4. Analysis

The preceding pages have provided an overview of the economic and security scenario of the world as a whole, and specifically, of the geographical areas comprising South and Southeast Asia. This was essential for testing the major premises of the research hypothesis which was proposed in the very first chapter. The hypothesis stated that:

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.
4.1. Analysis of the Economic Patterns in South and Southeast Asia

In order to assay these propositions, the research attempted to evaluate the emerging trends in the global economy, as well as in the economic systems of South Asia and Southeast Asia. It was found that the world has decidedly adopted a multi-polar economic system wherein no one power is in a position to exercise preponderant influence over the rest. In the present stage therefore, economic clout is shared (though not yet equally) by the United States, the European Community and the Southeast Asian countries (not to forget China as the latest contender). There are also certain peculiarities of this contemporary economic scenario. The positive ones that are relevant to the research-topic include unprecedented developments in trade and technology, world-wide avowal of liberalisation and free market economies, emerging potential of several hitherto underdeveloped Third World countries and enhanced regional economic ties in many parts of the world. From Africa to Eastern Europe and the former Soviet Union, developing countries have joined or applied to the World Trade Organisation (WTO), regional trade agreements are proliferating, and economic reform and integration are now the central tenets of the global economy. On the flip side, the phenomenal consumption of oil continues mindlessly, a host of unresolved conflictual issues persist between the economic giants, denial of basic economic necessities to a majority of the world's population remains the most pressing problem for most governments, likewise a lack of proper infrastructure in most economic systems, the ever-widening rich-poor gap, and so on. In this context it may also be added here that the World Bank's Report titled "Global Economic Prospects and the Developing Countries, 1997" had aptly pointed out that many developing countries have failed to open up their economies thereby creating disparities and the threat of a permanent gap between fast and slow integrating economies. This is despite the fact that global economic integration has accelerated dramatically in the last five years, with some key developing countries leading the way. Though developing countries in the aggregate kept pace with the world rate of trade integration, the ratio of trade to GDP actually fell in some 44 out of 93 developing countries observed over the past ten years. Furthermore, 17 countries experienced only moderate rises.

In such a mixed economic environment, the South Asian countries are found to be contributing more towards the negative trends than the positive ones. Although most of these countries have recently initiated varying degrees of economic reforms by adopting liberalisation and free market economic policies, the pervasive and innate character of their domestic/regional problems tends to negate most of the constructive efforts. The South Asian countries, which contain 20 per cent of the world population, are almost perpetually ridden with intra- and inter-state conflicts and crises. In recent years, almost all the South Asian societies have faced varying degrees of polarisation along religious, ethnic, communal and regional lines; accompanied by an undermining of social values through which diverse communities lived together in a pluralistic society. Such polarisation not only threatens the credibility of political institutions in each of the affected country, but also raises the question of whether good governance is an Utopian ideal in the South Asian context. As regards inter-state conflicts, most of these have stemmed from differences over a host of issues between India and its smaller neighbours. India is not only the largest South Asian country in terms of size and human resources, but also the only one with common land boundaries and maritime linkages with all these neighbours. Sri Lanka and India have had serious differences over the Tamil question due to inter-ethnic spill-overs. Sri Lanka itself could have achieved a seven per cent growth rate by now had it not been perpetually
ravaged by the Sinhalese militancy. Indo-Bangladesh relations are characterised by tensions over such issues as illegal Bangladeshi immigration, Indian involvement in the Chakma insurgency, Bangladeshi support to ISI bases on its soil, cross-border smuggling, unresolved disputes over their common maritime and land boundaries, and the Farakka issue. The internal political instability of Bangladesh and lop-sided developmental policies have rendered it one of the poorest countries of the world. Most annual reports of the Bangladesh Bank (BB) continually warn of the almost stagnant nature of Bangladesh's GDP. The continued low growth of the economy has been attributed to extensive damage of crops and disruption of economic activities following successive political crises.

Indo-Nepalese relations have been often strained due to various reasons such as alleged economic blockade by Indian authorities, move towards citizenship certificates by the Nepalese government, ban on the movement of Indians in certain areas of Nepal, receipt of arms and ammunition of Nepal through the north corridor and periodic violations of the Treaty of Peace and Friendship by the government of Nepal. At this point, it would be pertinent to add that there are also several other disputes among the smaller South Asian states over issues such as the sharing of natural resources, the demarcation of boundaries, the movement of refugees, and diverse trade-related matters.

