



Master Thesis

Emergence of Supra-National Organisations: Mechanisms behind their evolution

The Comparative study of ECSC-EFTA-EU and SAARC-SAFTA

Author

Jayaraj Manepalli

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Advisor: O. Univ. Prof. Dr. Peter Gerlich

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BRIEF SUMMARY

One of the important features of the modern political system is the rise of regional groupings and regional arrangements comprising of nation states. Even though the main aim for such arrangements is usually cooperation in trade, it also resulted in greater cooperation among the member states in various other areas as it is increasingly realised that cooperation is the preferred way over conflict. The European Union that evolved from the ruins of the second world war is among the only regional arrangements that had achieved a high degree of cooperation and integration. Despite the mushrooming up of similar arrangements elsewhere, many of them could not survive long due to various reasons. South Asian region also experimented with a regional cooperation by setting up an arrangement called the South Asian Association for Regional Cooperation (SAARC). However, even after two decades, it still remains the least integrated region, owing to many reasons--historical, political as well as economic, despite huge potential for development. This is because the SAARC largely is an Inter-Governmental Organisation while the European Union had set up institutions with clear supra-national elements. This paper argues that the lack of 'commitment institutes' to oversee the implementation of the treaty is the main reason for slow progress in South Asia while such institutions helped in European integration. Lessons from European experience over factors driving towards cooperation, mechanisms for resource sharing, ethnic complexities and intra-regional trade and the lack of a common identity are examined and analysed. Emphasis is laid on both formal and informal cooperation and integration measures and the lessons south Asia can learn from the European experience in the above five areas are examined. The role of education exchange and people to people contacts are examined from the European experience. The potential benefits of deeper cooperation in South Asia are examined as it is one of the quick means to eradicate poverty and achieve higher levels of developments in a comparatively short time-span.

BRIEF SUMMARY (GERMAN)

Ein wichtiges Charakteristikum des modernen politischen Systems ist der Aufstieg regionaler Gruppierungen und regionaler Zusammenschlüsse von Nationalstaaten. Wenngleich das Hauptziel solcher Zusammenschlüsse meist die Kooperation auf dem Gebiet des Handels ist, hat sich daraus die verstärkte Kooperation der Mitgliedsstaaten auch auf verschiedenen anderen Gebieten ergeben, da zunehmend erkannt wurde, dass Kooperation dem Konflikt vorzuziehen sei. Die Europäische Union, die aus den Ruinen des Zweiten Weltkriegs entstand, ist eine der wenigen regionalen Zusammenschlüsse, in denen ein hohes Maß an Zusammenarbeit und Integration erreicht werden konnte. Auch in den anderen Teilen der Welt gab es zwar zahlreiche, ähnliche Zusammenschlüsse, aber aus verschiedenen Gründen überlebten viele nicht lange. Dies trifft auch auf Südasien zu, wo eine regionale Organisation, die South Asian Association for Regional Cooperation (SAARC) versucht wurde. Zwei Jahrzehnte später ist Südasien dennoch die am wenigsten integrierte Region, was auf eine ganze Reihe von Gründen zurückzuführen ist: historische, politische, ebenso wie ökonomische, trotz eines sehr hohen Entwicklungspotentials. Im Gegensatz zur Europäischen Union, die sich Institutionen mit prononciert supranationalen Elementen geschaffen hat, ist SAARC im Wesentlichen eine Organisation der Regierungen. In dieser Arbeit wird argumentiert, dass der Mangel an 'commitment institutes', die die Implementierung des Vertrages überwachen, der Hauptgrund für den nur langsamen Fortschritt in Südasien ist, während solche Einrichtungen die europäische Integration gefördert haben. Lehren aus der europäischen Erfahrung mit Faktoren, die die Integration vorantrieben, mit den Mechanismen der gemeinsamen Nutzung von Ressourcen, ethnischen Problemen, dem Handel innerhalb der Region und dem Fehlen einer gemeinsamen Identität werden untersucht und analysiert. Betont werden sowohl die formelle als auch informelle Kooperation, die Maßnahmen zur Integration sowie die Lehren, die Südasien aus der europäischen Erfahrung in den fünf genannten Feldern ziehen kann. Die Rolle, die Austauschprogrammen im Erziehungswesen und den persönlichen Kontakten im Lichte der europäischen Erfahrung zukommt, wird ebenso untersucht. Schließlich sind die möglichen Vorteile einer engeren Kooperation in Südasien Gegenstand der Arbeit, die eine rasche Beseitigung der Armut verspricht und die Erreichung höherer Entwicklungsniveaus in vergleichsweise kurzer Zeit.

Chapter 1

Introduction

1.1. Supranationalism-Regional Cooperation and Regionalisation

One of the important trends in the modern political system is the mushrooming of regional cooperative arrangements across the world. Even though mainly related to trade and commerce, some of these groupings have led to increased cooperation between states in areas other than not only trade, but in some cases, led to political integration. According to Paul Taylor, integration is defined as “the process whereby an international organisation acquires the responsibility for taking an increasing number of decisions in areas which were previously reserved for the state.”¹ It is a well accepted truth that no such deeper integration had happened elsewhere in the world than it did in Europe. The process that started a few decades ago, between the states that fought against each other in the second world war has today resulted in a remarkable institutional set-up where the futility of war is seemed to have been understood and the fruits of the peace efforts that started a few decades ago are bearing fruit. Thus, the whole region has been transformed into a region of peace and development. There have been a lot of changes in the way the nation state is administered. This kind of political integration usually impinges on the sovereignty of the Westphalian concept of a nation-state. It can take two forms--direct transfer of sovereignty from national structures to a higher supranational structure (as in the case of EU, in a few areas), or the pooling of national sovereignty of different countries in which the member states retain the control but do it in a joint manner. Supranationalism is a term used to denote the shifting of decision-making power to an higher authority than the accepted Westphalian ‘nation-state’ and is a result of the regional integration. Many times, this type of arrangements related to cooperation are often linked to security issues-the belief that there is a common enemy and the nation-states could take it on effectively more as a group than as individual states or the economic issues, where trade is made easier across the borders of the member states or when one group's trade interests are better protected when they form a trade group and negotiate with other similar groupings. History shows us that the idea of regional (integrated) groups has been one of the important suggestions made by various thinkers for a comparatively long time. Pierre Dubois in his *De recuperatione terrae* suggested a union of Christian states as early as in 1306. The Duc de Sally (1560-1641) called for a ‘grand design’ consisting of fifteen nations to be integrated into a permanent league. His main idea, was not peace or idealism but to check

