SOUTH ASIA AFTER
THE COLD WAR

Gowher Rizvi

In the last few years momentous changes have taken place in the international system which are transforming the familiar contours of the international order. Many of the assumptions upon which the post-war global alignment was based have virtually disappeared. The end of the cold war, the abdication of the Soviet Union's claim to the status of a superpower and the emergence of three economic blocs the USA, the European Community and Japan have signalled the demise of the post-war bipolar international order. The recent Gulf crisis has heigh-tened the prospect of a unipolar world order dominated by the United States.

The end of the Cold War and the lifting of the 'iron curtain' has not only led to the virtual collapse of the communist regimes in Eastern Europe but also the East-West divide line has disappeared: the great schism is over and Europe is once again Europe. Eastern Europe no longer exists as a separate socio-economic entity; Germany is already reunited, and in time Eastern Europe will also become a part of the extended European Community. All this is bound to have a profound impact on the global security alignment, on regional conflicts and on the Pattern of International Economic linkages and world trade.

The purpose of this paper is to examine the impact of the end of the superpower rivalry on South Asian security, especially its significance for Indo-Pakistan rivalry. It will also assess the implication of the establishment of an integrated European market in 1992 and 'relinking' of the eastern and western European economies on the economy of the countries of South Asia. The essay will also explore some of the consequences for the region of the decline in the flow of
concessional economic assistance and the possible impetus towards greater regional cooperation.

**Superpower Detente and South Asia**

When historians look back upon the concluding years of the 1980s they may have little or no hesitation in thinking that it was the period which marked the beginning of the end of the Cold War and of superpower rivalry for global ascendancy. There have been several earlier attempts at superpower detente but these have been short-lived: the legacy of hostility and suspicion was too deep to produce a lasting rapprochement. But this time there are reasons to believe that superpower detente, with all its attendant consequences, is here to stay.

The experience of the last two decades has brought home to the superpowers the limits of their power. Both the notions of superpower invincibility and the helplessness of the developing states to assert their autonomy when confronted by the might of a superpower have been shown to be grossly exaggerated. The United states learnt with humiliation in Vietnam the problems of subduing an ideologically inspired nationalist movement. The events in Iran confirmed the American impotence to prop up unpopular regime in the face of a popular revolution. The Soviets for their part have belatedly learnt that they could not repeat in Afghanistan in the 1980s what they had done in Hungary in the fifties or in Czechoslovakia in the late 1960s. Both the superpowers reluctantly and belatedly came to the same conclusion: in the present international system military power is a devalued currency. The possession of power and the crude use of that power are two different issues.

Detente resulted not only from a realization of the limits of power but also, and perhaps more crucially, because of internal economic compulsions. The economic and technological backwardness of the Soviet Union had long been known abroad: Gorbachev’s *perestroika* and *glasnost* only brought home to the Russians that their very survival as a great power hinged on their ability to revitalize their economy by diverting resources from the wasteful arms race. The Americans may not have had the same ostensible problems as the Russians but they too cannot be impervious to the
escalating trade and budgetary deficits or the declining competitiveness of their industries. The emergence of an integrated European market and the formidable expansion of the Japanese economy is a clear signal that influence and power can no longer be measured simply in terms of military inventories and is shifting away from the superpowers. Detente is a strategy for the survival of the superpowers.

The impact of detente on the bilateral relationship between the superpowers, and on their NATO and Warsaw Pact allies, is already very much in evidence. There have been revolutionary changes in Europe: the collapse of the one-party communist dictatorship in most of the countries of eastern Europe, the execution of the Romanian dictator, the breach of the Berlin wall, and the unification of the two Germanies, and the break-up of the Soviet Union with the secession of Estonia, Latvia and Lithuania with other republics following in train, are only the more spectacular instances of change in international affairs resulting from a changed stance of the superpowers.

The Third World is inextricably linked to the international system and will inescapably experience the trickle-down impact of the global transformation resulting from superpower detente. It is no coincidence that in 1988 when the superpowers began to build bridges, there was a profound impact on numerous conflicts in the Third World. The Gulf war ended after eight years; Soviet troops were pulled out of Afghanistan after nine years of blood-letting; Vietnam began a process of disengagement of troops from Cambodia; the People's Republic of China's hostility towards Vietnam began to be toned down; the Palestinians accepted UN resolutions 242 and 338 and implicitly recognized the existence of Israel; Morocco and the Polisario Front began working their way to a negotiated settlement; the Soviets persuaded the Cubans to withdraw from Angola; South Africa was compelled to withdraw its forces from Angola and Namibia; Sino-Soviet and Sino-Indian relations seemed to be on the mend; and even the North and South Koreans began talking of reunion.5

The impact of superpower detente is not immediately visible in South Asia, however, even though there is already evidence to suggest that changes of far-reaching significance
are imminent in the 1990s. These may not be as dramatic as in eastern Europe, but the ramifications for the region will nonetheless be quite considerable. The superpowers’ disengagement from the subcontinent could bring about a decisive change in the military balance, and might also inject a new realism into the region. Global changes, together with domestic compulsion, on all sides of the borders could make old policies of confrontation untenable or at least obviously anachronistic.

**Dissonances in South Asia**

While there can be no doubt that the superpowers have played an important role in escalating low-intensity regional conflicts into major wars, it would be inaccurate to suggest that inter-state and intra-state conflicts in the Third World are entirely the product of superpower rivalries or external intervention. To a large extent tension and conflicts are inherent in developing societies as they seek to evolve into nation-states and assert their national identities. Most of the post-colonial states in the Third World are artificially constructed and consequently extremely vulnerable. The ethnic, religious, linguistic and tribal diversities, coupled with uneven economic development and regional diversities, have made difficult the evolution of national identities and the building of political institutions. This is not entirely surprising. It took Western Europe several centuries to establish a comparatively stable state system based on the principle of national self-determination. In South Asia, as elsewhere, intra-state and inter-state turbulence is deep-rooted.

There are numerous sources of dissonance between the states of the region. India is a secular state while almost all its neighbours give primacy to religion in governmental politics. The Indian federation is organized along linguistic lines and to a large extent recognizes the autonomy of the states, while its neighbours have centralized regimes dominated by the majority ethnic group. Most importantly, while India and Sri Lanka have fairly well established democratic systems, authoritarian regimes have tended to dominate the other states. The organizing principles of one state is viewed as a threat by another. Moreover, because
authoritarian regimes lacking in legitimacy have no popular support base, they become more dependent on external supporters and are thus more amenable to pressures and manipulation from outside the region.  

