany, and the increasing economic clout of countries like China and Japan are creating a new correlation of forces whose final configuration and impact are not yet known. Indeed, the present research is founded upon this mystifying scenario which is constantly in the process of evolving. Nonetheless, it is possible to determine certain emerging trends in this global environment. "Firstly, the world is dividing into market democracies, transitional states and troubled states. Second, less important for security purposes are divisions along the lines of economic blocs, spheres of influence, or civilisations. Third, proliferation is increasingly a contemporary rather than a future concern. Fourth, globalisation is creating transitional threats as well as benefits. Fifth, democracy is becoming the global ideal, if not the global norm. And finally, the sovereign state faces challenges of fragmentation." Thus, it has been aptly said that "in an era when the concept of nation-state comes increasingly under questioning, when military power declines in its utility as a tool of politics among the developed nation-states, and when ideology ceases to be the great divide it was assumed to be, the non-military threats appear to be overtaking the military threats as the primary concern to humanity. A world hitherto preoccupied with the Cold War is now waking up to find that it has to attend to a new set of concerns." These observations are crucial from the viewpoint of the research since this is an analytical study of South Asia vis-à-vis these new set of concerns.

As pertains to the other research premises, there has been a revival of interest in the study of regional conflicts world-wide, followed by a near-total consensus that South Asia constitutes one of the "critical regions" or "security complexes" of the planet. South Asia has been repeatedly condemned as "a region of poverty, overpopulation, ethnic and religious conflict, and natural disasters". But such descriptions have also been criticised with equal vigour as stereotyped and outdated. For instance, the executive summary of an American Study Mission has stated that America and the Western world in general, has tended to underestimate South Asia. "Contrary to prevailing perceptions, South Asia is important to the United States. The region's fate will increasingly influence the world that Americans and others live in. It is a region where the issues likely to dominate international relations in the twenty-first century come together, specially since this is where twenty per cent of the humanity lives". Global interest in South Asia has also been attributed to the fact that "the growth of internal regional capabilities has had extra-regional consequences. This is self-evident in the case of nuclear proliferation, but it also applies to India's expanded Indian Ocean role and Pakistan's attempts to become strategically the most advanced Islamic state. Further, it applies to India's attempts to develop as a tangible economic power, especially over the past few years".

On the other hand, many scholars continue to believe that South Asia is only an area of crushing despair and crises, which merits no particular global interest or attention. "Apart from the lessons of history, South Asia faces the unpalatable prospect of a spiralling arms race and a debilitating rise in the defence expenditure of the major nations of the region. Since these are basically underdeveloped countries, it leaves very little to cushion welfare from the crush of military spending. Besides, in addition to facing several socio-economic problems, South Asia currently faces the humiliating prospect of being completely marginalized in the international community. There has been a steady erosion of its economic and political standing in the international arena...." Further, "South Asia has inherited a volatile ethnic, religious and social mix that
generates powerful cross-currents of tension between the states of the region. Because of the complexity and difficulty of the South Asian environment, the region's attention has focused on problems associated with its immediate neighbourhood and nation-building, rather than on those of the Indian Ocean region, let alone the rest of the world”. 21 And now following the nuclear tests conducted by both India and Pakistan in May 1998, there is likely to be a tremendous spurt in scholarly writings that presage South Asia’s inevitable ruin before the end of this century.

Such conflicting views also strengthen the rationale of undertaking this research so as to reach inferences that would hopefully support one or the other body of opinion. An in-depth analysis of South Asia is even more essential in the light of statements such as "the interface between domestic politics and foreign policy gives ample scope for academic analysis of research but in South Asia, the subject has not received sufficient scholarly attention. Even in India, which can claim better attainments in the academic field than its neighbours, there is only meagre work in the field". 22 So, in order to proceed with the research in a systematic manner, the following theoretical framework has been adopted.

1.4. Theoretical Framework

More than one theory has been utilised during the course of this research because it was found that a single theory is inadequate in explaining the complex post-Cold War global scenario, specially with allusion to the various premises of this thesis.