1 Taylor, Paul (1983) *The Limits of European Integration*, Columbia University Press, Columbia, New York pp 26

the power of the Hapsburgs². A parliament for the “State of Europe” was proposed by William Penn in 1693 in his “Essay Toward the Present and Future Peace in Europe.” The idea of achieving perpetual peace in Europe by overcoming the nation-state boundaries and divisions can be traced back to early eighteenth century--in the ‘Project for Perpetual Peace’ of Abbe De Saint Pierre³. Later, from the voluntary integration initiatives from the nineteenth century, where Prussia wanted to establish a customs union with the Hesse-Darmstadt⁴ till the mushrooming of many such initiatives especially after the 1980s, regional integration has been an idea and focus of study since the last five decades. The spurt of regional organisations was more so since the end of the second world war. Some of these groups were successful and while others could not achieve their desired objectives either disappeared or exist mainly on paper. This kind of ‘spurt’ was not confined to Europe. Regional organisations for Cooperation in trade and Politics sprang up elsewhere too. The other prominent examples of regional groupings are Association of South East Nations (ASEAN) in Asia, North American Free Trade Agreement (NAFTA) in North America, MERCOSOR in South America and African Union (AU) in Africa among others. Initially, many of these cooperation mechanisms were primarily trade-related but due to the inseparable connection between trade and politics, many of the cooperation agreements covered other areas too, apart from trade. The rise of Regional groupings and trading blocks is today seen as response to the growing internationalisation of the division of labour and production or, what we now call globalisation⁵. In a post-westphalian system of states, the forces of globalisation have been constantly challenging and modifying the existing institutions of the nation-states⁶. An example to this effect is the involvement of a regional alliance, the North Atlantic Treaty Organisation (NATO) in the Kosovo crisis, after paralysing the UN’s hand in the crisis. On the other hand, the Asian financial crisis proved that alliances that stick to absolute sovereignty were unable to deal with the onslaught of globalisation, especially when capital moved across the borders comparatively easier and the trading was, to a large extent, cross-border.

2 Snyder, L. Louis and Montgomery D. John (2003), *The New Nationalism*, Transatlantic Publishers, London pp. 341

3 Forsyth, M.G, Keens-Soper, H.M.A, and Savigear, P. (Eds) (1970) *The Theory of International Relations: Selected Texts from Gentili to Treitschke*. George Allen and Unwin, London. pp 128

4 Mattli, Walter (1999) *The Logic of Regional Integration*, Cambridge University Press, Cambridge. pp 1

5 Higgot, Richard (2007) *Alternative Models of Regional Cooperation: The limits of Regional Institutionalization in East Asia in Telo, Mario (Ed.) European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era*, Ashgate Publishing, Aldershot, UK pp 77)

6 Acharya, Amitav (2002) *Regionalism and the Emerging World Order*, in Breslin Shawn, Hughes W. Christopher Philips, Nichola and Rosamond, Ben (Eds) *New Regionalisms in the Global Political Economy*, Routledge, London. pp. 20-21

Regional co-operation can be both inter-governmental in which there is a primacy of the sovereign governments of the member states as well as containing elements of supra-nationalism, an authority higher than the nation-state sovereignty. The earliest inter-governmental organisations, those formed as a result of the agreement between respective governments was The Central Commission for the Navigation of the Rhine, that was established at the 1815 Congress of Vienna. This had limited participation, consisting of mostly the German-speaking eastern European states. Another grouping, The Superior Council of Health, formed to deal with the spread of communicable diseases, was formed in 1838 in Constantinople⁷. This group had the participation of both Ottoman and European delegates. International Olympic Committee formed in 1894 to set the rules for conducting Olympics, The International Red Cross to improve the condition of the war-wounded are some of the examples of trans-border cooperation, even in the early days when the westphalian concept of a nation-state was the framework of discussion. Inclusiveness had increasingly become the buzzword and these kind of organisations and their growth was a sign that nations existed not only for the well-being of the citizens but also for the general well-being of all people⁸. In modern world, it is well understood that more could be gained through international cooperation rather than through an unilateral action of a single nation-state. The United Nations is a foremost example of an inter-governmental organisation. In the age of globalisation, due to advances in the area of communication, travel and the world turning into a 'global village' and the resulting interaction between people of different cultures, the importance of universal rules and guidelines have led to the emergence of numerous regional groupings as well as outcomes of regionalisation. Shaun Breslin and others emphasise the difference between the term regionalisation and regionalism. While the former denotes the de-facto market-driven nature of evolution, regionalism is the state-driven process⁹. Various regional arrangements have been in place across different regions. However, some of them survived and achieved the stated treaty objectives while some others were a failure. The North American Free Trade Association (NAFTA), Association of South East Asian Nations (ASEAN), The MERCOSOR in South America, the African Union and the Southern African Development Community (SADC) in Africa are a few examples of the regional arrangements for cooperation

7 Weindling, Paul (Ed.) (1995) *International Health Organisations and Movements 1918-1939*, Cambridge University Press, Cambridge

8 Iriye, Akira (2002) *Global Community-The Role of International Organisations in the Contemporary World*, University of California Press, Berkeley

9 Breslin, Shaun, Higgot Richard and Rosamond, Ben (2002) *New Regionalism in the Global Political Economy*, Routledge, London. pp 19

around the world. There were also different types of cooperation arrangements throughout history--both voluntary and involuntary. Some of them were with clearly economic objectives while some were with the unstated intention of political cooperation and deeper integration. However, the major initiatives for voluntary regional integration appeared in the nineteenth century and most of them were custom unions and trade-related agreements. Examples being Prussia's custom's union with Hesse-Darmstadt, Bavaria Wurttemberg Customs Union, The German Zollverein, German Reich, the Italian *Risorgimento* movement, etc¹⁰. In case of Europe, the ideas existed since a long time as European politicians and intellectuals aspired for unity for over two centuries. Austrian Economist and Politician Alexander Peez proposed a Middle European Zollverein¹¹ while Austro-Hungarian Foreign Minister Count Goluchowski always advocated the idea of a United Europe in his speeches. Immanuel Kant, in his infamous essay "Perpetual Peace: A philosophical sketch" written in 1795 envisioned a federation of free states that "aimed for perpetual peace." This essay was, in a few ways, the forerunner for the democratic liberal theory that theorises the view that democracies--liberal democracies never or almost never go to war with one another.