Although South Asia with its well-defined external boundaries constitutes a coherent region, its internal political geography follows no clear lines of demarcation. This is to be largely expected in such an ancient crucible of civilization where peoples, cultures and religions are inextricably interwoven. Boundary demarcations invariably cut across communities and tribes. The three major river systems the Indus, the Ganges and the Brahmaputra by cutting across the boundaries of India, Pakistan, Bangladesh and Nepal have further exacerbated the tensions between them resulting from disputes over the share of water. Moreover five of the six states in South Asia have borders with India, and this has resulted in inevitable complications since all these states are in their infancy and in several cases the boundaries are not yet firmly settled. India, which looms large as the centrepiece, shares ethnic, religious and cultural affinities with all its neighbours. In times of conflict in neighbouring countries, this becomes a source of acute tension. Spill-over of domestic crises across frontiers is not uncommon. Millions of Bengalis in then East Pakistan fled across the borders to India in 1971 to escape the atrocities of an invading Pakistani army, leading to India's direct intervention in Bangladesh's war of liberation. The Tamils of Sri Lanka sought refuge in India and launched their insurgency from Tamil Nadu across the Palk Straits, thereby heightening tension between India and Sri Lanka. Nearly three million Afghans crossed over to Pakistan following the Soviet intervention in their country in 1979, exacerbating the Pakistan-Afghanistan relationship. Since the mid-1970s Chakmas from the Chittagong Hill Tracts have sought asylum across the border to avoid genocide by the Bangladesh security forces. Similarly some would-be secessionists like Sikhs from the Indian Punjab and the Muslims from Indian-held Kashmir have found sanctuary in Pakistan in their struggle for autonomy. It is very likely that such low-intensity conflicts will continue in South Asia until these states have evolved a national consensus and
South Asia after the Cold War

found a way for politically accommodating minority groups. However some of these local conflicts have developed in major wars when the belligerents have been backed by superpowers.¹³

Indo-Pakistan Relation

A central and most persistent theme in South Asia has been Indo-Pakistan rivalry. Before departing in August 1947 the British had divided their Indian empire into India and Pakistan because, it was argued, the warring Hindus and Muslims could not be amicably reconciled to sharing the joint inheritance. The partition of the country was itself marked by some of the worst carnage in history. Far from ending Hindu-Muslim rivalry it elevated the inter-community bloodbath into interstate rivalry. Any hope of peaceful co-existence was ruined by the dispute over the states of Kashmir: India and Pakistan have fought three major wars in 1947, 1965 and 1971 over it but its fate is yet to be resolved.

In size, population and resources Pakistan is many times smaller than India and could not seriously hope to match India’s inherently superior capabilities on its own. It therefore sought to strengthen itself militarily by aligning with the USA, and later with China and the Islamic states.¹⁴ India was caught in a dilemma. Pakistan’s membership of the US-sponsored Southeast Asian Treaty Organisation (SEATO) and Central Treaty Organisation (CENTO) was ostensibly directed towards the containment of communism. India could not ignore the fact that Pakistan’s acquisition of substantial weapons not only narrowed the military gap between the two countries but also that those weapons supposedly supplied to Pakistan for use against the communist threat might be used against India. India’s first reaction was to meet the challenge through the Non-Aligned Movement but it was soon apparent that it was of limited efficacy in the era of superpower rivalry. Reluctantly, and belatedly, India turned to the Soviet Union to counterbalance the influence of the US in the region. The Soviet Union, anxious to contain US influence in South Asia, enthusiastically obliged India.¹⁵ With the intervention of two external powers in the subcontinent India’s pre-eminence in the region was challenged.

Neither of the two superpowers have any direct stake in
the Indo-Pakistan rivalry; nor has South Asia ever been an area of high priority for them. The geo-strategic significance of the region is due only to its location between West Asia and Southeast Asia, the two areas of concern to the superpowers. The interest of the US, the Soviet Union and China in the region arises, however, not from an intrinsic interest in the subcontinent but principally from their concern about each other. The region was sucked into global rivalries of the Cold War in the 1950s as each of the superpowers sought to check the influence of the other through the so-called policy of 'containment' and 'counter-containment'. With the superpowers lined up behind each of the belligerents, political and military stalemate became entrenched. Since the main purpose of the two superpowers was to limit the influence of the other in the region, neither had any incentive to resolve or, on the other hand, risk the escalation of the conflict; while India did not have the strength to break the deadlock on its own. So long as the superpowers' rivalries endured, the status quo in the subcontinent was virtually assured. It might even be argued that because the central concern of the outside powers is more with each other than with the local states, the fact of their involvement in South Asia is more durable than any particular form of alignment. There are no ideological underpinnings of significance to any of these alliances between the South Asian states and the outside powers. Such local issues as exist, like the Sino-Indian border dispute, are not beyond resolution. To that extent they are all alliances of convenience reflecting classical balance of power behaviour. Following that classical logic, and keeping in mind the motives of both the local and external states, it is not at all difficult to imagine a scenario in which the Soviet Union was aligned with Pakistan, and China and the US with India! The essence of that logic is also that once the higher level of rivalry between the external powers is much reduced or eliminated, the compulsion for intervention in the region is greatly weakened.

It follows, therefore, that with the coming of detente the superpower policy of global containment will gradually become obsolete. The end of the Afghan war, and possible rapprochement between the USSR and China and between
China and India, will further remove the incentive for the superpower intervention in the region. At the same time as the utility of the South Asian states to their patrons diminishes, the ability of these states to draw the superpowers in to their conflicts, or play one against the other, will correspondingly decline.

The Kashmir Dispute

It would be preposterous to imagine that conflicts in the region, and especially Indo-Pakistan rivalry, will disappear with the withdrawal of the superpowers. But the absence of external power which bolsters the smaller states or creates a lop-sided balance of power will have a powerful psychological impact, which may well make the South Asian states more accommodating.

The roots of the Indo-Pakistan conflict are deep. However, despite the holocaust that accompanied Partition, it is possible the two neighbours could have evolved a modus vivendi, learnt to live in peace, and even to build bridges through collaboration in overcoming problems common to both. Events, however, turned out otherwise. The two countries, shortly after independence, went to war over the princely state of Jammu and Kashmir (usually known simply as Kashmir). Indeed, the dispute over Kashmir reactivated many of the old issues and traumas which divided these two powers, and made normal relations between the two countries well-nigh impossible. Kashmir encapsulated in a microcosm all the historical irritations between India and Pakistan, and has continued to defy all rational solutions. The origins of the conflict are complex and have many ramifications. Each side has not only a different story but also plausible arguments to support its claim. The story has been told often and the details are so well-known that it is unnecessary to repeat it in the limited space available here beyond bare mention of the most salient features. 

Kashmir’s accession to Pakistan was virtually a certainty since the Indian Independence Act of 1947 did not give the princely states the choice of remaining independent. Kashmir not only had an overwhelming Muslim majority, it was also contiguous to Pakistan. Historically, culturally and economically Kashmir was closer to Pakistan than India.
India’s arguments for holding on to Kashmir are based on its adherence to secular principles but would also make the position of the Muslims in India untenable. And yet in retrospect it is obvious that such arguments are post hoc rationalizations of a problem which went against all logic and its own interest. In fact it made little sense for India to claim the Muslim majority Kashmir so soon after accepting the principle of partition and indeed having pushed it to its logical conclusion by partitioning Bengal and the Punjab. It would not be an exaggeration to suggest that by annexing Kashmir, India created a rod for its own back; and the full implications would be difficult to measure.

The stalemate in Kashmir remains and continues to be a major source of animosity between the two countries. Yet solutions which were practicable, which would have safeguarded the interests of the people of Kashmir, which would not have sacrificed India’s secular principles or strategic interest, and for that matter might have been acceptable to Pakistan, were not entirely wanting. There were proposals for an independent Kashmir; for a condominium; integration of Jammu (with its Hindu majority) and strategically important Ladakh with India while the ‘Azad Kashmir’ and Baltistan with Pakistan, with either an autonomous Kashmir valley or a limited plebiscite for the entire region, perhaps to which might be added the option of voting for an independent state. While these are viable solutions and would have given India and Pakistan an opportunity to extricate themselves without a loss of face, both countries instead chose to follow a path of confrontation.