Indo-Pakistan relations, of course, have always experienced bitter rivalry over several issues. The most prominent among them is the historical dispute over Kashmir, and the related problems of ethnicity, terrorism, subversion and religious fundamentalism. Both the neighbours also often disagree over their respective forms of government and religious policies. In recent years, Pakistani society has been frequently dismembered by ethnic and sectarian riots. Long periods of authoritarian rule and continued hold of the military junta over the political life of Pakistan have also been a setback to both progress and the quest for a true democracy in the country. Furthermore, there is the ominous and escalating sub-continental arms race that has recently turned nuclear and complicated the scenario manifold. Following the nuclear tests conducted by both India and Pakistan in May 1998, sanctions of varying degrees and in various forms have been imposed on both countries by the United States and its allies. According to most recent reports, the Pakistani economy has been more badly hit by such sanctions due to its much smaller size and availability of resources as compared to India. The economic embargo is likely to deprive the country of US$ 1.5 billion in foreign aid in 1998 alone! On the verge of defaulting on its foreign debt repayment, Pakistan's economy is likely to face unprecedented collapse - unless the U.S. itself agrees to bail it out. Moreover, very little aid has been forthcoming from the IMF and the oil-rich Muslim countries, to whom Prime Minister Nawaz Sharif had sent out frantic distress calls following the nuclear explosions and the subsequent global sanctions. For the past several years, the flow of funds from the IMF, the World Bank and the Asian Development Bank had helped Pakistan prevent default on the repayment of US$ 30 billion in foreign debts. "This situation is likely to exacerbate a rapidly growing social and political discontent", says an observer. And rightly so! For economy apart, the breakdown of law and order in Karachi and other parts of the country has also added to Sharif's woes. Growing polarisation on provincial lines, which has pitted the smaller provinces of Sindh, Baluchistan and the North-West Frontier Province (NWFP) against Punjab, has enormously compounded the central government's problems. Furthermore, over 200 people were killed in the political violence in Karachi in the six weeks following the nuclear explosions. With the euphoria over the nuclear tests themselves subsiding, Sharif's popularity is also gradually eroding. Not surprising therefore, that Pakistan's
As regards India, bold statements by Atal Behari Vajpayee, the present Indian Prime Minister proclaiming that sanctions will not deter the country's path to progress have done little to hide the reality. It is a widely acknowledged fact that the economic sanctions can severely impede India's liberalisation process by scaring away foreign investors who have always been wary of South Asia's inherent instabilities. In fact, even prior to the nuclear tests of May 1998, India has been historically infamous for its perpetual social, economic and political turmoils. Fat programmes of economic and social progress have so far produced few fruits for the general masses. Years of expected growth have just been years of gap - gap between promise and performance, between the fabulous luxury of the few and the abysmal misery of the many, between the impressive liberal democratic structure and the arbitrary exercise of political power. Recent years have also witnessed dramatic ups and downs in the Indian economic scenario, with the present situation far from satisfactory. By staying away from the global trends towards liberalisation and free market economy until 1991-92, all that India could achieve was a huge current account deficit of $9.7 billion. The foreign exchange reserves had fallen to a record low of $1.1 billion. By mid-1991, the Reserve Bank of India (RBI) had to airlift nearly 47 tonnes of gold to London as security for a loan of $400 million from the Bank of England and the Bank of Japan. With bankruptcy knocking at the doors, the government of India was left with no other option but to open up the Indian economy. Under P.V. Narasimha Rao's leadership, the Congress government had initiated an impressive economic reforms programme. The rupee was devalued to boost exports and licensing was abolished for all except 18 industries. To give a fillip to agriculture, prices of produce were hiked sharply and restrictions on the sector eased. Sharp cuts in government spending and compression in money supply growth saw industry grow slowly, but a good agricultural growth witnessed the economy beginning to recover by 1992-93. The next two years saw more dramatic changes like relaxing FERA, abolishing of the office of the Controller of Capital issues, and making the rupee convertible on the current account. Private initiatives were welcomed in areas like power and the economy was opened to more competitions from abroad. With government funds drying up, state governments began wooing industry by trying to make their states more investor-friendly. Thus, with foreign funds available in plenty and local stock markets booming, there ought to have been no impediments to the reforms process in India. Yet, the country's economic growth slowed down in 1995-96 itself, and economists are predicting a further slowdown along with higher inflation, unless serious efforts are made to correct the economy's fundamentals. Indeed, the basic infrastructure is shaky and needs to be thoroughly revamped in order to promote economic growth in the future. While there is already a power shortage of 20 per cent during the peak hours, this is expected to increase to 28 per cent during the coming years. While the fast-track projects remain bogged down with some problem or the other, not too many private players are setting up fresh capacity till the electricity boards become commercially viable - and that cannot happen until hard decisions are taken to do away with the present system of below-cost pricing. Similarly, there is an acute shortage of port facilities in India and that acts as a bottleneck as far as foreign trade is concerned. As a result, it is estimated that, to quote an example, Indian importers pay cargo handling charges of up to 50 per cent more than that in comparable foreign ports. According to the Confederation of Indian Industry (CII), the country needs $137 billion of investment in this sector in the next five years and the bulk of this will have to come from the government. Generating enough jobs to meet the increased work-
force in the next five years - 32 million as against 27 million in the period 1991-95 - is also not
going to be possible unless there is a sharp and sustained step-up in growth, to around 9 per cent annually. For sustained growth, there will have to be a sustained step-up both in the savings as well as capital formation. 4 Whereas according to a July 1998 report prepared by the National Council of Applied Economic Research (NCAER), there has been a stifling slide in the Indian economy over the past two years. With profits falling and sales looking sluggish in every sector of the economy, the spectre of a long-term recession looms large. It has been further predicted that there will be no industrial recovery this year with industrial as well as real GDP growths pegged at a modest 5.5 per cent only. This can be contrasted with the government's expectation of an industrial growth of 9 per cent. The trade deficit also stands at a 2.2 per cent and inflows are likely to be much lower this year, primarily due to the fears of an Indo-Pakistan war in the minds of most investors following the recent nuclear developments and worsening of Indo-Pakistan relations. 5

The constantly changing equilibriums and fortunes in India's domestic politics have also reinforced the era of unstable politics in the already socially-sensitive country. Election turn-outs and socio-political surveys have further highlighted the ever-growing disenchantment of the Indian populace with the levels of order, welfare and legitimacy provided by successive governments, as well as the inability of the concerned authorities to evolve effective strategies to counter intra- as well as inter-state pressures.

Coupled with these country-specific maladies are the more generalised problems of deforestation and environmental neglect, prevalence of social imbalances (like abysmal illiteracy, low status of women, casteism, regionalism, secessionism, separatism), human rights abuse, lack of basic civic amenities, unstable governments, apathetic bureaucracy, unresponsive populations (due to illiteracy and utter dejection with existing circumstances), etc. in all of the South Asian countries. In fact, certain reports have pointed out that the South Asian scenario is even worse than that of Sub-Saharan Africa. 6 No wonder then that the scale of social deprivation and human despair is, indeed, tremendous (see pp. 31-34).

Another point to be noted here is that the widely disparate foreign policy orientations and alignments of the South Asian countries are both a product of and a contributor to, regional tensions. India had established relatively closer ties with the Soviet Union while Pakistan remained aligned with the US during the Cold War era. The after-effects of this scenario have persisted even in the post-Cold War era with the US often displaying a distinct bias towards Pakistan even when it flouted the norms of international relations. This has often aggravated the hostilities between India and Pakistan as well as created major misunderstandings between India and the US and its allies. Pakistan has also been attempting to project itself as the leader of the "Islamic Crescent" which resulted in fundamentalist and terrorist activities, directed primarily against a secular and democratic India. Even Sri Lanka, Bangladesh and Nepal have intermittently preferred closer links with the US or China in order to reduce dependence on India as well as counter its overwhelming presence in the region.

It is also widely opined that there is not enough economic co-operation among the South Asian countries, primarily due to the above-mentioned problems - thereby making it some sort of a vicious circle of woes. History shows that regional economic integration can be successful only if
the countries concerned establish a commonality of political purpose. France and Germany fought three titanic wars between 1871 and 1945. Thus, the major driving force behind the EEC was a determination to forge closer links between these two historical rivals to prevent the occurrence of yet another world war. The Cold War gave Western European nations another urgent reason to band together economically to gain in strategic strength. Finally, a basic EEC rule was that only democracies could become members (which meant that Spain, Portugal and Greece did not qualify till they discarded their dictatorships in the 1970s). This drives home the point that political harmonisation must precede economic harmonisation. The same pattern is evident in the ASEAN, which was formed as a political grouping opposed to the threat of Communist expansion from Vietnam and China. This helped bind together ASEAN members that were otherwise dogged by political disputes.