Among the successful models of regional groupings, the European Union stands out in terms of the level of integration and free-movement of goods and people across the boundaries of nation-states. It is also characterized by the presence of some supra-national institutions. Just a few decades ago, that area that was a zone of war and destruction has been transformed into a zone of peace and development. Very few doubt the effects of European Union and the integration efforts. Devastated in many ways after the end of the second world war, the countries had to start their rebuilding efforts almost from a scratch. After a few decades of progress and growth, we have today, a behemoth of 27 countries called the European Union. The European Coal and Steel Community (ECSC) and the Treaty of Paris (1951) signed by Belgium, France, Germany, Italy, Luxembourg and Netherlands was the foundation that led to the process of European Integration. Years of political bargaining by the states, numerous instances of disagreements and deadlocks, as well as achieving consensus on a variety of issues, the member states' national sovereignty was gradually replaced by a 'pooled sovereignty' in the real sense in some areas when the nation-state was the dominant point of reference in the academic debates around that time. The European experience of regional integration is a model worth emulating, to reap the rewards of cooperation rather than confrontation. The

10 Mattli, Walter(1999) The Logic of European Integration, Cambridge University Press, Cambridge pp 2

11 Peez, Alexander (1891) as quoted in Mattli, Walter(1999) The Logic of European Integration, Cambridge University Press, Cambridge pp 2

model also gives the other regional groupings and arrangements, opportunities to learn from the successes and failures.

1.2. European experience and South Asian efforts towards cooperation

Compared to the European experience, the story of regionalism in South Asia is a different one and that which emerged very late. Home to over 1.5 billion people comprising 1/5th of the world's population, South Asia grappled with many problems--poverty, over population, illiteracy and to top it all, the arms race between the large countries India and Pakistan. It is also characterised by asymmetry--huge size of India surrounded by small neighbours, different forms of governments, ranging from monarchies, military dictators and democracy--makes it difficult to initiate any cooperation efforts or be optimistic about it. On the other hand, even acts of benevolence from India could be interpreted by smaller countries as India's attempts to 'dominate'. The leaders of the South Asian countries were also aware of an idea of a regional grouping, that would help reduce tensions between countries that usually had a bad experiences from history, arising out of the painful partition, the communal riots following the partition (India and Pakistan in 1947, Bangladesh in 1971) and the English colonial rule that ended in 1947. There were also economic interests because of various regional groupings springing up across the world to the need to bargain for their own interests to face the discriminatory and protectionist trading practices followed by these other regional groups, that were often more strong economically and carried much more political clout in various fora. Peace and development were the buzz words for the group the south Asian leaders had in their minds about such a grouping. Despite many earlier attempts for peace and cooperation, it was only the Dhaka Summit of 1985 that resulted in establishing and adopting the South Asian Association for Regional Cooperation (SAARC) whose charter strives "to promote and strengthen collective self-reliance among the countries of South Asia."¹² The SAARC comprising of eight countries--India, Pakistan, Sri Lanka, Bangladesh, Afghanistan, Nepal, Bhutan and Maldives is among the biggest regional organisations in the world in terms of the number of people it represents. (Afghanistan is a newest member that joined the group in 2007) It is also a region which fares very poor in most of the development indicators, next only to the Sub-Saharan Africa in many areas. Despite sharing many common features--historically and culturally rich, the eight member countries are among the list of developing and underdeveloped countries. Of late, the area that was once a region of fierce

¹² SAARC Charter, Article 1 (c) from SAARC website : <http://saarc-sec.org/main.php?id=10&t=3.2> accessed on July 1, 2008

hostilities and mistrust has gradually started to emerge as the region having the fastest growing economies in the world (the Gross Domestic Product (GDP) grew by nearly 8.5% in 2005)¹³. The region also has a fast-growing middle class, increasing investments in high-technologies, and skilled human resources. The emergence of a dynamic civil society as well as a sophisticated business class expanding its reach by the day are also the features of this region. However, the achievements of SAARC have been slow and not much, when compared to other regional groupings, mainly the EU. Despite promising cooperation in various fields and signing numerous agreements, the leaders of South Asian states have not proceeded beyond the annual summit, that has become more a ritual than a platform for concrete action. The hostilities between the bigger countries--India and its neighbours, mainly Pakistan and Bangladesh is cited as the main cause for the non-achievement of SAARC objectives. Numerous potential areas of cooperation and opportunities for economic growth of the region are missed because of these hostilities. Peace and economic development in the region is also crucial, because of the presence of two nuclear-weapon states, India and Pakistan. The two countries were almost on the brink of war in 1999 over Kashmir while the international community witnessed the tensions and uncertainties with bated breath. The recent involvement of the world community--the US, EU, China, Japan, Australia, Iran, South Korea, Myanmar and the Mauritius, by way of becoming observers in SAARC, has added to the importance of the group and its prospects for progress. The European Union's listing of 'support to regional integration' as its priority area¹⁴ (including support to SAARC countries) in its regional policy towards Asia 2007-2013 document is an indication that this regional organisation, has better prospects of development and one can view it with a bit of optimism. The World Bank also has a special development strategy for the South Asian region. Although its stated aim is the reduction of poverty, the World Bank believes that these efforts can be complemented by regional cooperation and integration as an additional platform to unlock economic and social gains¹⁵. The World Bank report also estimates that poverty could be eliminated from the region within a generation. The EU's own success in regional integration and its experiences could be shared to the advantage of SAARC countries.

13 World Bank's South Asian Regional Brief-2008 from <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:20113327~menuPK:588249~pagePK:146736~piPK:226340~theSitePK:223547,00.html> Accessed on 30 Oct 2008

14 European Commission's Regional Programming for Asia-A Strategy Document 2007-2013 http://ec.europa.eu/europeaid/where/asia/regional-cooperation/documents/rsp_0713_en.pdf Accessed on 10 July 2008

15 World Bank website: South Asia Regional Cooperation Objectives from <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21509832~pagePK:146736~piPK:146830~theSitePK:223547,00.html#analysis> Accessed on 2 Oct 2008

Chapter 2

Need, relevance and approach to the study

The aim of this paper is to attempt to identify the similarities and differences between the two regional groupings. The main focus would be on the institutional mechanisms for regional cooperation that would lay down a set of rules the purpose of which, is 'to promote exchange across national borders'¹⁶. In other words, the presence of a "high authority" or a supra-national institutions in each of these groupings. One of the founding fathers of the EU, Jean Monnet described in detail on the 'negative experience of international co-operation, whose institutions were incapable of decision-making.' Hence, Monnet proposed 'a joint sovereign authority' for the first European Community, the ECSC in 1950. He aimed to set up new rules, that were not serving the interests of a particular state and are usually competing with their rivals but aimed at drafting rules based on newer ideas to the advantage of everybody. Monnet aimed that the the idea of the common interest should replace that of the national interest--the national interests of six separate countries¹⁷. In the neo-functional thinking, the cooperation in "low areas" leads to cooperation in "high areas" as a result of the "spillover" effect. The idea was of a common market that links the countries' diverse economies accelerates the wealth generation and makes the idea of war among their members unthinkable. The study will also try to see the evolution of institutions and their changing roles and responsibilities with the passing of various landmark legislation in the region.