Three wars of 1947, 1965 and 1971 have however shown the futility of attempting to change the status quo in Kashmir by force. The Simla Accord of 1972 held out the hope of a settlement by converting the cease-fire line (CFL) into a line of actual control (LAC) in the hope of creating a soft border which would allow the Kashmiris access to the whole of Kashmir. Implicit in that agreement was the hope that the growth of trade and easy travel facilities would enable the eventual emergence of a united and autonomous Kashmir. But as often before, the spirit of Simla failed to wipe out the suspicions between India and Pakistan.
1974, the declaration of internal emergency by Indira Gandhi in 1975, the military coup against democratic regime in Bangladesh in the same year, and the return of the military to power in Pakistan in 1977 exacerbated tensions in the region and started a fresh arms race. The Soviet intervention in Afghanistan in 1979, together with the overthrow of the US surrogate regime in Iran, enhanced the strategic importance of Pakistan and once again propelled it to the front line in the containment of the Soviet expansion. As the United States increased the supply of weapons to Pakistan, the uneasy balance between India and Pakistan was disturbed, and pursuit of accommodation gave way to a period of saber-rattling. As often before, the global rivalry of the superpowers was imposed on a regional conflict. No improvements in Indo-Pakistan relations would be possible until the higher-level conflict eased. The US-Soviet detente and the disengagement of the Soviet forces from Afghanistan has the potentials of delinking the region from superpower rivalry.

A New Realism in South Asia

After four decades of hostility, however, some signs of improvement are visible. At this stage these hopeful signs are not so much tangible manifestations but rather in the realm of ideas and shown in some degree buy a marked change of attitude among the new generation of the ruling elites in the subcontinent. 22 Neither Indians nor Pakistanis can ignore the incontrovertible fact that the relationship between the two countries is a central determining factor in the domestic and foreign policies of both countries. Nor is it easy to ignore the fact that continuing hostility has had an adverse impact on the development and aspirations of both countries.

Perhaps an obvious fact, but often not recognized, is that neither Pakistan nor India has been successful in achieving its own objectives. The two persistent themes in Pakistan’s foreign policy are the demands for self-determination in Kashmir and the understandable concern about its territorial integrity. Ironically Pakistan has not only failed to wrest Kashmir from India but is the only Third World country in the post-1945 international system which has actually been truncated. On the other hand India too cannot claim to have been successful in its foreign policy objective of playing a pre-
eminent role in the region. The intervention of the extra-regional powers in the subcontinent came about largely because of India’s failure to accommodate Pakistan’s perceptions of its legitimate security concerns. India was therefore deprived of the leading role to which she so much aspires, and to which she would seem fitted by virtue of her size, population and resources. Besides, reliance on external powers for military and economic assistance has infringed on the national sovereignty and limited the autonomy of both countries in international affairs. No less importantly, the massive arms race has been economically ruinous and has done little for large numbers of people in both countries living below the poverty line. In the case of Pakistan, the persistent conflict with India has legitimized the army’s domination of politics for much of its history.

Nevertheless, important changes are occurring both in the sub-continent and globally which may help to ease tension. Improved prospects of a global detente between the superpowers and the possibility of a Sino-Soviet rapprochement will reduce the ability of India and Pakistan to enlist the support of external powers in their local rivalry. Without the backing of a powerful external supporter Pakistan will find it impossible to maintain the artificially erected balance of power in the region and may be persuaded to be more accommodating. On the other hand India, with the benefit of hindsight, may recognize that it cannot repeat its mistakes of the 1950s. India’s failure to accommodate Pakistan’s legitimate security concerns was the single most important factor in pushing Pakistan into an alliance with the western powers. Their consequent intervention helped Pakistan to maintain a lopsided balance, despite India’s enormous superiority. The experience of the last four decades has clearly shown that the involvement of extra-regional powers in the subcontinent has been detrimental to India’s interest, and has prevented that country from exercising its ‘natural’ leadership in the region.

Nor is there any reason to believe that with the departure from the region of the external actors India will attempt to establish its hegemony. The experience of the two superpowers in Vietnam, Afghanistan and Iran exposed the limits
of military power against ideologically inspired nationalist movements. India’s belated pursuit of military power understandably alarms its neighbours. But India’s ability to coerce them is questionable in a world where the effectiveness of military force is becoming rapidly devalued. Moreover, the economic agenda of the Indian government has other compelling priorities which will make it politically impossible to sustain military expansion. Indian government has other compelling priorities which will make it politically impossible to sustain military expansion. India cannot maintain its current defence expenditure and at the same time expect to alleviate the gruelling poverty of its masses. The arguments for moving away from confrontation to cooperation are becoming compelling.

Nevertheless, the smaller neighbours, and especially Pakistan, remain apprehensive of India’s dominant role in the region. Recent events in South Asia have to some extent revealed the limits of India’s ability to impose its will on the neighbours. There can be no doubt that India’s intervention in Sri Lanka has gone a long way both towards ending the repression of the Tamils, and also for providing the mechanism for the resolution of Sri Lanka’s ethnic conflicts within the framework of a united country. Similarly in Nepal, India’s stance was impeccable from the point of view of international law. In both cases India burnt its fingers. The inability of one hundred thousand crack Indian troops to subdue a small force of Tamil guerillas in Sri Lanka, and the near universal disapproval of its bullying tactics in Nepal were not only embarrassing but a cogent reminder to New Delhi of the pitfalls of meddling in the affairs of the smaller neighbours. Rajiv Gandhi’s inability to reverse his declining political fortunes at home confirmed the limited electoral gains that can be obtained from foreign adventures. Many Indians are reminded by the example of Japan that status and power come from economic strength. It is significant that despite the escalation of tensions in Kashmir, both India and Pakistan have shown remarkable constraint. At the same time it has left the smaller states under no illusion that extra-regional powers are unwilling to be dragged into subcontinental conflicts and, perhaps more importantly, that
they are unwilling to antagonize a powerful India for the doubtful benefit of a quiring a small client state.

The domestic situation in India and Pakistan is not static either. The ruling elites in both countries belong to a new generation who are largely unaffected by past rivalries and are beginning to view the hostility as a major hindrance to their national and international ambitions. Both countries face appalling socio-economic problems: the region has one of the lowest rates of literacy in the world, basic needs like medical facilities, drinking water or even minimal social security are denied to a large section of the population; the poorest, numbering over three hundred million people, live below the poverty line and are unable to obtain even the minimum food intake necessary; and not only is infant mortality still high, but two out of five children who survive to adulthood are deformed through malnutrition. The abysmal poverty and economic backwardness are not only seen as a national shame but have also become politically unacceptable. The rising expectations of the masses are reflected in the electoral preferences; and it is obvious no democratically elected government can hope to survive unless it tackles the problem of poverty.