So what is the situation in South Asia? It is a common phenomenon in international relations that a small neighbour often suffers from a fear complex with regard to its larger neighbour, especially if there are unresolved and complicating factors in their bilateral relations. This is particularly true in the case of South Asia. India finds itself being regarded as a hegemonic 'Big Brother' and bilateral disputes are specially acute with Pakistan, Bangladesh and Nepal. Indeed, the six other see SAARC as a forum for ganging up the better to withstand Indian hegemonic pressures. In 1993-94, India had a trade surplus with each of these other members. Trade liberalisation is bound to widen that surplus and consequent resentment towards India. Levels of trade between India and its neighbours are low because their economies do not complement each other in resource availability, the structure and content of production, the supply of services and cut-throat competitiveness. For example, Bangladesh, India and Nepal compete for their jute products in the United Kingdom, EC and Japan. India, Sri Lanka and Bangladesh compete for tea in the UK and EC. Similarly, there is bitter rivalry between India, Pakistan and Bangladesh over the export of textiles to the US and EC, which has been compounded in recent years due to complex rules and regulations regarding textiles in the international trading system. Trade between SAARC countries amounts to a dismal 3.4 per cent of their total global trade. The corresponding figures for ASEAN, EU (European Union) and NAFTA (North Atlantic Free Trade Area) are 27, 70 and 19 per cent respectively. In contrast, all the SAARC members have attempted to diversify their trade relations away from India over the last few years. This trend is far more pronounced in the case of Indo-Nepal and Indo-Pakistan trade. In 1948-49, India's share in Pakistan's exports was almost 56 per cent and 32 per cent in imports. But today, a little over 1 per cent of Pakistan's exports head for India while imports from India are a meagre 0.7 per cent. Acknowledges Sameen Asghar, commercial counsellor at the Pakistan High Commission "Non-tariff barriers in the form of political disputes, bureaucratic delays, and interference by the intelligence agencies have been obstructing trade between us and India". There are growing concerns that South Asia might end up as a "backwater" at the dawn of the new century if concerted efforts are not made on a war-footing to nurture self-reliance in the region along with improved economic ties among the SAARC members. Even the newly-formed South Asian Preferential Trade Agreement (SAPTA) has met with extremely limited success in promoting intra-SAARC trade. An inefficient infrastructure, low export capabilities and weak industrial base must all be rectified for the success of SAPTA. Similarly, the hopes of forming a SAFTA (South Asian Free Trade Area) are considered even more unrealistic. For instance, a free trade area implies dismantling customs barriers, which means all SAARC members will have to agree to a common import policy, either formally or informally. If after forming the SAFTA, one country tries to retain
sovereignty over import policy - say, Pakistan insists on a 20 per cent import duty on steel while India imposes only 10 per cent - then no Pakistani will import steel directly but instead get it at a low import duty through India. Hence, Pakistan's sovereignty will remain only on paper, undermined by the reality of free regional trade. Therefore, it is felt that unless countries of a region enjoy considerable political harmony, they cannot possibly agree to concessions like surrendering sovereignty over their import policy. This is particularly true in South Asia where, being the strongest - that is, the Indian economy - will tend to dominate overall regional outcomes. So although economic co-operation and even, integration is very desirable in South Asia, it calls for creating a politically harmonious subcontinent in the very first place (akin to the requisites of order, welfare, and legitimacy in the domestic context), which is an extremely formidable task. It implies settling issue like the Kashmir imbroglio with Pakistan, sharing of Ganges water with Bangladesh, re-negotiating the 1950 Treaty with Nepal etc. Given the track-record so far, all this could well take an eternity!

Even otherwise, the lack-lustre performance of the SAARC is evident from the fact that only 1.3 per cent of the world GDP is accounted by SAARC countries. Between 1984 and 1992, the share of SAARC in global trade increased from 0.4 to 0.9 per cent only. Perhaps it is in realisation of this sorry fact that at the recently-concluded 10th SAARC summit in Colombo, the Indian Prime Minister announced that India would lift restrictions on the import of 2000 products from SAARC countries, thereby hoping to substantially increase opportunities and access for SAARC countries to the Indian market. This commitment towards trade liberalisation within SAARC was made in late July 1998 as part of the Indian strategy to encourage trade and economic co-operation among the SAARC members. The larger benefits and long-term repercussions of this latest initiative however, still remain to be seen.

As opposed to the above dismal observations, a profound development in post-Cold War era has been the shifting of the centre-stage of world trade from the Atlantic to the Asia-Pacific region (which includes the ASEAN). Even the United States, as an active member of the Asia Pacific Economic Co-operation (APEC) forum, is now considered to be more attached to the Asian continent than to Europe. The average growth rate of the Asia-Pacific region in 1995 was 7.8 per cent as against a world growth average of only 2.6 per cent. The ASEAN region per se showed a growth rate of 8 per cent in 1995 and about 7.6 per cent in 1996, with individual country growth rates ranging between 7 and 10 per cent. Other indicators of general well-being (see pp. 60-61 ) also highlight the superiority of the Asia-Pacific and particularly, the ASEAN region vis-à-vis its neighbours (like South Asia) and sometimes, even when compared to several industrialised parts of the world. Moreover, the creation of a large-scale institutional agreement such as the AFTA signals the intention of ASEAN governments to achieve a more closely-knit structure of (sub)regional economic integration. The ASEAN experience itself demonstrates how regional development can sustain an outward-oriented trading framework that complements rather than displaces the global multilateral system. Were AFTA to become a means of expediting the opening domestic markets to international trade and investment, its trade creation effects would help stimulate economic innovation and efficiency in the ASEAN economies, thereby enhancing their dynamic competitive advantages as well. Further, the Organisation for Economic Co-operation and Development (OECD) itself has asserted that economic activity in East Asia and the Pacific will remain more or less robust for the next few years. As it is, these trade-based developments have also generated more intensive economic linkages across the
Pacific, with East and Southeast Asia becoming the most important regional trading partner for the U.S. Since 1984, America has surpassed Japan to become the largest investor in the Asia-Pacific region. Two-way trade flows between the East and Southeast Asia and the United States accounted for 32.5 per cent of total US trade in 1990 surpassing US trade with Canada/Mexico (25.9 per cent) and the European Community (21.3 per cent). Of the total flow of trade between Asia and the US, Japan accounted for 15.6 per cent, while the NIEs and ASEAN countries accounted for 16.9 per cent. In 1992, the US total trade with East Asia amounted to $328 billion as against $268 billion with Canada/Mexico and $197 billion with the EC. With 33 per cent of US trade now going to East Asia - 66 per cent more than America's trade with the EC, America's strategic interests in the region are deepening each year. Europe itself considers "the hottest competition from East Asia" as far as global trade and investment are concerned, and has been advised to co-opt Asian talent and create alliances with Asian businesses in order to succeed in the region. These Asian economic powers also applauded when former Assistant Secretary of State for East Asian and Pacific Affairs-designate, Winston Lord told Congress in March 1993, "Today no region is more important for the United States than East Asia and the Pacific".

At the same time, East Asian countries have been looking to the U.S. to defend the global free trade system. Further, although intra-regional trade is booming in East Asia, much of it is in finished goods destined for eventual sale to the United States and Europe. Developing Asia also remains highly dependent on foreign technology, most of which comes from America and its allies. As was aptly remarked by Lee Kuan Yew of Singapore, "Asia's indigenous enterprises will benefit from the infusion of technology and know-how through joint ventures between America, Europe and East Asia". Thus, it has a mutually beneficial relationship which is likely to further strengthen as the world becomes increasingly more interdependent and integrated. Here again, is a point in favour of a substantial part of the research hypothesis - that is, how Southeast Asia has been able to attract positive global attention and interest in its regional developments while South Asia has attracted criticism more often than praise.