Firstly, this research is partly based on Edward A. Kolodziej's "Order, Welfare, Legitimacy" (acronym OWL) theory of International Relations. The main proposition of this theory is that international relations is the global pursuit of order, welfare and legitimacy, or OWL. In other words, international relations is reconceptualized as the pursuit by peoples and states of their preferred systems of global order (O) and welfare (W). Here "preferred" implies those systems of global order and welfare that are viewed as authoritative and legitimate (L) by the principal actors in international relations. Kolodziej believes that this definition captures the key features of prevailing and alternate conceptions of international reality. He asserts that the nation-states and peoples of the world are engaged in a ceaseless struggle to define authoritatively what systems of order and welfare will prevail for the emerging global society. If these systems of order and welfare are perceived to work and if they are also viewed as just or fair, then they are invested with legitimacy, that is, with authority which sanctions how the peoples and nations of the world believe they should be governed and how they should pursue their welfare needs, within the framework of the global concerns. A corollary of this theory is that the occurrence of conflicts, either at the national or the international level, adversely affects the "OWL" imperatives and hence, the conduct of international relations in the region involved.

As mentioned earlier, Kolodziej has also suggested the contemporary solutions for achieving adequate levels of the "OWL" imperatives. 23 These are:

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<th>Societal Imperatives</th>
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<td>Order</td>
<td>Nation-State</td>
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<td>Welfare</td>
<td>Liberal Markets</td>
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<td>Legitimacy</td>
<td>Democratisation</td>
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These "solutions" are important from the view-point of the research as well because in the post-Cold War era, the preservation of the sovereign state-system by promoting democratisation, social compatibility, liberalisation, disarmament etc. is a major global concern. Hence, this thesis also dwells upon some of these economic and security priorities.

Another theoretical premise of importance to this research is the "insecurity dilemma" as proposed by Brian L. Job, and the related concept of the "weak state" as explained by Barry Buzan. The insecurity dilemma is the consequence of the competition of various forces of society being (1) less effective security in all or certain sectors of the population, (2) less effective capacity of centralised state institutions to provide services and order, and (3) increased vulnerability of the state and its people to influence, intervention and control of outside actors, be they other states, communal groups, or multinational corporations. The concept of the weak state lies at the crux of the insecurity dilemma. According to Barry Buzan, "weak states have as their main distinguishing feature, a high level of concern with domestically generated threats to the security of the government. Weak states either do not have or have failed to create, a domestic socio-political consensus of sufficient strength to eliminate the large-scale use of force as a major and continuing element in the domestic political life of the nation". Weak states have to accept the harsh realities of the anarchic regional and global systems and yet, strive to survive and function within such systems. This makes them highly vulnerable to several complicated security problems stemming from internal or external sources, what has been cumulatively explained as "insecurity dilemma".

These two theoretical concepts are essential for this thesis since security issues form a substantial part of the research. While examining the levels of order, welfare and legitimacy in South Asia and Southeast Asia, this research also evaluates the degree of compatibility of these regions with contemporary global priorities such as democratisation, economic progress, arms control, disarmament, and nuclear non-proliferation. In this context, it is possible to determine whether regional conflicts are a common occurrence in South Asia and Southeast Asia, and if so, whether they are caused by dysfunctionality of the "OWL" premises therein; also comprehensible as stemming from the insecurity dilemma of the affected weak states. In this regard, it has been reiterated that every country faces an insecurity dilemma. A state that buys arms or reduces its military capability to make itself more secure, may, as a result, make itself less so, because a state can never know how its actions will affect the other states. An increase in a state's military arsenal may deter another state's aggression, or it may provoke the rival state to build up its own military arsenal. A reduction of a state's military capability may provide an incentive for reconciliation between rivals or it may tempt an enemy state to use force. In most parts of Europe, this dilemma is indeed less intense than during the Cold War era but in other parts of the world, an opposite trend prevails. The spread of advanced conventional and non-conventional weapons has intensified the insecurity dilemma for states that see their neighbouring rivals acquiring what amounts to first-strike weaponry. It is not surprising therefore that even as NATO states scramble to adjust their force structures downwards, the Third World governments scramble to adjust to a growing likelihood of pre-emptive strikes and preventive wars. This, and other aspects of the insecurity dilemma have been discussed in detail in the subsequent chapters.
From the economic viewpoint, the concepts of "liberalisation" and "globalisation" or "free market economy" hold relevance for this research. Liberalisation calls for freedom for the entrepreneur to enter any industry/trade/business. The approvals for any new venture including any change in the existing ventures are almost automatic. All that is needed is that one follows certain guidelines or fulfils certain conditions to get into a line of one's choice. This becomes possible as the controls which once governed the entry of entrepreneurs in almost all the activities is done away with. Furthermore, no licenses are needed in order to start a business. The capital markets are also freed and opened up to the private enterprise seeking capital. A new company can also be floated with new issue of shares, debentures etc. without seeking the permission of the government concerned. Even if imported equipment is required for an industry, the entrepreneur does not have to approach the government for foreign exchange or an import license. The entrepreneur can buy foreign exchange in the market at its market value. The absence of customary restraints and a market-oriented environment fosters greater competition among the business class of the country. 27