The study is useful to understand the dynamics of regional cooperation in South Asia and analyse the potential areas that could be focussed on for further cooperation and potential deeper integration. The potential for cooperation is more in the 'soft areas'--people to people contacts. The paper seeks to understand how Europe had coped with diverse interest groups, initiated a number of measures to foster a spirit of cooperation and appreciation of other cultures and views, how it tried building up the 'European identity' both in formal (high level) and informal (low-level) areas of co-operation. Being home to 1/5th of the humanity and the presence of extreme diversity of cultures and peoples, peace and development in the South Asian region is inevitable not only for the development of the region but also for the world peace at large. War and hostilities between such large proportion of people only destroy these countries further while cooperation and peace help in the

16 Stonesweet, Alec and Sandholtz, Wayne (Eds.) (1998) *European Integration and Supranational Governance*, Oxford University Press, Oxford. pp 2-3

17 Monnet, Jean (1978) *Memoirs*, Doubleday Books, New York. pp 295 and pp 353-354

attainment of the basic human rights--the right to a dignified life and access to all the essential freedoms. This again does not mean that regional integration is the only way to attain peace, but because of the multiple identities and ethnic spread of people across the borders in south Asia, formulating common policies, promoting deeper Integration and cooperation of a high level seems crucial for the peace and progress of the region. The pressing problem of the region has also been that SAARC is strictly an Inter-Governmental Organisation—bi-lateral and security related issues are kept out of the group's agenda and most of the decisions are taken by consensus. Absence of supra-national institutions, atleast the mechanisms that oversee the implementation of the declarations and treaties partly explain the low level of regional integration achieved in south Asia so far. This is the result of the wilful act of the regional leaders, who fear that such kind of arrangements might be against their own countries' interests. Given the level of integration achieved by the EU, this paper intends to present EU as a successful model from where one could learn the lessons of successes and failures and apply them to the particular situations, mainly in South Asia. This paper would also trace the existence of supra-national institutions or institutions which acted as 'commitment institutes' to enforce the rules agreed to, by the nation states. There was also a regional hegemon--in Europe's case Germany and France played the role of joint hegemons for the region, and the common 'enemy'--the perceived threat from the spread of communism, leading towards the quickening of the integration process. The present day's Europe is also enjoying the fruits of the actions taken by the previous leaders. The comparison is also because the situation of Europe in the early days of post-second world war, the beginning of the regionalisation efforts is in many ways similar to the present day's South Asian states. As, in 1945 any family in Europe would have found themselves in a nation which was, or had recently been: (a) ruled by a brutal fascist dictator, (b) occupied by a foreign army or (c) both. As a direct result of these governmental failures, tens of millions of Europeans were dead and Europe's economy lay in ruins¹⁸.

2.1. Theoretical Framework: Approaches to study European Regionalism and Integration

There are many approaches to study European Integration. A lot of scholars have done extensive research to understand various aspects of European integration. Ben Rosamond outlines four types of approaches that have been primarily in vogue to understand European Integration¹⁹:

18 Baldwin, Richard and Wyplosz, Charles (2004) *The Economics of European Integration*, McGraw-Hill, London pp 1-3

19 Rosamond, Ben (2002) *Theories of European Integration*, Palgrave, Basingstoke, UK.

1. European Union as an International Organisation--considers the EU to be strictly Inter-Governmental in nature, designed according to the preferences and common interests of the nation-states. However, the heavy institutionalisation witnessed in this model as well as the emergence of forces with supra-national features over the years makes the discussion of integration within the confines of the established International Organisation debates rather difficult.
2. European Union as an example of regionalism in the global political system--this approach focuses on the mechanism in the adjacent nation-states coming together to form territorial block. The advantage with this approach is that comparative studies with other regional organisations elsewhere in the world with the EU is possible.
3. European Union as a unit studying policy-making dynamics--this approach focuses on the role of various actors in different phases, leading to the formation and implementation of policies.
4. European Union as a *sui generis* phenomenon--this approach focuses on the belief that the EU is a unique institution emerged in certain conditions as a response to the needs of that particular time and hence has 'no historical precedent or contemporary parallel'. We can argue that all the organisations, countries and treaties in the world can claim the same *sui generis* origins.

Taking the lead from the second approach, this paper seeks to understand EU as a regional integration mechanism. This approach also helps in comparing EU with other regional groupings. Mario Telo, while analysing the evolution of regional integration schemes throughout history classifies the trend of the 20th century into three waves. According to him, the first wave regionalism was after the end of the First World war, in the 1930s and early 1940s. While Britain slowly faded out of the hegemonic politics and pax-Britannia was going into oblivion, there was no suitable power to take its place. The United States was still not powerful enough to fill the vacuum and during this time, there was what Telo calls, a “Malevolent regionalism” when Germany and Japan competed to become regional hegemonic powers²⁰. The new monetary system that emerged afterwards was based on US dollar convertibility (and not on the Pound Sterling), International Monetary Fund and World Bank, General Agreement on Trade and Tariff (the World Trade Organisation) the United Nations and such other mechanisms. These provided the effective framework for newer regional groups and ar-

20 Telo, Mario (Ed.) (2007) 'Globalisation, Regionalism and the Role of the European Union, in Telo, Mario (Ed.) European Union and New Regionalism; Regional Actors and Global Governance in Post-Hegemonic Era, Ashgate Publishing, Aldershot, UK pp 2-5

rangements to emerge. Many of such groups were mainly the trade-related institutions and they strove to include both former and potential enemies. The US-centered multilateralism was the guiding principle for international cooperation and independence in the cold war era²¹. This age, which Clark calls, the 'golden age of harmonisation' of policies was possible mainly because of harmony between the trading state idea as presented by the Americans and the implementation of the Keynesian model of economics²². This set-up also had the additional aim and it was often hidden--of having a check on the influence of USSR, at the cost of associating the US policy as that of peace, prosperity and democracy. Thus, this was the beginning of a modern, stable and hegemonic international system. The second stage of this internationalism according to Melo, began after the end of the cold war, where the advantages of a multilateral system were vigorously promoted. The result was the springing up of numerous regional integration schemes everywhere across the world based on the ideas of multilateralism, different from the earlier Bilateralism. However, many of such arrangements had a short life span and soon disappeared in a few years. The European Coal and Steel Commission (ECSC) was also one that emerged during this time. The EU was among the few that could successfully survive and emerge to what it is today. The failure in many other regions was attributed to the economic policies that were mainly inward-looking and because the policies were those that emphasized protectionism. The weak institutional arrangements and the legacy of colonialism left many countries underdeveloped, and as a result, there was not much complementarity in trading, another important reason attributed to the failure.