Since mid-1997, a majority of the Southeast Asian countries and Japan have been in the throes of a major financial crisis (details on pp. 57-58). This has led to serious global ramifications, which yet again underlines the importance of the region to the rest of the world. Apart from lessons that can be learnt from the mistakes that led to the present ASEAN economic slide, a lot more can be learnt from the ASEAN success story of the late 1980s and the early 1990s. According to India's leading economic analyst K. Subrahmanyam, India would be particularly well-advised to emulate many of the economic policies of the ASEAN countries. As an example, he quotes a taxi-driver in Singapore who felt that if only Indians in their native land worked and behaved like Indians in Singapore did (which boasts of a prosperous "Little India"), India would reach great heights. Singapore, as tourist guides emphasise all the time, has no resources. It has to get its drinking water, milk, food and everything else from outside. Yet, it has risen to the heights of prosperity only on one resource - the productivity of its population. Singapore imports raw water from Johore, makes it fit for drinking and re-exports it back to Malaysia after meeting its own requirements. The city-state makes a handsome profit as well. The same is true of Singapore's export processing zones, shipyards, refineries, gold and gem jewellery, clothing and electronic products. Apart from drawing on Japan's experiences in the economic sphere, other ASEAN members have also emulated the model of Singapore thereby making value addition and services essential for surviving in the intensely competitive world. All these countries have managed to
increase their per capita GNP manifold by investing heavily and continuously on education and training; minimising corruption; improving public personnel management by using realistic recruitment; effectively utilising all available human and natural resources etc. Consequently, between 1962 and 1990, South Korea increased its per capita GNP by 49 times, Taiwan by 47 times, and Japan by 42 times. 17

Subrahmanyam believes that if one were to compare the services and infrastructure that are now being expanded rapidly in Southeast Asia, one wonders why foreign investment should come to India at all. The Indian roads, taxis, erratic electricity supply, inadequate water supply, unpredictable airlines, whimsical telecommunication services, poorly maintained hotels, the bureaucracy and the politicians would put off most of those coming to India with intentions of investing. Above all, the Indian labour force is not exactly an enthusiastic supporter of the concept of productivity. In this context, it is opined that liberalisation in India should not merely be a question of liberalising the laws of external investment. There is another aspect of infrastructural development which encourages foreign investment. India, however, has not even addressed the various components of all-round infrastructural development. There was a time when Singapore, Taiwan and Hong Kong were dismissed as irrelevant places for foreign investments. But today, it is no longer possible to dismiss the East Asian models as irrelevant. And most of these spectacular successes have based their industrial development more on the Japanese model rather than on the Western one. The recent tumultuous changes notwithstanding, it is Japan's growth which has led to the fast development of other East Asian economies, and not Western investment and technology transfer. 18 Considering all this, India and the whole of South Asia needs to draw lessons from the East Asian experience and rectify its own economic scenario accordingly.

Recently developed economies which have made a successful transition to high income such as Japan, Singapore, South Korea and Taiwan have systematically espoused policies which have ensured high growth. These countries were been able to sustain high growths at seven to ten per cent per year for a decade or so, until they reached a plateau. Their experience until the watershed year 1997, shows that the best instrument of distributive justice is growth. Even in India, the experience of Punjab speaks of a similar result. However growth needs adequate levels of savings, investments, and productivity or efficient use of investments. The Indian savings rate of 22 to 24 per cent is good but not enough. To grow at a minimum of 7 per cent, most South Asian countries need investment levels of about 30 per cent per annum. This is what Japan, South Korea, Singapore and Taiwan had achieved, and this is what China is out to achieve today. But most South Asian countries, particularly India, do not have the investable resources to make such high investment. Hence, they need foreign investment which, in contemporary times, are mostly private. And the private foreign investors are merely interested in investing quickly and getting good returns, Thus, they will come to South Asia only if they find the domestic and regional environment conducive and stable. That is, if South Asia is able to effectively counter the various pulls and pressures of its ever-conflictual domestic and regional environment.

But then, investments are not the only major problem in South Asia. The productivity of both labour and capital is also very low when compared to the Southeast. This, in turn, leads to inflation, low levels of productivity, high levels of unemployment and other evils of an inefficient economy. Though all the South Asian countries dream of emulating the South Korean success
story of the early nineties, they ignore the vital fact that South Korea had invested US$ 130 per person every year in basic education. Similarly, Malaysia, which was the other role model, spent US$ 128 compared with the nine dollars invested in India, three in Pakistan and two in Bangladesh. Similarly, policy-makers in India often attempt to emulate the Chinese example of economic recovery. But China has been quick to learn from its past economic blunders. The country's highest priority now is to reach middle-income levels by international standards by 2020 A.D. The economic goal of higher standard of living has been frantically pursued by China over the past one and a half decade. It has already reached 10 per cent growth rate per annum in its economic development. China has also succeeded in reaching the replacement level of population which is about 21 births per thousand, or the two-child norm. Its one-child policy may not have succeeded, but it has certainly slowed down the population explosion dramatically. Comparatively, India's performance in controlling its population, the most severe national crisis, has been near dismal. The national goal was to achieve a birth rate of 21 by 2000 A.D. But the government now estimates that India will not reach a replacement level until about 2016 A.D. This means that instead of stabilising the population at about 1.5 billion, India will touch 1.8 to 2 billion by the end of the twenty-first century. The effects of this on the country's food production, clothing, shelter, employment and environment are horrendous to imagine. Lately therefore, the economic pundits who compare China and India on the pace of development, have started warning that unless India opens up more, it will be left behind. One common topic has been foreign direct investment (FDI) and the comparison is that while China attracts as much as $36 billion FDI, India seems to be lacking far behind in the race with just a few billion dollars trickling in.

These few observations coupled with those made in the second chapter of this research, reassert the fact that South Asian countries (including the most prominent state of India) have not been able to catch up with the development levels of the Asia-Pacific (including ASEAN) region. Comparisons between South Asia's most-developed countries (like India) and any of the countries comprising Southeast Asia bring forth a rather dismal scenario in the former's case. Similar trends also abound in the politico-security arena, as will be apparent in the subsequent discussion.

4.2. Analysis of the Security Patterns in South and Southeast Asia

The post-Cold War world inheres a rather complicated security environment with greater negative developments than the positive ones. Some of the specific negative developments have included the disintegration of the Soviet Union and related concerns like ill-effects of an occasionally-unipolar world (whenever America and its allies display hegemonic tendencies), increasing dangers of global nuclear smuggling; the break-up of Yugoslavia following the lengthy ethnic-cleansing war between Bosnians, Serbs and Croats; continued Arab-Israel differences in West Asia coupled with the perpetual menace of Iraq and Iran; increasing incidents of civil and ethnic strife in several Third World countries, particularly in the African continent; altercations between North and South Korea with the former threatening to go nuclear; China's bullying tactics and belligerent stance in security issues of the Asian continent; etc. Coupled with all this is the increased threat of regional wars in the Third World and the volatile global situation following the rapid militarization (including covert nuclearization) of several regimes, often abetted by the industrialised countries themselves (details on pp. 77-78).
In these perilous circumstances, South Asia has been rated as one of the most volatile and dangerous regions of the world due to a number of factors. As elaborated earlier, a majority of the South Asian countries are almost perpetually engaged in intra- as well as inter-state conflicts with each other. Practically every South Asian country experiences internal conflicts based on myopic considerations of caste, class, community, language, ethnicity, religion and the like. These exploitative forces disrupt the national unity and integrity of the affected states. Moreover, preoccupation with domestic problems renders these states highly vulnerable to external threats and interferences which also challenge their sovereignty. The cumulative outcome of all this is a greater tendency of South Asian states to engage in inter-state conflicts with each other.