In recent years, there has been an unprecedented growth of economic interdependence between nations in production, trade and finance, particularly during the past one and a half decade. The role of transnational corporations has increased, take-overs and mergers of companies across national boundaries have multiplied. The developments in electronic trading have opened the way for massive transfers of funds and trading in securities, stocks and shares, bonds, and other financial instruments. Technological advances and open societies are allowing unprecedentedly free movement of goods, people, and ideas. Trade, finance and communications are all becoming global. The science and technology revolution is also affecting societies, economies and international relations. Computers, faxes, fibre-optic cables and satellites are speeding up the flow of information across frontiers, as illustrated by the example of the Internet. All these are making the world more dynamic and turning it away from confrontation to integration and globalisation. These trends are likely to continue as communication costs fall and the new World Trade Organisation (WTO) facilitates dismantling of obstacles to trade. The basis for the WTO as a new world institution was laid in April 1995. It is meant to replace the General Agreement on Tariffs and Trade (GATT). It also incorporates the Dunkel Proposals which were made by Arthur Dunkel, Director General of GATT, in respect of international trade and trade-related matters. The GATT is comprised of a trade pact among members (presently more than a hundred) and it is basically a forum for international bargaining on lowering the barriers to trade in order to liberalise it among countries. It has evolved a set of rules for the conduct of world trade. Since its inception, the organisation has held eight rounds of negotiations at several places, the latest being the Uruguay Round, held at Uruguay. While the GATT negotiations cover trade in manufactured commodities, the Dunkel Draft has expanded the scope of trade negotiations considerably by including trade in services, agricultural products and other related aspects. These together form the basis of the new WTO, in their updated and improved forms. Details of this are also provided in the subsequent chapter. 28

Liberalisation is also often suggested as a measure towards globalisation of an economy. Globalisation of an economy implies that the prices of its commodities and factors of production are to be determined under the influence of free play of market forces in the global context (and hence the use of the common expression "free market economy"). It is not a new concept, but has received much publicity only in the recent years. It can also be explained as the condition of an
economy where the general theory of international trade applies. This theory explains that under the free play of market forces, commodity and factor prices all over the world come to equality. It is assumed that production units under such a condition will be most efficient and the cost of production of the commodities will be lowest. Theoretically, this situation may lead to optimal welfare of the society but empirically, it may even prove to be the other way round if the necessary conditions to function in the global market are not universally obtained. However in the post-Cold War era, as mentioned earlier, there has been a world-wide movement toward greater politico-economic freedom. As has been obvious from the Asian crisis of recent months, events in Tokyo instantly affect markets in New York and London. Economic power is no longer concentrated in the United States alone but is now shared among individual countries and groupings such as Japan and the European Community (EC). As regards the latter, the world is now witnessing what can be described as a process of "international liberalisation", in the sense of opening up domestic markets to competition from other countries. The setting up of a common European Market in 1992 was a major step toward total economic and monetary union.

There is every likelihood of the creation of sub-regional trading associations by nations outside the EC orbit as well. In fact, regional blocs based on trade and political co-operation seem to be emerging in Europe, East Asia, the American hemisphere, and to some degree in the Commonwealth of Independent States (CIS). In the early nineties itself, there was a burst of enthusiasm for economic integration and political co-operation in both Europe and the Americas, resulting in the Treaty Of Maastricht and the North American Free Trade Agreement (NAFTA). There were also tentative steps in the Pacific following the Asia-Pacific Economic Co-operation (APEC) summits. And Russia has realised the wisdom of keeping up the process of strengthening its economic and political ties with the sometimes reluctant states of the CIS. A pluralistic world economic scene may therefore emerge which would be managed by negotiations between a number of trading blocks.