The third stage of regionalism, or the new regionalism was a relatively new idea that emerged after the collapse of the USSR. Telo calls this wave as a unipolar, post-hegemonic regionalism²³. A fine balance between domestic and systemic factors was achieved. Apart from the will of the nations, there was the private interest of export industry groups, lobbying and advocacy groups in particular issue and interest areas, networking between actors--all leading to the internal functional spillover. This stage was also characterised by the coming together of less developed and developing countries

21 Telo, Mario (Ed.) (2007) 'Globalisation, Regionalism and the Role of the European Union, in Telo, Mario (Ed)European Union and New Regionalism; Regional Actors and Global Governance in Post-Hegemonic Era, Ashgate Publishing, Aldershot, UK pp 3

22 Clark, Ian (1997) Globalisation and Fragmentation: International Relations in the 20th century, Oxford University Press, Oxford

23 Telo, Mario (Ed.) (2007) 'Globalisation, Regionalism and the Role of the European Union, in Telo, Mario (Ed)European Union and New Regionalism; Regional Actors and Global Governance in Post-Hegemonic Era, Ashgate Publishing, pp 3-5

to gradually cope with global competition by cooperating and converging regional leaders²⁴. According to Zysmann, the new global economy has regional as well as national foundations. In new regionalism, the traditional political system and its actors are constantly challenged and questioned. Regionalism is seen as response to the growing impact of globalisation²⁵. However, the process of globalisation is not sweeping away the existing structures of political system as it seems, but it is always undergoing changes and resulting in new forms and new levels of politics²⁶. Theorists like Ruggie, Anderson and Goodman, Mario Telo and others described the European Union as the first example of a post-modern state, that has moved beyond the confines of a typical nation state²⁷.

The European nation-states were the main actors who came together, agreed to form a regional group and the result after many decades is there for all to see. The main questions would be, in the neo-functional thinking, the cooperation in “low areas” leads to cooperation in “high areas” as a result of the “spillover” effect. In South Asia, the recent opening up of markets, liberalising of trade by the countries seem promising signs of cooperation in various areas. The regional cooperation arrangement in place, the South Asia Association for Regional Cooperation (SAARC) despite aiming “to promote and strengthen collective self-reliance among the countries of South Asia” did not achieve much, when compared to other regional groupings. While the World Bank opines that South Asia is the least integrated region in the world, some other analysts described the SAARC as a ‘mere talking shop’ with little achievements. Charles Pentland, mentioned the emergence of a third-level policy that is a result of the right balance between the domestic actors and the external actors--the community policy²⁸. This was crucial to achieve the regional coherence and later potential integration. Pentland mentioned in detail, the cooperating states’ policies towards each other. The European experience had the community policy, right from the time of the establishment of the European Coal and Steel Community (ECSC) and this common thread binds many of the EU institutions that evolved over time. External factors (International events and situations) create the pressure on the states from outside--for example to opening up the domestic markets, allowing the flow

24 EU report (1998) European Union and World Bank, Regionalism and Development Report, Study Series No.1, European Commission, Brussels.

25 Higgot, Richard (2007) Alternative Models of Regional Cooperation: The limits of Regional Regionalism in the Global Political System, pp 77)

26 Gamble, Andrew (2007) Regional Blocks, World Order and New Medievalism in Mario Telo (Ed.) Regionalism in the Global Political Economy, pp 24

27 Ruggie John G (1993) Multilateralism Matters: The Theory and Praxis of an Institutional Form, Columbia, NY

28 Pentland, Charles (1974) International Theory and European Integration, Faber Books, London pp. 220

of capital, and making suitable legislation. However, only the external factors alone are not enough and the regional cooperation and integration is 'two-level' process involving both external as well as domestic situations and actors, as mentioned by Robert Putnam²⁹. The policy makers, who are aware of this fact negotiate regionally keeping in mind the impact of their actions on domestic politics. Sometimes, because of the weak coalition governments that are in power in South Asia, the political actors seek to enhance their standing by resorting to nationalistic policies that are often populist and aimed at display of military superiority, thereby lacking a clear vision for regional cooperation. Taking a cue from this, this paper seeks to argue that the lack of a community policy or the slow evolution of such policies is hampering deeper regional integration efforts in South Asia. It is not only related to the 'integration' in the strict sense of European experience but also cooperation and harmonisation of policies (in an Inter-Governmental Setting) in the respective countries is hindering further progress. Even though SAARC aims for a common declaration at every summit and the leaders sign a declaration to the same, it is still the prerogative of the respective states to comply with the provisions of the declaration-some sort of a voluntary action on the part of the states. It is also strange that while the libertarian societies like Europe are aiming for community policy, the largely communitarian society in South Asia still prefers to go by the libertarian ideas in terms of regional cooperation, where issues of nationalism and national interests are often raised up at every possible opportunity and the discussion on a common South Asian identity or greater society is largely absent.

This paper first looks at the brief history of the regional groupings across the world, then seeks to look into the European experience. Various theories put forth to explain the process, both economic and political—starting from the perpetual peace theory to the functionalism and neo-functionalism and the Inter-governmentalist ideas to the latest focus of studying regional integration would be mentioned briefly. The interaction between the two-level policies—domestic as well as international, with reference to the domestic policies shaping up the evolution of the European Union and the South Asian Association for Regional Cooperation would be discussed. The emergence of institutes with the element of supranationalism as well as deeper integration is dependent on the presence of commitment institutes—that usually have some elements of supranationalism—and were instrumental in European experience, while their absence in South Asian region explains the comparatively slow progress. While discussing South Asian experiences with regionalism, it is necessary to

29 Putnam, D. Robert (1998) Diplomacy and Domestic Politics; The Logic of Two-Level Games, International

look into the history of the region, the driving ideas of their policy makers and the hiccups and challenges before the leadership today. After briefly discussing the potential 'hard' or formal areas for cooperation—trade and politics and their complexities, the paper would then discuss about the potential soft areas, where “consensus could be easily achieved”—learning from the European experiences in the area of identity building by way of education exchange. There is a look into the problems associated with natural resource sharing, the problem of identity building, as history narratives in the countries are often seen from the lens of nationalism and ideology. The weak coalition governments that have been present in the South Asian countries since the last few years is also a cause as such governments usually pursue nationalistic policies, that are usually not supportive of cooperation efforts. The leaders' growing reliance on domestic actors for support and political survival has often resulted in a lack of legislative autonomy and weak and narrowing political base. This situation led to the perusal of nationalist, populist and self-reliant policies, often meant to display military might, that served the short-term interests of the domestic actors but were detrimental in designing long-term cooperation policies for the region. Despite the leaders' avowed support for track-II diplomacy or the cooperation in soft areas in every summit, not much progress has been done in that area. Hence the need for the same, in tune with the neo-functional thinking is emphasised.