Furthermore, South Asia is a region of tremendous political complexities. Certain South Asian states like Pakistan and Bangladesh have been largely ruled by authoritarian, military rulers. In fact, the former has had the dubious distinction of being labelled as a "Garrison state" due to its lengthy trysts with military regimes. Even today, though Pakistan claims to be a democracy, in reality there are irreconcilable differences between the democratically-elected Prime Minister and the President who is backed by the military-bureaucratic junta. As in the case of Bangladesh, Pakistan's military intelligence agencies (like the dreaded ISI) reportedly exercise a crucial influence over the country's national and international affairs.

The election of democratic governments in South Asia had accompanied raised expectations by citizens of the region for a better life (related to the imperative of welfare). Hence, failure by elected governments to deliver economic and social benefits sought by the citizens has repeatedly undermined the faith in democracy (and subsequently the legitimacy of the system) in South Asia. In Nepal, for example, it has been felt that the new, democratically elected government is not producing any better results than the old royal regime, and that corruption is widespread and growing. Besides, ethnic and religious conflicts are posing major threats to the democratic governments of the region. In addition to creating law and order problems, increased human rights violations, and a heavy reliance on security forces (all indicators of dysfuncntionality of the order imperative), such conflicts divert the attention and resources of governments from urgent socio-economic needs, undermining their ability to satisfy the demands of the electorates (that is, again the question of legitimacy). In South Asia, the problem of civil violence has in recent years emerged as a more serious security issue than the problem of inter-state warfare. India has been variously preoccupied with quelling conflicts in the states of Punjab (due to the separatist demands of the often-violent Akali community), Kashmir (an issue which remains contentious between India and Pakistan, and has certain religious, ethnic, psychological and economic underpinnings) and the North east (stemming from ethnic and regional movements in Assam, Nagaland, Mizoram, Tripura, etc.) The law and order situation is insecure in most of the rural areas and the Indian government spends nearly $ 9 million per day to maintain about half a million security forces in Kashmir alone ! Similarly, Sri Lanka's democracy remains overshadowed by the Tamil-Sinhalese ethnic conflict and frequent outbursts of Sinhalese militancy. These conflicts have stymied the government's economic reform efforts and polarised political debate. In Pakistan, the society faces sporadic bursts of violence emanating from ethnic, sectarian and religious differences in its diverse community. For instance, the conflict in the Sindh province between ethnic Sindhis and those residents who migrated from India following partition has made the province, specially its capital, Karachi, ungovernable. Conservative religious elements are also very powerful in Pakistan, leading to tensions and conflicts over
religious fundamentalism. Such religious orthodoxy is evident in Bangladeshi society as well, manifesting itself in attacks on women's groups, prominent non-governmental organisations and certain progressive intellectuals. In Sri Lanka religious chauvinism, intensified by the corrosive effects of years of civil war, is powerful and erodes the tolerance that is imperative for maintaining the country's democracy. All this can largely be attributed to the fact that political and governing institutions in most of the South Asian countries are weak, while the political parties themselves lack vigour, organisation, discipline, and commitment.

These observations are also in keeping with the major propositions of the "OWL Theory of International Relations" which states that international relations is the global pursuit of order, welfare and legitimacy. The occurrence of conflicts, either at the national or the international level, can adversely affect the OWL imperatives and hence, the smooth conduct of international relations in the region involved. This is exactly the case of the South Asian region. Further, the "OWL Theory" proposes that the modern solutions for achieving adequate levels of order, welfare and legitimacy lie in the nation-state, liberal markets and democratisation respectively. Indeed, these are also some of the contemporary global priorities which form the crux of this research. The above-stated paragraphs also highlight the failure of several South Asian countries in utilising the concepts of nationalism, liberalisation and democracy to overcome their inadequacies of order, welfare and legitimacy.

It has been criticised that democracy still has a long way to go. Not far beneath the surface of democracy's triumph there is an apparent paradox: while the idea of "the rule of the people" is championed anew, the very efficacy of democracy as a national form of political organisation is open to doubt. Nations are said to be heralding democracy at the very moment when changes in the international order are compromising the viability of the independent democratic nation-state. As vast areas of human endeavour are progressively organised on a global level, the fate of democracy has become increasingly fraught with uncertainty. Similarly, the radical changes in the post-Cold War international environment coupled with the forces of sub-national disintegration (like ethnic nationalism, religious fundamentalism, lingualism, tribalism and casteism) are questioning the very legitimacy of the nation-state, and not merely the authority of the rulers in power. Thus, the sovereign state has also lost much of its élan, majesty and raison d'être.

All this seems to point to the fact there is an inherent contradiction in the modern solutions for achieving order, welfare and legitimacy. However, a judicious blend of these three, without any one of them overwhelming the identity of the other, might provide the ideal scenario. Little wonder then, that between 1974 and 1990 more than thirty countries in southern Europe, Latin America, East Asia and Eastern Europe shifted from authoritarian to democratic systems of governance. In fact, the previous decade had been applauded as "the decade of democracy". This was primarily attributed to the fact that communist empires and dictatorships disintegrated all over the world with the most significant changes pertaining to the former Soviet Union, Eastern Europe, South Africa and certain other parts of West Asia and Africa.

Indeed, more and more political causes are being fought in the name of democracy, and increasing number of states are being recast in the democratic mould. This may also be due to the universal acknowledgement of the fact that "democracies do not fight one another". According to the propositions put forward by William J. Dixon, the latter can be linked to the norms of dispute resolution that are integral to the democratic process. One fundamental democratic norm is the willingness to accept
compromise solutions to contentious public issues. By extending this norm to the international arena, it becomes reasonable to expect democratic states to adopt compromise solutions to international problems as well. This implies that democracies are also likely to be more amenable that others to efforts of third parties to resolve or ameliorate inter-state disputes. 23 These observations again are in continuum with the premises of the "OWL theory of international relations" and strengthen the idea that democratic structures are best for promoting order and stability, domestic as well as regional/international. In this context, it has been aptly quoted that "threats to stability now come mainly from within nations when the political system is unable to cope with social or economic problems. Bushfire wars, ethnic insurgencies, and unrest from economic causes are the current concerns. In these circumstances, democratic institutions and market forces in forms acceptable to local value systems are the obvious bulwark to counter such (domestic as well as regional) tensions". 24

Undoubtedly, the concept of market democracy is also taking root the world over with amazingly positive results in hitherto underdeveloped societies. For instance, in a series of surveys conducted by the Times Mirror Centre for the People and the Press over 1990 and 1991, the general consensus was that none of the recently-liberalised countries wanted to go back to their former politico-economic systems. This was specially true in the countries of Eastern Europe where the populace did harbour some nostalgia for the socialist set-up but under no conditions, wanted to revert to socialism. A majority of the people have also begun equating "good governance" with economic reforms that basically call for liberalisation and free markets. While many economists have been arguing over how to go about the transition to a market-based system, most agree that foreign investment, privatisation, and closing of inefficient factories are crucial steps. 25 For, the ultimate objective of liberalisation must be to promote rapid development and thus eliminate poverty. Its immediate objective ought to be the efficient and effective utilisation of resources that are deemed to be scarce. The strategy to achieve this purpose is to let economic decision-making take place in response to market signals (in the shape of costs and prices). Liberalisation also involves giving up age-old belief that may be redundant in the dynamic contemporary scenario. For instance, it involves giving up the idea that in general politicians and government employees always act in the best interests of society while private enterprises do not. 26 These dictums and many more, are being effectively adopted by several new and old countries across the globe as liberalisation becomes a corollary of democracy and surprisingly, also the appropriate means for ensuring the survival and progress of the nation-state.