As one of the most significant harbingers of free trade, the APEC is said to promote a process of inter-governmental co-operation, inaugurated in Australia in 1989. It presently consists of 17 economies, most of which have high levels of trade orientation. Due to the growing relevance of this trade organisation, it has been said that the centre-stage of world trade has shifted from the Atlantic to the Pacific, with cross-Pacific trade becoming three times as large as trans-Atlantic trade. Simultaneously, the Association of South East Asian Nations (ASEAN) has agreed to an ASEAN Free Trade Area (AFTA) as well. Given these observations, it is also felt that important countries on the Indian Ocean rim (India included) should come up with their own regional associations of economic co-operation. The emergence of the South Asian Free Trade Agreement (SAFTA) is considered a positive step in this direction. Now that globalisation and integration are being widely accepted, South Asia's compatibility with the economic systems of other nations is of utmost importance. It is beyond doubt that only if such congruence is attained will the flow of financial, manpower, technological and information resources be free and unimpeded. In country after country, the evidence points to a clear conclusion: "redistributive economics has not succeeded in bringing prosperity to the impoverished people. The classical economic theories of Adam Smith and David Ricardo had always indicated the path to well-being; now they have been vindicated after the failure of fifty years of central planning in various parts of the world". This fact also lies at the heart of liberalisation and free market policies.
The modem economists believe that there is a need to reduce the role of the state in the affairs of the country and hand over things to market mechanisms in order to increase integration into the "world market". Liberalisation and globalisation are also intended to provide answers to political problems that grow out of demands for concessions pertaining to social mobilisation in the states. There is a greater desire for a system of governance which would gain strength from external interventions. According to one political analyst, this ideology also reflects upon the emerging world order since the latter too, emphasises a single unified world ensuring international security and development with the help of the new custodians of the post-Cold War era. These multi-faceted dimensions of the contemporary economic policies add to the necessity of including them to the list of the post-Cold War global agenda.

Since regional co-operation forms the crux of this research, it would be appropriate to examine some of the theories pertaining to this issue as well. Over the past two decades, a vast literature has developed on the politics of regional co-operation among the developed countries. The early functionalists, beginning in the nineteenth century and culminating in David Mitrany's post-Second War writings, espoused a 'grand theory of integration' based on the very force of co-operation in the non-political areas carrying over in the political areas. Mitrany's functionalism basically suggested that successful collaboration in the technical fields would lead to further collaborations in the other fields as well. The functionalist theory was explicitly normative in that it sought the establishment of peace through co-operation. It was also deterministic in that the ultimate end of state security would be achieved if the appropriate first steps of co-operation in the non-controversial areas were taken. History dictated that this functionalist approach be tested primarily in terms of economics rather than other non-political areas of co-operation. The European Coal and Steel Community founded in 1950 and the subsequent organisations formed eventually to be fused into a single European Community provided the basic testing ground of propositions related to economic integration, political integration and the relationship between the two. In the writings of Ernst Haas and the neo-functionalists, the normative theoretical writings of the early functionalists were translated into empirically testable propositions and subjected to investigation. Haas carried forward the key concepts of Mitrany's functionalism to further elaborate upon integrative processes through which the state elites would shift loyalty from the nation-state to the international organisation simply because their involvement in the international organisation would render them dependent in their relative status within their responsible national elite settings, on a reinforcement of power of the international organisation. In other words, a spill-over of collaborative behaviour into new areas would be in the interest of national elites with small holdings in the international organisation. The essential focus here was that of political integration through co-operation in economic activities and this was very fruitful in explaining the political integration processes of Europe. Yet the goal of regional integration in the Third World was not political unification, and the means used to achieve political integration in Europe (economic integration) became the objective of regional co-operation in the Third World as well. For these reasons, the neo-functionalist perspective was unable to provide much useful insight into the phenomenon of economic integration among the developing countries. Indeed, there have been several examples of regional co-operation among developing countries (particularly since the 1960s) that comprise areas of activity beyond economic integration, promotion of trade and other economic policies. These include organisations that are essentially economic integration schemes: those that were originally based on economic integration but have expanded into other areas, and those that are concerned with activities other than purely
economic integration. The Andean Group (1968-85) and CARICOM (Caribbean Community) represent the former while ASEAN and the South pacific Forum are examples of the latter. As of now, regional co-operation is better understood as a part of a developmental strategy, and the political theory of regional co-operation is based on the negotiations among divergent national interests in this strategy. As case studies indicate, the principal goal (and the dependent variable) is not the creation of a new economic or political union, but rather the effective functioning of an inter-governmental organisation with specific purposes and goals. This outcome of regional co-operation is the result of multilateral decisions taken by member countries as part of their individual national foreign policy processes. The focus of analysis is therefore shifted to the national policies of member countries which reflect their national interests, and which are determined by myriad political influences, both domestic and international. As a starting point, the relative attractiveness of particular regional policies to various member states provides an indication of the likelihood of adoption of these policies. And the interest of a particular member state in a given policy can be predicted with reference to characteristics of the country in question. This focus suggests a more detailed study of the politics of integration as a negotiating process strongly influenced by the calculus of costs and benefits at the national level. Moreover, the ability to foresee the costs and benefits of economic integration also makes it possible to account for the position of other non-governmental actors which may often play a significant role in influencing national policies towards regional issues. This somewhat tortuously-evolved, modern conception of regional co-operation has also been applied to various case-studies of this research in order to determine their respective levels of conformity with the same.