The combination of dramatic changes both globally and within the region has probably for the first time created a suitable environment in which a lasting solution to the Indo-Pakistan conflict can be found. With the partial restoration of democracy in Pakistan the prospects of improved Indo-Pakistan’s new democratic governments cannot fail to recognize that improved relations with India is almost an essential pre-requisite for curbing the excessive influence of the military in Pakistan’s politics. The instant rapport and trust which had developed between Rajiv Gandhi and Benazir Bhutto significantly cleared the atmosphere for an Indo-Pakistan approachment. The government of Nawaz Sharif, had also shown greater sensitivity to improved Indo-Pakistan relations to preserve the privileged position of the armed forces. Similarly the domestic political instability and the frequent changes of governments following the indecisive elections of 1989 ruled out any bold initiatives from Delhi. Moreover, the rise of the Bharatiya Janata Party, with its
avowed Hindu chauvinistic policies, as a major political power has constrained the government in Delhi from appearing to be too conciliatory to Pakistan.

**Atonomous Kashmir**

Despite the escalation of tensions since the early months of 1990, the relations between India and Pakistan have not deteriorated and leaders of both countries have, notwithstanding the rhetoric (which is mainly for domestic public consumption), tried to limit the crisis spilling into war. It is now quite clear the Kashmir ‘Intifada’ is not the work of Pakistani-inspired agitators but a genuine mass uprising resulting both from socio-economic neglect and, more importantly, it is the result of an ideological commitment among the youth to secure an autonomous Kashmir, independent of both India and Pakistan. 27 As in the past New Delhi has seen the crisis as a question of law and order: police and military action has been stepped up, much of Kashmir placed under curfew, and the state assembly and the elected ministry replaced by direct rule from the metropolis. But the popular movement has shown no sign of abatement; instead each new ‘martyr’ has further steeled the resolve and the unity of the people. The singular failure of repressive policies to curb the uprising shows both the inefficacy of repression and also a complete misunderstanding of the nature of the popular movement which is capable of being sustained over a prolonged period. Not only is the response of the government repression sugared with promises of economic reform ineffective but it has also failed to face the real issue involved. The uprising in Kashmir, as in the West Bank, Lithuania, Estonia and Latvia and the Kurds in Iraq and in some countries of eastern Europe, is inspired by a desire to overthrow the existing order. These are revolutions which are unlikely to be stemmed by cosmetic changes.

The unimaginative response of the Indian government can probably be explained by their lack of comprehension of the revolutionary changes in the international system. At a time when international frontiers are crumbling, or being redrawn as in Germany, and in the former Soviet Union, to reflect the popular demand for self-determination, the Indian and Pakistani leaders are still unable to weaken their
adherence to the outmoded concept of state's territorial integrity.

The Quest for National Self-Determination Stymied

The logic of decolonization was to replace European imperial rule, based on coercion and lacking in legitimacy, by states based on the principle of national self-determination. But the rapid collapse of European empires in fact stymied the quest for national self-determination. By transferring power to the majority group in plural societies, the ex-colonial powers had ridden roughshod over the particularist claims of the minorities. Indeed, for many minority groups, the 'external' imperialism of the Europeans was replaced by the 'internal' imperialism of the dominant ethnic group be it the Javanese in Indonesia or the Hausa-Fulani in Nigeria. The irony was that, in order to rid their countries of foreign rule, the ethnic majorities had made much of the principle of self-determination. Once independence had been achieved, however, this was conveniently ignored. Claims for autonomy or the preservation of a distinct way of life by minority groups were usually equated with secession and often ruthlessly suppressed. Such 'internal' imperialism has been a persistent source of instability and strife in many countries.

Not surprisingly the most serious problem confronting the post-colonial states of Africa and Asia is to forge a cohesive nationalism by accommodating the diverse and heterogeneous population within its boundaries. Since the population is so inextricably mixed as a result of the massive migrations under colonial rule, a general uns- crambling of the national frontiers following decolonization was correctly ruled out. Instead, different countries have, with varying degrees of success, attempted to coerce or accommodate their heterogeneous populations in a cohesive policy. The task of building a nation out of a multinational state is not easy and has been made more difficult by the inability of the majority groups to recognize the particularist demands of the minorities or to respect their right of self-determination.

India is one of the most complex and heterogeneous of states and yet it has probably been one of the most successful in building up a cohesive national ideology. This
owes much to India’s ability to create a national consensus and accommodate particular demands of different groups. Kashmir is the only exception to India’s otherwise largely successful record of national integration. The answer in retrospect is obvious: the Kashmiris are by any definition a distinctly separate identity and were incorporated into India both against their will and against the logic of the partition of India. It is also obvious that after more than four decades neither a policy of conciliation nor coercion has succeeded in integrating Kashmir into India - Article 370 of the Indian Constitution which bestows very favourable treatment on Kashmir. To hold Kashmir against its will is neither feasible nor desirable: the use of continuous coercion has a corrosive effect and will eventually sap the very vitality of the state itself. The erosion of human rights in Kashmir is bound to spill over into India itself. This is probably the strongest argument why India should seek a politically negotiated mechanism for the creation of an autonomous Kashmir. To argue that the secession of Kashmir will open the floodgates for other states to follow suit shows a fundamental misunderstanding of the nature of the Indian state. India, unlike the Soviet Union, is not an empire held together by force against the will of the people. It is a multi-national state created by popular consensus: to argue otherwise would be to deny the very legitimacy of the union of India. Moreover, it can be pointed out that the secession of Bangladesh did not lead to the disintegration of Pakistan; nor was the Soviet Union dismembered simply because Lithuania, Latvia and Estonia opted out and other republics followed. To hold a territory against the manifest will of the majority of the people cannot be in the national interest of India.

In the circumstances the movement for an independent Kashmir presents an opportunity to shed the milestone hanging round the neck of both India and Pakistan. While it is understandable that neither country would wish to condemn their past actions and commitments by acknowledging that the other party was right, no such loss of face would be involved in conceding the right of the Kashmiris to an independent state. There is no doubt that Kashmir is a sensitive issue in both countries, but that sensitivity will be
South Asia’s Security

less inflamed if both sides make concessions and neither is seen to be the victor.

However, historical memory and the political opportunism of vested interests will continue to militate against Kashmir’s independence. But those who advocate the continuation of the *status quo* merely because of the unforeseen (perhaps largely imaginary) consequences that might follow the secession of Kashmir, underestimate the role of imaginative and bold leadership. If Michail Gorbachev had not revolutionized East-West relations and unleashed the changes in the Soviet bloc, few would have actually ventured to say that such changes were possible, let alone acceptable to the people or vested interests. In the final analysis the key factor is political will and long-term vision.

The problem of creating an autonomous Kashmir should not be underestimated. It is not merely a question of surgically delinking Kashmir from India. The problem on the ground is messy and will require careful planning and preparation. A plebiscite or referendum would have to be held to ascertain, despite the strength of the independence movement, whether the people of Kashmir really want to secede from India. It is obvious that the popular verdict will not be unanimous: the Hindu majority Jammu or the Buddhist Ladakh, unlike the Muslims of Kashmir valley, are scarcely likely to want to secede. This would invariably raise the question of separating Jammu and Ladakh from Kashmir since the principle of self-determination accorded to the Muslims cannot be withheld from the Hindus and the Buddhists. Inclusion of Ladakh in India would also satisfy India’s security concern against China: nor will the creation of an autonomous Kashmir, unlike its incorporation in a ‘Muslim’ Pakistan, impinge on India’s adherence to secularism.