The question now is that where does South Asia, and specifically India, stand in these positive turn of global events? Democracy, along with constitutionalism, stands out as one of the most mesmerising ideologies and vibrant issues in the politics of South Asian countries. While the people of India and Sri Lanka are active beneficiaries of a "gifted" system and keen to apply correctives, the people of Pakistan, Nepal and Bangladesh have carried through protractive movements and arduous struggle for a democratic system. Yet, the struggle for democracy is by no means over in any of the South Asian countries. From a largely theoretical viewpoint, the Indian democracy is said to have fairly stabilised and developed a system of checks and balances at least at the macro-level. However, some weaknesses of the party-system and centralising tendencies in administration are disturbing. Nepal is just entering the phase of a competitive system. Still, the ideology of nationalism is often worked up to defeat the forces vouching for democracy. In Pakistan and Bangladesh, only part of the effective power has been transferred to
the representatives of the people. The military, as mentioned in the earlier chapters, still retains a considerable say in the national decision-making process. In Sri Lanka, the adoption of a Gaullist form of Presidential system along with conditions of civil strife have reinforced centralising tendencies, thereby often retarding the efforts towards libertarian-republican constitutionalism.

In reality however, most of the South Asian countries are perpetually struggling to sustain democratic governments in their respective socio-economic and political environments. This is obvious from the overview of conflicts and crises in South Asian countries that was provided earlier. South Asia is still in the process of nation-building with accompanying traumas and upheavals common in the formation stage. The countries are struggling with the gigantic task of national integration in highly pluralistic social settings. Outcome of this is that intra-state violences are frequent and they have reached a peak on parochial, religious, linguistic and ethnic differences with their effects spilling over national boundaries and often culminating in inter-state conflicts. These largely sub-national problems also indirectly threaten the sovereignty and integrity of the nation-states comprising South Asia. As regards liberalisation, though India is projected as an emerging economic giant of the region, its political instability and lack of infrastructural facilities are now found to be hampering the reforms process which had taken off with great gusto in the initial years. The other major South Asian countries like Pakistan, Sri Lanka and Nepal are also behest with various economic complexities which reduce their attractiveness for foreign investors. In fact, recent studies have reiterated that most of the foreign firms and multi-nationals find the domestic environment in China and the Southeast Asian countries a lot more conducive for their trade, investment and business proposals. This point has been amply illustrated in the preceding section of this chapter. Thus, it can be inferred that South Asia not only inheres inadequate levels of order, welfare and legitimacy, but it has also been unable to effectively adopt the solutions (that is, promoting the concepts of nation-state/nationalism, free markets/liberalisation and democracy) for rectifying the dismal circumstances.

Relating the "OWL Theory" premises with the security issue, one can also analyse the inter-state relations in South Asia. The relations between India and Sri Lanka have improved only marginally in recent years despite the withdrawal of the Indian Peace Keeping Force following the breakdown of the 1987 Indo-Sri Lankan accord, and the hectic democratic efforts of Sri Lankan President Ms. Chandrika Kumaratunga for restoring peace on the island. Both countries continue to view each other with suspicion regarding the LTTE crisis, while Sri Lanka battles alone against the increased hostility of the Tamil tigers. The latter is disrupting the stability of the island with wide connotations for the entire region (the annual report of the US State Department on major terrorist groups had for the first time in 1995, included the LTTE as well). Strains also persist in Indo-Bangladesh relations due to persisting disputes like the Ganga water sharing problem (the Farakka barrage issue), the problem of migration from the Chittagong Hill Tracts, and the demarcation of boundaries involving fertile islands and enclaves. The Indo-Nepalese relations have also been occasionally strained over the form of government operating in Nepal (the communists had assumed power in Nepal on an anti-India plank), and certain trade- related and transit problems (refer to the trade blockade of 1989). Moreover, it has been said that bureaucracy and procedural stringency on the part of Indian authorities is hampering Indo-Nepal trade ventures. It must also be mentioned here that the controversy between Nepal and Bhutan on
the Nepalese refugees in Bhutan as well the usage of Nepal by extremist and secessionist
elements from North-east India are some other problems which could assume significant
dimensions in the coming years. There are no major disputes between India and the states of
Bhutan and Maldives. Yet, within the Maldives itself, there are certain internal political pressures
stemming from the peculiar political situation where a President has been in power for a long
time. Moreover, there are several psychological misgivings on the part of the small states about
their all-powerful neighbour, India which have been frequently reflected in the bickering in the
South Asian Association for Regional Co-operation (SAARC) meetings.

Apart from these problems, there is the most conspicuous disagreement between India and
Pakistan over the Kashmir issue. Over the past one year or so, there have been a series of border
clashes of varying intensities between these two neighbours, with the July 1998 terrorist attacks
on villages in Doda, Kashmir and intense shelling along the Indo-Pakistan border providing the
most recent examples of failed diplomacy. Indeed, the much-awaited meeting between the Prime
Ministers of India and Pakistan in Colombo during the 10th SAARC Summit in late July 1998
also added up to zero, with both sides again failing to reach any consensus over resolution of
outstanding matters. The Indian side wanted a multi-faceted dialogue on eight issues, namely
Jammu and Kashmir, peace and security, Confidence Building Measures (CBMs), Siachen,
terrorism and drug trafficking, and economic and commercial co-operation. Whereas the
Pakistani side insisted that the situation had changed dramatically after the nuclear tests of May
1998 and therefore, wanted Kashmir and CBMs to dominate the proceedings. Pakistan has also
repeatedly tried to internationalise the issue of Kashmir while India wants it to be resolved
without any external interference, within the bilateral framework of Indo-Pakistan ties. When
such fundamental differences continue to persist over merely the question of initiating talks, it is
not surprising that neither India nor Pakistan have been able to get past what the international
press has cheekily labelled the stage of “talking about talking”! And it is widely opined that even
the forthcoming non-aligned summit at Durban towards the end of August 1998, is not likely to
witness any fundamental change in these inflexible attitudes of both Indian and Pakistani
authorities.  