2.2. Regionalism, Regionalisation, Cooperation and Integration:

Regionalism is generally defined as a representation of a policy and project in which state and non-state actors cooperate and coordinate strategy within a particular region or as a type of world order. It is associated with a formal plan of action or programme and often leads to institution building. Regionalism is generally broken down into different sub-units as opposed to a grand, single, broad and overarching concept. Regionalism consists of regionalisation--building up of regional awareness and identity, promoting inter-state regional cooperation, state-promoted regional integration and regional cohesion policies³⁰. At its most basic, Regionalisation means no more than a concentration of activity--of trade, peoples, ideas, even conflict at the regional level. It is a process of cooperative integration, cohesion and identity-creating in a regional space that is issue-specific or general. This kind of interaction may give rise to the formation of regions, and in turn lead to the emergence of regional actors, networks or organisations.³¹ Attempts to explain European regionalism and integ-

30 Fawcett, Louisa and Hurrell, Andrew (eds.) (1995) *Regionalism in World Politics*, Oxford University Press, Oxford. pp 39

31 Fawcett, Louisa (2005) *Regionalism From a Historical Perspective* in Farrell M, Hettne B, and Langenhove, L. (Eds) *Global Politics of Regionalism-Theory and Practice*, Pluto Press, London, pp. 25

ration had gone through many changes. As the process was deepening, the scholars found that no single theory was able to explain the phenomenon in full. Starting from Functionalism to Neo-functionalism, Inter-Governmentalism, till the latest research areas like governance, policy analysis and other emerging areas.

The designing of common policies, strictly within the confines of the national sovereignty and more often on a voluntary and reciprocal basis is known as cooperation. Often, cooperation leads to the next stage of deeper cooperation and integration. However, Karl Deutsche and other earlier thinkers on European Integration were concerned with how to define the term 'integration'. Their question was as to whether integration refers to a process that leads to a particular situation or was it an end product? There is much debate on this area, however, one can always argue that integration is a combination of the two. In Deutsche's words, Integration is defined as "the attainment, within a territory, of a 'sense of community' and of institutions and practices strong enough and widespread enough to assure, for a long time, dependable expectations of peaceful change among its population."³² This kind of integration of a group of people or nation-states leads to what is called as a 'security community' whereas, the formal merger of two or more independent units into a larger single unit, with some form of a common government, which Deutsche called, an 'Amalgamation'.

2.3. Regional Integration: Economic theories

Regional Integration is divided mainly into two types--Economic and Political. There are many regional groupings in the world whose stated objectives are purely economic. The North American Free Trade Association (NAFTA) is one such example. The regional groupings seek to have cooperation in trade by having a common tariff regime, a customs cooperation and finally in some cases, monetary integration. An important question props up as to whether economic integration leads to political integration or whether political integration gives a push to economic integration? Usually the cooperation that extends over the common issues of interest between member states and leads to further areas of cooperation. One of the most visible features of a regional organisation in the times of market-driven economies, increased inter-dependence and globalisation is the cooperation agreements with reference to trade. Many regional organisations have either encouraged or have arrangements within the institution for trade-related agreements. The presence of world bodies like

32 Deutsche, Karl et al. (1957) Political Community and the North Atlantic Area, Princeton University Press, New Jersey. pp5-6

International Monetary Fund, the World Bank and the World Trade Organisation (WTO) also has pushed the countries towards numerous trade agreements, both bilateral as well as multi-lateral.

Hungary-born Economist Bela Balassa, while explaining the integration of economies in 1962 listed four stages of the integration process³³. The First stage is a Free trade area (removal of trade restrictions). This is the common characteristic of all the trade related agreements. The states remove restrictions on goods and expect the other signatory countries to reciprocate. The creation of Free Trade Areas--North American Free Trade Area (NAFTA), European Free Trade Area (EFTA) South Asian Free Trade Area (SAFTA) and similar agreements aim to achieve this. The next stage in this process is of setting up of a Customs Union (with a common external trade policy towards non-members) the third stage is the phase of Common Market (with a free movement of factors of production between member states and finally, the Economic Union (harmonisation of economic policies under supra-national control). Jacques Van Esch argues that Economic integration could be an effective instrument for (later) political integration³⁴. An interwoven market consisting of customs union and a common market would be a result of the process of economic integration. However, Esch further goes on to say that political integration does not always follow economic integration in all cases and it depends on the wilful decision of the politicians to continue with further political integration³⁵. In the modern times, it is becoming increasingly hard to find the exact borders between trade and political integration, as both of them becoming more and more complementary. As a successful organisation with high level of integration, the European Union was a focus of much academic research. Initially, the theorists on European Integration focussed on functional and neo-functional ideas--that cooperation in low areas leads to spill-overs and later to cooperation in high areas. Neo-functionalists gave importance to the supra-national institutions that were above the Westphalian idea of a nation-state. However, the lack of progress in European integration in the 1960s brought the Inter-Governmentalist ideas back into focus, where it was believed that despite the deeper integration and the presence of some sort of supra-national institutions, the national governments still controlled the outcome of the regional grouping. There were many other theories and approaches that were put forth to explain Integration. It was argued that integration was a two stage

33 Balassa, Bela (1962) *Theory of Economic Integration*, Allen and Urwin, London

34 Van Esch, Jacques (1982) 'How Relevant are Economic Integration Efforts?' in David O'Keefee, David and Schermers, Henry G, (Eds) *Essays in European Law and Integration*, Kluwer, Deventer, The Netherlands, pp 73-78