Ironically enough, a more serious obstacle to an independent Kashmir might come from Pakistan and the people of the Pakistan-controlled Kashmir. Although Pakistan has been campaigning for the right of self-determination for the Kashmiris, a closer examination of Pakistan’s official position shows that the right of self-determination is in reality confined to the right to opt for
Pakistan. Historically and constitutionally Pakistan’s position is not altogether untenable. The Indian Independence Act of 1947 left the princely states legally independent: the ‘sovereignty of His Majesty over the Indian States legally lapses’ and the princely states were in theory free to determine their own futures. But in practice such independence was ruled out when Britain refused to recognize ‘any States as separate international entities’. However, events in Kashmir and in the subcontinent during the last four decades have given powerful thrust to the demands for an independent Kashmir. No more than India, can Pakistan resist as the movement for independence gains momentum. It is also possible that Pakistan is unwilling to change its stance without a definite concession from India for fear of losing its locus standi in the Kashmir dispute. But should India agree to an independent Kashmir Pakistan would feel obliged to follow suit.

As in Indian-controlled Kashmir, the situation on the Pakistan side of the border is also complex. In the last forty years parts of northern Kashmir - Gilgit, Baltistan and Chilas - have been brought under Pakistani administration as the Northern Territory. The people of these regions have little in common ethnically or linguistically, with those living in ‘Azad’ Kashmir; and have also developed a strong affinity with Pakistan. In any test of self-determination the people of the Northern Territory are unlikely to want to merge with the ‘alien Kashmiris’. A possible solution would be, as in the case of the Indian side following a plebiscite, to hive off the Northern Territory from Kashmir and let the districts of Muzafarbad, Mirpur, Bagh, Kotli and Poonch merge with the Muslim majority areas of Kashmir now in India. The ‘delinked’ flanks of Kashmir on both Indian and Pakistan sides would have soft and porous borders with the autonomous Kashmir valley it would both avoid the repetition of traumas of 1947 and at the same time not disrupt the economic and natural harmony of the region. Being landlocked, easy access to both neighbours is really essential for Kashmir’s long-term survival and prosperity.

The Kashmiri issue has also been complicated by demographic changes in the last four decades. Political
uncertainties, recurrent wars and economic backwardness have compelled many Kashmiris to seek a new life in either Pakistan or India or even further afield. In Pakistan especially, the Kashmiris occupy important positions and exert significant influence in the armed forces. It would only be natural for 'expatriate' Kashmiris in India and Pakistan to resist the creation of a separate state of Kashmir as this would cut them off from their 'homes'. There is a further twist in the story. The leaders of the uprising are mainly young people from the Indian-controlled Kashmir, most of whom have either no knowledge of, or connection with, the Pakistan side of the border; and certainly there are no organizations in Kashmir which transcend the borders. In short the movement for self-determination and autonomy is fragmented by the cease-fire line divide and not surprisingly many of the leaders on the Pakistan side are worried that a successful unification of Kashmir would challenge their leadership. Their lukewarm enthusiasm for a united Kashmir becomes further clear when one realizes that Pakistan's pampered treatment of the Kashmiri elites would cease once the conflict ends or Kashmir emerges as an independent state.

These difficulties are to be expected in any society which has been forcibly kept apart for so long and has been distorted by the conflicting and contradictory policies of both India and Pakistan. As the conflict has dragged on it has become more and more enmeshed with the domestic politics of both the countries. Since neither country wanted to give up its claim to Kashmir each had taken steps to incorporate that part under control into its own sphere and yet as both recognize the disputed status of Kashmir they have been compelled to respect its autonomous status. As the conflict has dragged on much blood has been spilt and martyrs created, which makes it difficult for each side to make concessions to the other.

European 'Revolution' and South Asia

Together with superpower detente there are other rapid and breathtaking changes occurring in Europe and elsewhere which, too, are bound to have a resonance in South Asia. The dual revolution in Europe the triumph of democratic forces in Eastern Europe and the creation of an integrated European market like the superpower detente is also bound to have
important repercussions for South Asia. The overthrow of authoritarian regimes in Eastern Europe has already inspired a wind of change to the subcontinent: in Pakistan and Bangladesh the military regimes have been overthrown and democratic institutions are slowly reestablishing themselves; in Nepal the autocratic rule of the monarch has been tempered by popular control; and even in Burma the military dictators are finding it difficult to repress the assertion of popular will. Similarly the creation of a single integrated market will make the European community the largest and richest area for free flow of goods, investment and services. While both these developments have been greatly welcomed by the region and in the long run may open greater opportunities for economic cooperation, in the short term they will invariably cause some problems of adjustment for the countries of South Asia.

In anticipation of 1992, the countries of EFTA, the USA, Japan and the Asian NICs have poured in investments through joint ventures and have entered into negotiations to ensure a preferential market in the EC. While the EC would also be an obvious market for South Asian exports, the region suffers from a number of disadvantages. Not only South Asian businesses lack the technology and capital to establish joint ventures in Europe in any significant scale but also the region features very low amongst Europe's trading partners. Moreover, the failure of South Asia to negotiate with Europe as a united region has deprived it of the advantages which collective negotiations has brought to regional organisation like the Association of South East Asian Nations. In the short term the region is also likely to suffer from the 'fortress' policy of the EC; imports into the EC is being discouraged by non-tariff barriers, the so-called voluntary restraints by the exporters, the multi-fibre agreement and the imposition of quotas through bilateral agreements.

The combination of the developments in the EC together with the 'opening' of Eastern Europe might also have further implications for South Asia. South Asia will now have to compete with Eastern Europe for foreign investment. Until now the region's attraction to foreign investors has been due not only to attractive incentive packages which the govern-
ments of these countries offer to investors tax holidays, cheap credit, subsidies and foreign exchange concessions for exports but also because South Asia is one of the few regions outside the developed world which offers access to a potentially vast market, a cheap and trained manpower, a large pool of managerial and scientific personnel, attractive real estate costs and sound legal and banking system. However, the region's comparative advantage is likely to be challenged as Eastern Europe opens up its economy to the West. Eastern Europe has a natural and cultural affinity with the west, enjoys geographical proximity and its infrastructure is in some ways superior to those of South Asia; and like South Asia it too has a large trained manpower and potentially a sizeable market. It will, therefore, be quite probable that Western capital and technology will flow to Eastern European in preference to South Asia.

While the opening of Eastern Europe will have some implications for all the countries of the region, the consequence for India are particularly complex. In the past India has enjoyed a privileged trading relationship with a number of east European countries. Since 1953 India and the Soviet Union have allowed two-way trade in rupees instead of hard currencies. Similar trading arrangements were later extended between India and East Germany, Poland and Romania. The arrangement enabled the foreign exchange starved the eastern block countries to buy a dollar's worth of goods without spending a dollar: and India on the other hand, was assured of a secure market. India also reaped an additional benefit from its special links; for many Western firms the door to Eastern Europe was through India. As a consequence a number of Western companies poured capital and technology into joint ventures with Indian firms in order to corner Eastern European markets.