The insecurity dilemma stemming from the unresolved Kashmir issue has also led to a
subcontinental arms race that, after simmering for two decades, finally exploded into an overt
nuclearization of these two military giants in May 1998. Even earlier and since 1991, India has
been notorious as the world's biggest importer of conventional weapons. According to figures
from the Stockholm International Peace Research Institute (SIPRI), between 1988 and 1992, India
imported $12.2 billion worth of defence equipment as part of a major modernisation programme.
Likewise, Pakistan's military spending in 1992 alone ran into $3.29 billions! Pakistan has also
been periodically purchasing the most sophisticated armaments and military technology from
advanced countries like Sweden, France and China. In fact, it has been repeatedly brought to light
over the past few months that China had in 1992, supplied ballistic missiles and ring magnets that
could enrich bomb-making uranium to Pakistan. And as early as in 1991, a reliable report stated
that Pakistan could be expected to have as many as 15 Hiroshima-size nuclear devices while India
might have produced more than 100.  Further details in this context are provided on pp. 86-
88. In justification of such fears, both India and Pakistan shocked the international community by
undertaking a series of nuclear tests in May 1998 and subsequently declaring their nuclear status
to the rest of the world. In analysing the reasons behind such an action taken first by India, and
later in retaliation by Pakistan, a senior Indian journalist explains that the primary aim of New Delhi in conducting the nuclear tests could only have been to improve its national security. India has long thought that nuclear weapons are the currency of power which was the reason why the country was averse to giving up its nuclear option for so long. Among the possible specific objectives, the Indian authorities are known to have set their eyes on a permanent UN Security Council seat, and seem to have believed that possession of an impressive array of nuclear weapons would win this prize for India at some stage. The second objective could have been a wider recognition - certainly within South Asia - that India is a major power. Thirdly, by staging these nuclear tests, the Indians also hoped that this would make Pakistan pipe down and stop insisting on a solution of the Kashmir problem as well as substantially reduce the efforts of equating Pakistan with India. However, in hindsight, most of these objectives seem to have been defeated. The UN permanent seat looks nearly as distant as it was before the tests. If some initial reaction of the Big Five are any guide, the seat is going to be denied to India in the near future as well. India's voice in South Asia is also not being heard with any noticeable respect. On the contrary, the smaller states of South Asia have squarely laid the blame on India for having rendered the balance of power in the subcontinent a lot more precarious and volatile. And the great powers of the world still remain reluctant to recognise India's might and its purported great power role in South Asia. The security benefit to India is also questionable. With Pakistan having conducted its own nuclear tests, some of the strategic advantage that India was looking for is decidedly lost. Whether or not Pakistan has the capacity to hold out in face of the repercussions of the tests and to still build up as respectable a nuclear arsenal as India, the fact remains that in terms of technological capabilities, Pakistan is not very far behind! Moreover, so long as Pakistan and China have an undisclosed number of nuclear devices that they can threaten India with, the Indians are even less secure after these tests than before. Unless all three countries come together and sign a joint no first-use pact, the situation will remain highly unpredictable and insecure. On the domestic front, India is also not likely to make faster social and economic progress on the strength of these nuclear tests. If anything, the confidence of foreign investors has been badly shaken in the aftermath of the nuclear developments in the subcontinent. In case of Pakistan, the situation is even worse. As has been obvious over the past several weeks, Pakistan has suffered infinitely more due to the economic sanctions imposed on it by donor-countries and other lending institutions across the world. In terms of security, the Pakistanis are believed to have been cocksure that their non-weaponized nuclear capability or a putative nuclear deterrent was working. During the last eight years of the intensified Kashmir crisis, India has neither invaded Pakistan and nor engaged in serious attacks on staging posts of militants in "Azad Kashmir". That had conferred some advantages on Pakistan by way of compelling the authorities to exercise restraint and at least occasionally attempt to resolve the issue peacefully by initiating bilateral talks with India. Following the nuclear tests, much of the goodwill and faith between the two countries has disappeared and the recent breakdown of Prime Ministerial-level talks are also indicative of forthcoming tensions. And like the Indians, the Pakistanis have also realised that nuclear clout does not necessarily add up to recognition as a major or great power. 

Furthermore, with both sides having decided to weaponize their nuclear capability, there is also likely to be a scramble to achieve minimum deterrence levels in the number of bombs and missiles hereafter. As of June 1998, India's defence spending stood at 2.5 per cent of its GDP, while Pakistan's military spending was between 6-7 per cent. Despite the heavy toll that economic sanctions have taken on both countries, it is felt that neither the senseless defence
spending nor the nuclear ambitions of India and Pakistan are likely to wane in the coming months. A very real danger is that Pakistan, believing that the risk of a conventional war with India has receded after the open demonstration of nuclear capability, may intensify its proxy war in the Kashmir valley. And without working out the strategic concepts of war in a nuclear age, both India and Pakistan could risk unleashing a low-intensity war that could just as well conflagrate into a full-blown nuclear Armageddon. 31

Such developments in the subcontinent will naturally have major global repercussions. The ghastly after-effects of a nuclear war between India and Pakistan have been related in graphic details by Burrows and Windrem in a controversial book titled "Critical Mass", as also by Rashid Naim in the article "After Midnight" (see pp. 88-89 of Chapter 3 for details). To explain these briefly, there are certain calculable as well as incalculable consequences of a nuclear war between India and Pakistan. Any use of nuclear weapons in the region, even on a small scale, would cause unprecedented civilian casualties and collateral damages. Moreover, it might also cause escalation from a limited nuclear exchange into a major counter-strike on targeted cities of both the neighbours. Most importantly, it must be remembered that scientists have repeatedly demonstrated that even a limited exchange of nuclear weapons anywhere on the planet can create such climatic conditions that all life on earth could face the threat of extinction.

The above discussion shows how deeply the countries of South Asia remain entrenched in their own version of a cold war and instabilities in inter-state relations. The newly-emerged nuclear rivalry is only a part -though now the most pernicious part of the South Asian insecurity and instability dilemma. These developments and the related possibilities have been a major cause of concern to global elites such as the US, the latter having assumed the role of a regional security guarantor in Asia since the past five decades. Ironically however, it is the global elites themselves that also pursue ambiguous and often, unjust international security policies. This is evident in the discriminatory clauses of the Non-Proliferation Treaty (N.P.T.) which India and Pakistan have repeatedly declined from signing; similar reservations about the Comprehensive Test Ban Treaty (C.T.B.T.); as also from America's unfair overlooking of Pakistan's overt militarization. Thus even from this perspective, the emerging regional as well as global security scenario (both being inextricably connected) is fraught with new dangers and consequent confusion (or discrepancy) among big and small powers over the means to alleviate them. This further complicates matters for South Asian states vis-à-vis their own security concerns.