35 Van Esch, Jacques (1982) 'How Relevant are Economic Integration Efforts?' in David O'Keefee, David and Schermers, Henry G, (Eds) *Essays in European Law and Integration*, Kluwer, Deventer, The Netherlands, pp 73-78

process--the international situation as well as the politics in a particular country (domestic politics) together dictated the level of progress. Robert Putnam called this the two-level process, which is the interaction between the domestic and international political actors³⁶. Charles Pentland, many years earlier, suggested another category of policy --the community policy or the regional policy to describe the policies of cooperating states towards each other. This is based on Rosenau's analysis of the foreign and domestic issues as issue areas. When there is such a regional policy, the next step is the setting up of 'Commitment Institutes' as Mattli called them³⁷. These institutes ensure that the community policy is implemented as per the promises made by the states are also codified into their respective Legislation. Mattli also gave a demand-supply balance to explain regional integration. However, SAARC does not have such institutions in a real sense. Jamie De Melo and Arvind Panagariya also discuss the importance of the third level or 'regional' policies for South Asia--taking the ideas from Charles Pentland³⁸. Integration and emergence of supra-national institutions is dependent on three-levels--the interaction between international actors, domestic actors as well as the regional actors. If we take this framework, it is a fact that while many third-level policies resulted in the setting of supra-national institutions in the European Union, the absence of such level of co-operation resulting in the absence of 'Commitment Institutes' and supranational institutions is one of the main causes of the low level of progress in the South Asian case. Absence of an unchallenged regional hegemon in a true sense, interference of more than one super powers in the region, especially during the cold-war era, interference of the nation-states in their neighbouring countries' affairs because of cross-border ethnic spillovers, unchecked arms race, the different approaches adopted by the two leading countries towards cooperation efforts, and vast underdevelopment in South Asia makes one to think about the role played by the supranational institutions that made a common policy and brought peace in the European region, that was in some ways similar during its initial years of the formation of the community to the present day south Asia.

36 Putnam, D. Robert (1998) *Diplomacy and Domestic Politics; The Logic of Two-Level Games*, International

37 Mattli, Walter (1999) *The Logic of Regional Integration*, Cambridge University Press, Cambridge, UK pp 99-101

38 Melo, Jamie De, Arvind Panagariya (2002) *New Dimensions in Regional Integration*, Cambridge University Press, Cambridge, UK pp.

2.4. Regional Integration: Political theories

The emergence of European Community and European Union from a little known European Coal and Steel Community (ECSC) has been the focus of political scientists on regional integration. David Mitrany, although not considered a theorist of regionalism, was among the earliest from the modern times who called for a federation of states. Mitrany's 'A Working Peace System' written after the second world war, influenced many later theorists and thinkers on integration. Mitrany sought to explain the conditions for ending the human conflict, with a great optimism that aimed for an 'enlightened social engineering'. His school of thinking, known as functionalism was convinced that the root cause of war was nationalism³⁹ and such, the main focus of their writings was on how to prevent a(another) war. Mitrany believed that the welfare needs of human beings were constantly changing and that the rational governance was possible only when one designs policies according to the changing needs. The challenge in this scenario was the prioritization of human needs. Given the high status granted to the concept of nation-state, was in many ways the root cause for all the ills and lapses in governance. Mitrany firmly believed looking beyond the conventions of nation-state framework results in certain needs of the human beings best served. The functionalist ideas however, failed to explain why they depended so much on the idea that cooperation in low politics would automatically lead to cooperation in high politics and not vice versa or in another way. In case of the European Union, much of integration witnessed was based on the political 'acts of will' rather than functional integration in the areas of economic and social interests⁴⁰. Functionalism is considered an 'intellectual ancestor' to some other theories that later attempted explaining European integration--the important among them being neo-functionalism, as well as newer approaches to explain integration—like the interdependence theory, world society approaches, linkage politics and regime theory. It was the 'The Uniting of Europe' an important work by American social scientist Ernest Haas, that laid the foundational framework for a new approach to explaining integration, called the neo-functionalism. In Haas' words,

← "Integration is a process whereby the political actors in several distinct national settings are persuaded to shift their national loyalties, expectations and political activities towards a new

39 Bache, Ian and George, Stephen (2006) Politics in the European Union, Oxford University Press, Oxford pp.5

40 Dougherty, J.E, and Pfaltzgraff, R.L.(1990) Contending Theories of International Theories: A Comprehensive Survey, Harper and Row Publishers, New York, pp. 458

and larger centre whose institutions possess or demand jurisdiction over the pre-existing states”⁴¹

Neo-functionalism acknowledged the primacy of the nation-states as the key actors in the process. It goes further and postulates the thinking that there are other equally important actors--regional elites, political parties, pressure groups and regional organisations that have a profound influence on the integration efforts. Although it is the nation-states that create the initial conditions necessary for the integration process, the bureaucracy of the regional organisation and the key actors listed above ‘push’ the process forward. The actors, when they come to realize the benefits of a regional grouping and this set-up provides an avenue where their interests are best served, tend to create conditions that tend to push the process forward. The actors themselves would go further and create conditions for cooperation in other sectors if they have experienced some sort of gains from such regional groupings in one sector. This kind of sectorial integration, according to the neo-functionalists, results in the spill-over effects in two areas, Political and Economic. Inter-dependence resulting out of globalisation as well as due to the economic situation, makes functional spill-over an inevitable outcome of the whole process, while the cooperation in various sectors leads to political spillovers. There are strong linkages between political and economical spillovers and neo-functionalism emphasises their role in the over-all integration process. The crisis that happened in the 1960s when France, led by its new president Charles De Gaulle was against further integration, posed a challenge to the neo-functionalist ideas and made the proponents to re-examine their ideas. They later came out with new explanations like ‘spill around’ ‘spill back.’ Schmitter explained that “In the integration process, spill back may occur, in response to the tensions actors consequently withdraw from their original objective, downgrading their commitment to original mutual cooperation”.⁴²

Major criticisms of the neo-functionalists are their inability to explain the enormous gains made by the states owing to the common markets coordinated by the sovereign states, and not by a supra-national body. They are also criticised for the division into periphery and core, more so for relegating the role of the external factors to the ‘periphery’ in the process of integration. Haas later identified the global inter-dependence as a ‘fragmented issue linkage’ and this was the result when “the older objectives are questioned, when there is a clamour for satisfaction of newer objectives, and when the