1.5. Hypothesis

The following hypothesis emerged out of an extensive literature review:

A set of countries in close geographical proximity with each other can be categorised as a "region" when, first and foremost, they share a certain commonality of (national) interests. These interests could incorporate a whole gamut of social, economic, political, cultural, historical and other factors. South Asia is still in the process of evolving as a "region" because an adequate degree of complementarity of interests has not yet been achieved. To state it somewhat differently, there has been very little regional co-operation in South Asia, some of the main reasons being the relative inability of the SAARC to sustain and promote co-operative efforts, long-standing inter-state political differences and the actual occurrence of wars, continued interference of, and vulnerability to extra-regional actors, inadequate information and infrastructure facilities, and independent and largely uncoordinated economic policies pursued by each country in the subcontinent.

Further, South Asia inheres inadequate levels of order, welfare and legitimacy owing to the persistence of various intra- and inter-state conflicts (as explained on the basis of Kolodziej's theory). The converse also holds true! Unlike some other trouble spots of the world, the threat to South Asia is basically from within! Given this anomaly, the rest of the world views South Asian countries with reservation, even pessimism. Consequently, South Asia's prospects of abiding by the global agenda (such as certain economic and security issues) and playing a significant role in contemporary world politics are rather low. There seems to be much truth in the widely held
opinion that without an integrated economic, technological and military strategy, none of the South Asian countries can hope to become salient global players.

This scenario can be rectified to some extent by learning from the relatively more fruitful experience in this regard, of the neighbouring Southeast Asian countries, particularly from their efforts in making the ASEAN a success (although ASEAN is often seen as a primarily political organisation, much of its work involves promoting economic co-operation among member states in trade, investment, energy, finance, banking and currency stabilisation). Indeed, despite the recent tryst with liberalisation and free market policies, South Asia continues to project relatively stagnant and inward-looking economies when compared to most of the Southeast Asian countries. Furthermore, unlike South Asia, most of the Southeast Asian conflicts have been resolved within regional parameters, even as the ASEAN members have repeatedly portrayed themselves as a cohesive body (at least) while voicing dissent over common extra-regional threats and concerns.

Given these observations, perhaps the need of the hour is the total overhauling of the South Asian systems, keeping in view the realities of the rapidly changing post-Cold War era. This fundamentally necessitates renewed and greater efforts on part of South Asian countries to evolve into "a complete region", followed by the promotion of regional co-operation through action rather than pure rhetoric.

In other words, South Asia's foremost dilemma is of evolving appropriate strategies to counter the dual pressure of the international system thrusting its priorities upon the region, and of the domestic compulsion of providing basic pre-requisites for stability.

The validity of these propositions has been tested out in the subsequent pages.

1.6. Chapterization Plan

For the sake of convenience and lucidity, this thesis has been segregated into various chapters, the details of which are given below:

Chapter 1. INTRODUCTION
1.1. Statement of the Problem
1.2. Major Premises of the Research
1.3. Literature Review
1.4. Theoretical Framework
1.5. Hypothesis
1.6. Chapterization Plan

Chapter 2. CONTEMPORARY ECONOMIC PRIORITIES
2.1. The main issues concerning the world today
2.2. South Asia's compatibility with these issues
2.3. Areas of overlap and common concern with Southeast Asia

Chapter 3. CONTEMPORARY SECURITY PRIORITIES
3.1. The main issues concerning the world today
3.2. South Asia's compatibility with these issues
3.3. Areas of overlap and common concern with Southeast Asia
Chapter 4. ANALYSIS

4.1. Analysis of the economic patterns in South and Southeast Asia

4.2. Analysis of the security patterns in South and Southeast Asia

Chapter 5. CONCLUSION
References

25) Barry Buzan, "A Framework for Regional Security Analysis".