In the changed environment, India will be adversely affected in two ways. First, as the Western firms obtain direct access to the East, India will be deprived of considerable capital which was invested in India by Western owned companies mainly in order to gain access to Eastern Europe though India's special links. And second, India might lose what was virtually a "captive" market for its consumer goods.
The 'made in India' labels, which have acquired (although not always justifiably) the reputation of shoddiness, will be hard pressed to preserve its niche against competition from Western products. Nor can Indian goods easily compete with the 'snob' value of the 'made in the west' logos or the marketing process of the multinationals from the industrial countries.

The EC's concern with Eastern Europe is also likely to detract its attention away from South Asia. The EC is coordinating the efforts of the European Bank for Reconstruction and Development whose members include, in addition to the EC countries, the US, Japan and ten non-EC states in raising funds comparable to the Marshall Plan for the reconstruction of Western Europe after the Second World War for reviving the collapsed economies of Eastern Europe. In the competition for resources and markets, the claims of South Asia will invariably be accorded a lower priority.

The consequences of the concessional economic assistance ceasing to flow or even slowing down is bound to have serious impact on the economies of the region as different countries are in varying degrees dependent upon foreign aid. These countries can probably mobilize sufficient resources to achieve economic development but would invariably prolong the process by decades and cause unnecessary hardship.

While admittedly the decline in foreign assistance may cause some suffering and even slow down development, it is important not to exaggerate the importance of aid. On the contrary, it can be argued from the experience of the last four decades that the record of aid in the development of the region has been at best mixed. Despite impressive rates of economic growth and steady increase in per capita increase in GNP, the disaggregate data on recent trend in poverty alleviation, income distribution, sources of non-farm income, nutritional intake or the extent of landlessness reveal an overall picture which is quite worrying. In most countries the dependence upon foreign aid has deepened and the debt burden in at least some countries has assumed unmanageable proportions. And most important of all, in most cases the real beneficiaries of foreign aid have been the already better off.

The slowing down of foreign aid, as has been pointed out
South Asia's Security

above, will obviously have an adverse impact on economic growth but it might have some advantages in the long run. Excessive concern with economic growth stems from a narrow concept of development and has been largely counterproductive. \(^{31}\) Nor is the contention that economic growth is an essential pre-condition for political stability particularly valid. This is putting the cart before the horse and confusing means with ends. The development of a sound political system and democratic institutions are pre-requisites for development and indeed a *sine qua non* for the benefits of development to be enjoyed by the majority of the people. \(^{32}\) It is arguable that the easy flow or foreign aid may have helped to prop up unpopular regimes and the undermining of democratic institutions.

Dependence of the region on external economic assistance will continue in varying degrees but, with the change in superpower relations, the rationale, direction and destination of that aid may also alter. Superpower aid which is overwhelmingly strategic will obviously dry up: and as problems of internal reconstruction and of Eastern Europe acquire a higher priority, the claims of South Asians will invariably suffer. Nor will many in South Asia lament that. The record of the US or the USSR assistance to the economic development of the region is hardly inspiring. Superpower reticence may perhaps be compensated by Japan and the European Community. But the rationale of their aid will not be strategic. It will come primarily in pursuit of markets and of influence in the region. The donors' concern with human rights and democratic institutions, to which the superpowers paid scant attention, may also become a reality in the 1990s. However, it will be extremely short-sighted for the governments to formulate their economic policies predicated upon an assumption that concessional aid will flow at the same level as before.

The point to make is that the drying up of foreign assistance may have some beneficial impact: it will compel greater self-reliance, encourage greater popular participation and might provide the impetus for greater cooperation in the region.
Regional Cooperation

The imperatives for regional cooperation in South Asia are self-evident. South Asia is one of the poorest regions in the world and has more people living below the poverty line than in the whole of Africa. Nearly half the population of India lives below the officially defined poverty line, some 80 per cent of Bangladesh's population is undernourished; almost three quarters of Pakistan's population illiterate; the people of Nepal, Bhutan, the Maldives and Bangladesh have one of the lowest per capita incomes in the world; and the quality of life for the majority is unacceptably gruesome. All the countries face common problems: rapid growth of population, pressure on land, limited natural resources and a high level of poverty intensified by skewed asset and income distribution. In varying degrees the economies of all the states are prone to dislocation by floods and droughts. In recent years each of them have also suffered from balance of payments problems because of the fluctuations in international commodity markets. After four decades of independence it is obvious that none of these countries pursuing development strategies based on aid and trade with the developed world have been significantly successful in alleviating poverty; their export performance has been uniformly sluggish in the face of protectionist policies of their main trading partners. The stalemate in the North-South dialogue, the worsening terms of trade in international markets, growing dependence on external trade in international markets, growing dependence on external assistance and the mounting debt has turned the vision of the New International Economic Order into an illusion. Regional cooperation, therefore, appears as the only viable alternative to dependence on the developed world for both a market for its export of agricultural products and source for its imports of manufactured goods and technology.

Even though the compulsion towards regional cooperation in South Asia is enormous, the process towards the establishment of an organisation has been slow, hesitant and uncertain. Not only have economic linkages with the former colonial metropolis, the Indo-Pakistan rivalry and fear of India amongst the smaller states acted as brakes on
cooperation, but there has also been lacking in South Asia some of the preconditions which have facilitated cooperation in other regions. There is no common perception of external or internal threat in South Asia. This was an important factor which propelled the Europeans towards unity: externally West European countries felt threatened militarily by the Soviet Union and economically by the USA; and internally most governments feared communist subversion. Similarly the ASEAN countries, despite their enormous diversity, feel threatened by communism internally, and externally they fear the growing Soviet and Chinese influence in the region. Indeed, the formation of ASEAN was spurred by the US defeat in Vietnam and by the subsequent Vietnamese dominance of Indo-China. In South Asia by contrast there is no common perception of an external threat. On the contrary, the states of this region have invited external powers to fend off threats from their neighbours. Neither the Chinese intrusion into Northeastern India nor the Soviet intervention in Afghanistan perceptibly altered the stance of either Pakistan or India.

Moreover, despite a shared past, the region lacks the cohesiveness provided by a common political system or an ideology. Unlike the European Community which has common capitalist and liberal democratic institutions, the countries of South Asia have several distinct political systems: monarch, democracy and military regimes. While all the countries are non-communist, none of them are actually threatened by internal communist subversion. What all the regimes do have in common is the narrow popular base of the political elites and their dependence on external aid neither of which helps regional integration. Not only is there an absence of a common threat or a shared ideology but also there is no consensus about the role of the pivotal power in South Asia. India's claim to that role is denied by Pakistan and feared by other states.

It is, therefore, scarcely surprising that the idea for regional cooperation was not seriously mooted until 1980. It was only in December 1985 that the South Asian Association for Regional cooperation (SAARC) was officially launched. But the SAARC, as it emerged, was somewhat
different from what was originally conceived. It avoided taking on any military or defense role. Nor has it sought to restrict in any way the various alliances between South Asian states and extra-regional powers. The organisation has limited power because all decisions have to be unanimous and all issues to be put on the conference agenda need the consent of all parties.

The SAARC's activities are expanding but so far they are largely confined to functional cooperation. These include agriculture, rural development, health and population activities, telecommunications, meteorology, sport, arts, culture, controlling drug trafficking and terrorism. The members have also agreed to concert their views on the new international economic order and GATT. There is a considerable popular support for regional cooperation. With the return of democratic regime in Pakistan, the activities and the scope of the association is likely to expand.