In Southeast Asia too, there are similar security concerns even though it is hoped and believed that economic growth and prosperity would some day become the basis of lasting stability and security in the region. The most prominent security concerns in Southeast Asia stem from the long-drawn animosity between North and South Korea, and the periodic hegemonic activities of China in the region, specially with regard to Taiwan. The potential of altercations escalating into actual military conflict persists in these cases since reunification has remained an unresolved historical problem. Then there are also the ever-persistent fears of a nuclearization of the region, stemming from the growing militarization among all the major countries and particularly, from North Korea's nuclear delinquency. Even with regard to the other countries, between 1985 and 1992, South Korea's total defence spending increased by 63 per cent, Singapore's by 36 per cent, and Malaysia's by 31 per cent. In 1993 alone, the six ASEAN members spent a total of $12 billion on defense which went up to up $12.7 billion in 1994 and has since, been on the rise. Even the
lesser prominent countries like Thailand turned out to be the biggest arms buyer of the region, spending a staggering $3.4 billion on defense modernisation. According to statistics provided in the SIPRI Yearbook 1997, the three dominant spenders in Southeast Asia - Malaysia (an increase of more than 15%), Singapore (an increase of 7%) and Thailand (an increase of almost 23%) - have helped maintain the region's reputation as the fastest-growing defense spender of the world. Though some of the military budgets of the ASEAN members have been revised following the economic crisis of mid-1997, the extent of militarization already achieved is sufficiently alarming. Arch-rivals North and South Korea have also been building up their arms and ammunitions, and it is widely held that North Korea is already in possession of lethal nuclear weaponry. China as well as the hitherto obsequious Japan are rapidly modernising their armed forces in response to the changing global security environment. Further details of these alarming trends are provided on pp. 73-74. Apart from this predicament, the region must also tackle lesser conflicts stemming from the immense racial and cultural diversity among Southeast Asian states. Examples of these have also been quoted in the previous chapter.

Against this background of regional instability, a multitude of attempts have been made by the concerned countries to overcome the security threats. Historically, the Southeast Asians have been known to resolve most of their intra-regional disputes through non-military means (the Korean and Vietnam wars conflagrated due to the interference of external forces). This attitude is also been encouraged in the highly complex post-Cold War scenario, albeit with some assistance from the global powers. For example, the Japanese have forged a security alliance with the US, notwithstanding some reservations from both sides. This alliance would enable Japan to play a more decisive role in the region as well as help counter the threat from North Korea. More importantly, it would also assuage China's increasingly hegemonic aspirations in this part of the world. At the same time, a nuclear pact has also been recently signed between China and America, with the latter promising to impart a greater role to China in overlooking the military developments in both South and Southeast Asia (Refer to pp.75 and 99 for details) Within the Southeast Asian context, the ASEAN Regional Forum (ARF) has been created with the aim of ultimately reducing the region's dependence on foreign military intervention for resolving its security dilemmas. The evolution and aims of the ARF discussed in the earlier chapter (refer to pp. 99-100), highlight the utility of this organisation. The question of sovereignty of the Spratly islands, the accretion of Chinese power, the new role allotted to a sovereign Hong Kong, the concern over the Tomkin Gulf and other such land & border disputes, possible repercussions of the continued (though in many ways, admittedly essential) presence of US armed forces in the region, the monitoring of democratic governments of various member states, checking the rise of authoritarian regimes, civil strife and separatist movements, and most importantly, promoting a nuclear-weapons free environment - are some of the myriad issues included in the agenda of the ARF.

The above-stated analysis justifies the major premises of the research hypothesis. It proves that South Asia lags far behind the neighbouring Southeast Asian/Asia-Pacific/ASEAN "region" insofar as socio-economic progress is concerned. Nonetheless, it is still hoped (albeit delusively?) that following India's tryst with liberalisation and more and more South Asian countries adopting economic reforms, the situation would improve some day soon. In the politico-security sphere too, the South Asian countries are found to be in a highly volatile situation, primarily due to the Indo-Pakistan altercations which have compounded a subcontinental arms race with possible
involvement of nuclear weapons in the near future. Given these realities, it would not be inappropriate to state that South Asia can hardly ever be termed as a "region" because the propensity towards conflict has always prevailed over the desire for peace and stability among the states comprising this geographical area. The failure of the SAARC to emerge as a prominent instrument for promoting regional cohesiveness, the repeated inability of India and Pakistan to evolve a set of guidelines to peacefully resolve the Kashmir issue, the ease with which some external powers are able to manipulate and interfere in the domestic politics of South Asian states, the low levels of intra-SAARC trade and joint economic ventures, and the increasing militarization of most of the countries of South Asia at the expense of the much-needed investment in human development - are all indicators of a lack of "region-ness" among the South Asian countries.

By contrast, the Southeast Asian "region", though equally threatened by several security predicaments, has been able to resolve most of its conflictual issues through regional discussions. The creation of the ARF has been globally hailed as yet another concerted effort to reduce tensions and to overcome age-old disputes in the region. Similarly, the extraordinary transformation of the key Southeast Asian economies in a generation from underdeveloped, poverty-burdened countries to burgeoning, vibrant markets has truly been without parallel in contemporary world history. Even in the midst of an unprecedented financial crisis since mid-1997, the ASEAN members as well as China and now Japan, have shown a remarkable determination to recover as well as the willingness to assist each other through mutual economic co-operation - two historically famous traits of the region which time and again, have enabled Southeast Asia to bounce back from the severest of crisis.

On the whole, the situation in Asia can be best summed up by a speech made by the US President Bill Clinton in May 1996. Two years later and even after the radical economic and military developments in Southeast Asia and South Asia respectively, the crux of this speech still holds good. For it primarily outlined the general Western policy towards the continent of Asia, particularly towards the Southeast Asian region. Citing America's concern towards the region, President Clinton stated that "Asia contains four of the seven largest militaries in the world and two of its most dangerous flashpoints: the world's most heavily fortified border between North and South Korea, and the regional conflict in South Asia, where India and Pakistan live on the edge of conflict or reconciliation". At the same time, he acknowledged, "The economies of East Asia have become the world's fastest growing, producing fully one-quarter of our planet's goods and services. Therefore, the US has vital strategic interests that affect the lives of each and every American citizen, in East Asia". Clinton also reasserted that it was imperative for the US to remain an Asia-Pacific power and emphasised that "disengagement from Asia, a region where we have fought three wars in this century, is simply not an option". He warned that if Washington took such a step "it could spark off a dangerous and destabilising arms race that would profoundly alter the global strategic landscape". The President further stated that since Asia has not evolved "similar unifying institutions like the NATO (North Atlantic Treaty Organisation), his administration was "working with Asia to build new security structures - flexible enough to adapt to new threats, durable enough to defeat them". Finally, Clinton said that the priorities of Washington's security strategy included "continued American military commitment to the region, support for stronger American security co-operation among Asian nations, leadership to combat the most serious threats, and support for democracy throughout the region". 32 Such
statements also clearly reiterate Southeast Asia's priority over South Asia in the global agenda. At the same time, they suggest that the US and its allies are likely to become increasingly involved in this part of the world, in Southeast Asia primarily due to the economic developments, and in South Asia primarily due to the security concerns. This is also a warning to the South Asian countries to make more concerted attempts at overcoming their regional differences on a bilateral basis if they wish to avoid external interference and bullying over such sensitive matters. Simultaneously, these countries must improve their standing in the international arena so as to attract more positive attention in their regional developments. This can only be possible by strengthening the concepts of nation-state, liberalisation and democratisation to improve the order, welfare and legitimacy situation of each and every South Asian country. This has also been discussed in the concluding chapter.
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