The ultimate success of SAARC will, however, depend largely upon its ability to promote intra-regional trade and industries. Both these items have as yet failed to find a place in the SAARC agenda. The volume of intra-regional trade dwindled rapidly after 1947 with the emergence of two rival national economies; and trade ceased altogether when India and Pakistan went to war in 1965. The Simla Accord of 1972 which sought to normalize relations between India and Pakistan following Bangladesh's secession from Pakistan was in some respects a turning point for improved relations between the two major powers of the region. The decision was taken to restore trade links and a modest amount of trade began to flow between the countries. However, the fact remains that trade between the countries of South Asia is not significant. The share of the region in the total export of each country is small. In 1984 only 2.4 per cent of India's exports, 9.3 per cent of Bangladesh's, 6.3 per cent of Pakistan's and 7 per cent of Sri Lanka's export went to other countries of the region. In the case of Nepal more than half its exports went to India and this is explained by the special relationship between the two countries which allows free convertibility of currencies.

The small volume of intra-regional trade is due to number
of other factors and not least because of artificial obstacles created by the national governments of the region. These obstacles have not only adversely affected trade flows but have also resulted in structural changes which have intensified the competitive nature of the economies. The arguments for regional economic integration and liberalization of trade are well known: free trade by allowing for a better allocation of existing resources has a beneficial impact on the rate of economic growth and helps the process of structural change to facilitate economic complementarity. No less importantly, the creation of a regional free market by removing tariff barriers will enable the expansion of the market and the resulting economies of scale, the development of specialisation and skilled labour, encourage foreign investment by the larger size of the market and bring about a qualitative improvement of products through competition.  

Notwithstanding the arguments for free trade there is a widespread fear among the smaller states that because of the asymmetry between India and the rest of the countries, the opening of the market would largely benefit India to the detriment of the rest. It is argued that the nascent industries of the smaller countries will not be able to stand the competition from India’s larger manufacturing sector. Even the progressive elements in South Asia who are staunch supporters of regional cooperation share this fear, arguing that the more powerful Indian national bourgeoisie would strengthen its stranglehold on the entire region.  

A more serious impediment to free trade are the structural changes which the different economies have undergone as a result of the de-linking of trade during the last four decades. This has meant that the scope for regional cooperation is limited unless deliberate efforts are made to create a structurally balanced economic relationship. This will be a slow process and require enormous political will on the part of the leaders.

As a part of the process of integrating the economies of the dependencies to the metropolis the British had endeavoured to create a unified economy of the subcontinent. The limited extent of industrialisation that took place under colonial rule was concentrated in what became India after
1947; and the area now comprising Pakistan and Bangladesh developed as the rural hinterland producing raw material and food either for export or for consumption by Indian industries. Thus in 1947 less than 7 per cent of the work force employed in modern industries were located in Pakistan and Bangladesh; 64 per cent of cotton produced in Pakistan and 34 per cent of Bangladesh jute was consumed by industries in India while the rest was exported abroad. Indian manufactures were exchanged for jute, cotton, fish and tea from the hinterland.

However, this trade came to an abrupt end in 1949. Pakistani entrepreneurs were anxious to develop their own industries unencumbered by competition from the more established Indian industries. This could only be done by insulating Pakistan's economy by high tariffs and quantitative restrictions on imports from India, the volume of which fell from 70 per cent in 1949 to only 3 per cent in 1951 (while the share of large scale industries in the GDP increased from 2.3 per cent in 1949-50 to 12 per cent in 1969-70 in West Pakistan, and from 0.6 per cent to 4.7 per cent in East Pakistan).

Such disruption in Indo-Pakistan trade necessitated radical adjustment of the economy in both countries, and this was to have far reaching, and adverse, consequences for the region. Pakistan's programme of rapid industrialisation based on import substitution strategy increased her dependence on the developed world both for technology and capital. For India the process of adjustment was relatively easy but she had to pay a high opportunity cost. To meet the demands of the jute mills India had to increase three-fold the acreage under jute cultivation at the expense of rice production for which the soil was better suited.

By the time the SAARC came into being in 1985 it was apparent that the trading linkages between the principal countries had ruptured and their respective economies had adjusted to become competitive. Two-thirds of Pakistan's exports consisted of rice, cotton and textiles. India is self-sufficient in cotton, a rival in textiles and in normal years India does not need to import rice or wheat. Pakistan has recently been trying to develop its export of leather, light
engineering and electrical goods but India is already firmly established as an exporter of these products.

Nevertheless, there are areas where India and Pakistan and indeed all the countries of the region can trade and mutually benefit but it will require imaginative cooperation and political will based on a shared perception for the future of the region. The changed international environment, shrinking foreign aid and increasing difficulties in gaining access to the markets of developed countries may provide the catalyst for regional cooperation. India has acquired a decisive edge in terms of capital and intermediate technology and could easily meet the needs of the other countries especially as her technology is better geared to fit the conditions of labour surplus and skill-scarce countries. The technology is not only cheaper but also better adapted to the special needs of the region. In addition, India has considerable experience of providing these plants on a turnkey basis. Moreover, these plants would not compete with indigenous consumer production or threaten import substitution but actually substitute plants which are now being imported at considerable expense from developed countries.

However, despite the apparent feasibility, it is extremely unlikely that the rest of the countries of the region will accept a situation whereby they would import value added manufactures from India and in return merely have access to the Indian market for their primary commodities. This would not only create an adverse trading balance but will also transfer their dependence from the developed world to India. But much more crucially, such a trading scheme will not work because of the inability of these countries to pay for their imports. To a large extent all the South Asian countries rely upon aid or suppliers' credit to finance the import of their capital and intermediate goods. In the case of Pakistan 60 per cent of its development expenditure is dependent upon aid and foreign credit. Similarly Bangladesh is almost entirely dependent upon the developed world for aid to fund its development programme. In 1972-73, for example when India was the principal provider of credit to Bangladesh nearly 27 per cent of its imports came from India, but by 1975 when
credit began to come from other donors, India’s share of Bangladesh’s imports dropped to under 10 per cent. Since most of these funds are made available on condition that goods be bought from the donor countries there is little scope for India to develop its export of capital and intermediate goods so long as she cannot offer credit on such a large scale. India does not have the necessary capital and is only able to lend on commercial terms and, therefore, cannot meet its neighbours needs for concessional borrowing.

A significant expansion of intra-regional trade based on simple exchange of goods along the lines of the colonial state cannot work. A return to the *status quo ante* 1947 must be ruled out not only because in the intervening four decades the economies of the different countries have achieved self-sufficiency in certain respects and have become competitive in others but also because it is undesirable to reconstruct a centre-periphery economic relationship whereby the small economies of the region produce primary commodities to feed the industries of the larger economy of the region. Any further expansion of trade must be self-liquidating. This is politically more acceptable, avoids the fear of dependence on India, promotes genuine interdependence in the region and insulates trade from India’s uneven resource position. “Any attempt to rebuild the region’s disrupted economic links” writes Professor Rehman Sobhan, “can only come about within the context of a positive political commitment based on the clear recognition of a mutuality of benefits”.

Much of the future development will depend upon India’s attitude and its ability to demonstrate to the smaller states the scope for mutually advantageous trade. And yet the existing economic arrangements are quite favourable for India and there would appear to be few incentives for her to wish to change it. India’s share of South Asian import and export earnings are both in excess of 60 per cent, its external reserves about 50 per cent, it accounts for three-quarters of the manufacturing value added and nearly as much of manufacturing exports. Restructuring of the South Asian economy to promote trade would require major concession to its neighbours which would be unpopular at home where the main priority is to eliminate poverty. Besides, so long as
foreign aid keeps pouring into the neighbouring countries, India will obtain its share of trade through the working of market forces.

And yet it must be obvious that it cannot be in India’s long term interest to take such a view. The dependence of its neighbours on external assistance has brought the intervention of extra-regional powers into South Asia. External assistance bring with it diverse philosophies and strategic perceptions, it influences the foreign policy decisions of the recipient country which often has adverse effects on its attitude towards regional cooperation and, above all, perpetuates the dependency relationship with the developed world.

There are also compelling economic reasons to suggest that it is in India’s interest to promote intra-regional trade. India has become substantially self-sufficient in capital and intermediate goods industries, and by the early 1980s it was obvious that India’s import substitution had run its course. It has, therefore, embarked upon a policy of economic liberalization both to make its manufacturers more competitive and to diversify its exports. But the success of her economic liberalization will largely depend upon her ability to find new markets both in the developed and the developing countries. It is in this context that India must view the question of regional trade.

The expansion of trade in South Asia will require a restructuring of economic relationships based on a recognition of mutual benefits. They will call for collaborative ventures which will identify projects and commodities whereby one country will make room for certain exports from another while the other country through individual and collaborative efforts develops a capacity to provide the goods.

Conclusions

The end of the Cold War has already unleashed profound changes in the international system. As the two superpowers and their allies cast aside their global rivalry visualized as a zero sum game in which the gain of one was invariably the loss of the other, the so-called policy of containment and counter-containment must also become obsolete. The de-
escalation in numerous regional conflicts following the move toward superpowers' detente, clearly suggests that conflicts in the Third World, even though they have their own dynamics, cannot be sustained at the same level once their external backers decide to end their support. This would appear to be particularly true in South Asia.

Three external powers - the USA, the USSR and China have intervened in the subcontinental conflict hitherto. None of them have actually and intrinsic interest in South Asia: their interest in the region stemmed primarily from their concern with each other. South Asia merely became a key strategic area in their higher level of global rivalry. It followed that while the external powers were concerned to strengthen their protege to contain the influence of its rival, their commitments did not extend to resolving the conflict since it involved the risk of the external powers getting directly entangled. It could also be argued that it would have been against the interests of the external powers to resolve the conflicts since that would have minimized the dependence of the regional states on their external patrons. Thus a fierce arms race started between India and Pakistan in which each side was sufficiently armed to deter the other but neither could achieve the decisive advantage to tilt the regional balance in its favour. A lop-sided balance of power was created which made it impossible to alter the status quo; and also queered the pitch for a political settlement. Four decades later after three major wars and an economically ruinous arms race neither side has been able to achieve its objective. India has failed to play the role of a preeminent power in the region which her superior position and size would have entitled her, and Pakistan has been unable either to alter the status quo in Kashmir or even to protect its own territorial integrity.

The prospect of external powers extricating themselves from South Asia following their detente has opened up new opportunities for improved relations between India and Pakistan, and in the region generally. However, because regional conflicts have their own dynamics, the suspicions and hatred built up over the years will not disappear instantaneously. Nevertheless the prospects for peace in the sub-
South Asia's Security

continent appear to be better than at any time before. Not only have both the principal regional protagonists recognized the inefficacy and limitations of their external backers but also important changes are taking place both domestically and in the region which appear conducive to a political rapprochement. Even the tensions following on the uprising in Kashmir has been carefully managed so as not to spill over into a war. This may be seen as presenting a new opportunity for a solution to the crisis.

The developments in Europe will also have important repercussions for South Asia. The collapse of authoritarian regimes in Eastern Europe and their gradual incorporation in the capitalist economy, and the creation of an integrated market in Europe have altered the pattern of international economic linkages and trading patterns which will inevitably have their resonances in South Asia. These changes have brought both fresh challenges and opportunities for the region. In the short term the different countries of the region will have to cope with declining amounts of foreign assistance and the prospect of a slow down in economic growth. In the case of India there will be the additional problem of finding a substitute for its privileged trading links with Eastern Europe in the face of competition from Western manufacturers. In the long term however, the countries of the region will have to learn to mobilize their own resources for development. The transition is bound to be painful but will reduce external dependence and may help to foster greater popular accountability and democratization of the regimes. But most important of all, as the region is left to its own devices, the countries will be compelled to develop closer links within the region.

The compulsions towards South Asian regional cooperation cannot be ignored. However for regional cooperation to become meaningful will require a fundamental restructurings of the economy based on mutual advantage for all the countries. While enormous possibilities exist for economy cooperation through structural adjustments, such a policy will not be easy to adopt since they are bound to be resisted by the national elites of all countries. To overcome such resistance will require enormous political will, but given the narrow
support base of most regimes in the region, none of the governments are likely to muster the will until the governments become more responsive to popular opinion. Nevertheless, the potential for change is enormous.
Notes and References


12. The Maldives is the seventh state in the South Asian Association for Regional Cooperation (SAARC) but because of its geographical remoteness from the subcontinent it is not included in the analysis.


14. S. M. Burke, *Pakistan's Foreign Policy: An Historical Analysis* (Oxford University Press, 1973) still remains the best account of Pakistan's Foreign Policy in the early years leading to the US-Pakistan bilateral agreement in 1954.
South Asia after the Cold War


16. Buzan & Rizvi, *South Asian Insecurity and The Great Powers* (see chapters 8 and 9).

17. Ibid, Chapter 9.


24. Jagat S Mehta, a former Foreign Secretary of India, also made this point at a seminar on Kashmir held at Oxford on 23-24 June 1990.

25. India’s rescue operation in the Maldives, following an attempted coup by foreign mercenaries, was expressly at the invitation of the government and therefore cannot be described as ‘intervention’. The Indian forces were withdrawn shortly after the coup bid was foiled.


27. See author’s two-part article in *Dialogue* (27 April and 4 May 1990), for a fuller elaboration of the crisis in Kashmir.


The Political Economy of Foreign Aid to Bangladesh. (The University Press Ltd., Dhaka, 1982.)


34. Ibid, pp.116-117.


37. S. Mansingh, “Regional Cooperation in South Asia: Imperatives and Obstacles” in S. Chopra (ed), Studies in India’s Foreign Policy, pp.395-408.


40. A. R. Bhuyan, “Trade Expansion in South Asia”, p.128


42. Abid Hussain, ‘Trade Expansion Among South Asian Countries’, p.121

43. Rehman Sobhan, ‘Regional Economic Cooperation in South Asia: Legacy and Prospects’, Economic Bulletin for Asia and the Pacific XXX, 1 (June 1979), reprinted in P. K. Ghosh (ed), Developing South Asia.: A Modernization Perspective (Westport, Greenwood Press, 1984), pp.267-293. This is probably the most important and original contribution to the debate on economic cooperation in South Asia even though the discussion is confined to India, Pakistan and Bangladesh. I am greatly indebted to the author and have heavily drawn from the work in what follows.

44. Ibid, p. 270

45. Ibid, pp. 269-90.