41 Haas, Ernst Bernard (1958) *The Uniting of Europe*, Stanford University Press, Stanford. pp 12

42 Schmitter, P.C (1970) *A Revised Theory of Regional Integration in International Organization*, Vol 24, No. 4 pp 840

rationality accepted as adequate in the past ceases to be a guide to future action.”⁴³ The crisis made the neo-functional proponents go into a huddle and re-work on their theories. Meanwhile the idea of inter-governmentalism, that stressed the centrality of sovereign nation-states entered the scene. Stanley Hoffman was the one who propounded this thinking, called Inter-Governmentalism. According to this thinking, states were the primary actors and not the elites. Integration was a result of bargains between the representatives of nation-states and the representatives are the key actors who control the outcome of any bargaining. Integration is a slow process, because the nation-state’s search for attaining balance with the other nation-states often involves a difficult process of bargaining as the heads of government are reluctant to sacrifice their national sovereignty to attain the common goals, thus resulting in delay of integration process. Hoffman criticised the neo-functionalist view that governments buckled and were overwhelmed under the pressure of the elitist interest groups to integrate. While acknowledging their roles especially in the ‘low politics’ like social and regional policy, and their influence on the government, Intergovernmentalism claims that elites are not the only influence, but among the many other factors like government officials and the electoral considerations of the parties in power that drive towards integration⁴⁴. However, the inter-governmentalists are unable to fully explain the crucial role played by the domestic actors in the Regional Integration. The whole integration process, thus became a fragmented and disjointed process that was heavily dependent upon motives of actors and their ability to link the solution to one problem with the solution to the earlier problems. The Liberal Intergovernmentalism theory propounded by Andrew Moravcsik says that the theories of European integration were to be “supplanted by more general theories of national responses to the challenge of international interdependence”. He was of the opinion that in case of the European Integration, the choices made in its favour were because of the preferences of the national governments and not because of the preferences of the supra-national organisations. These choices and the actions were a reflection of the individual nation-state’s strategic security considerations and economic interests. They were also due to the result of the negotiations between the nation-states, that was again a manifestation of the respective nation-state’s relative bargaining power. The proponents argued that it was the states themselves that delegated the decision-making authority to the supra-national or trans-national institutions and not the other way around. Moravcsik also favoured multiple theories and not a single grand theory to understand

43 Haas, Ernst B (1975) *The Obsolescence of Regional Integration Theory*, Berkeley Institute of International Studies Research Series No.25, University of California, Berkeley. pp 26

44 Hoffman, Stanley (1964) *The European Process at Atlantic Cross purposes*, in *Journal of Common Market Studies*, No3. pp.89

the complex issue of policy making in the EU, as the existing theories were inadequate to explain the phenomenon. Shaun Breslin and others opine that Moravcsik's analysis grew out of neo-liberal institutionalist scholarship and brought back the centrality of states to the forefront⁴⁵. Later, many theories based on these two main ideas were put forth to explain different stages of integration.

According to the Marxist school, Regional integration was a mechanism for accommodating and reinforcing the expansion of European capital while simultaneously protecting it from the possibly excessive rigours of international competition. The Marxist approach, as explained by Peter Cocks, sees Integration mainly as an ideology that gave intellectual and moral justification at the European elite level to the supranationalist ideas such as federalism and functionalism⁴⁶. There is a coexistence of supranationalism with nationalism: elites supported the former to the degree that it enhanced the legitimacy of the national state while for the masses, nationalism still remained the main ideology, although some form of rudimentary support for supranationalism existed. However, in times of economic and political crisis, both the elites and masses tended to retreat into economic and political nationalism. The debate between Inter-governmentalism and neo-functionalism that mentions supranationalism exists since over four decades ago and still continues. But there is a general consensus that no single 'grand' theory can explain fully, the European integration process. The European Union is still controlled to a large extent by the respective member-states. But there are also some supra national institutes that play an important role in the day-to-day affairs of the EU. The current academic debate on Integration has proceeded towards governance, multi-level governance, and such issues. Walter Mattli, in his 'The Logic of Integration' observes that Regional Integration is mainly due to the demand and supply needs. The demand for regional rules, regulations and policies are determined mainly by market players and this is the critical driving force of integration. Meanwhile the supply conditions are the gains made by various actors in a political system, mainly the elites. For the elites, the potential for economic gains from the market gains should be significant, otherwise, the whole process of integration might peter out. The opening up of markets brings in new technologies and methods of production into a particular country. This growth of technology and the advent of newer ones create the necessary conditions for increasing the scope of the markets beyond the boundaries of a nation-state. The different actors present in these nation-

45 Breslin, Shaun, Higgot Richard and Rosamond, Ben (2002) Regions in Comparative Perspective in Breslin Shaun, Hughes W.Christopher, Phillips, Nichola and Rosamond, Ben (Eds) New Regionalism in the Global Political Economy, Routledge, London. pp.4

46 Cocks, Peter (1980) Towards a Marxist Theory of European Integration, International Organization, Vol. 34, No. 1, Cambridge University Press Journals, Cambridge. pp. 1-40

states who are generally on the look out for a gains from the wider markets and seek expansion, try to change the existing governance structure in order to realise these gains to the fullest extent⁴⁷. Mattli also speaks extensively on the presence of “commitment institutes” that are entrusted with the responsibility of coordinating rules and regulations and also sometimes overseeing the implementation of the regulations. Deeper integration is also characterised by the presence of strong commitment institutes--the deeper the integration, the stronger the commitment institutes. While strong market pressures lead towards successful integration, the commitment institutes act as catalysts in the whole process⁴⁸. In the case of European Union, there were many commitment institutes--The European Court of Justice, The European Parliament and the Commission of the European Communities, and that catalysed the whole process of integration whereas, in the case of South Asia, the absence of such institutes is hampering the deeper integration efforts.

Another important study in this area was done by Wayne Sandholtz and Alec Stone Sweet. They contend that supra national governance is dependent on three variables--cross national activity, the work of the supranational institutions and scope and density of the treaty rule structures. Sandholtz and Stonesweet argue that these three variables interact with each other during the process of integration and that leads to a situation where the emergence of supranational governance is inevitable. They place emphasis on the argument that trans-national movement does not imply trade alone, but such exchanges could be political, social or economic⁴⁹. Sandholtz and Stonesweet went on further and said that “supranational governance serves two groups of people, those who transact across borders, and ‘those who are advantaged by European (community/supra national) rules, and disadvantaged by national rules’”⁵⁰ Sandholtz and Stonesweet further argue that in EU, some of the policy domains have a competency that is organized, relatively exclusively, at the national level (national governance) while in some other domains, the European Community (EC) and its organisations possess relatively exclusive jurisdiction (supranational governance). They mention some other policy areas where the authority is mixed, and must be co-ordinated between national and supranational

47 Mattli, Walter (2002) *The Logic of Regional Integration: Europe and Beyond*, Cambridge University Press, Cambridge. pp 46

48 Mattli, Walter (2002) *The Logic of Regional Integration: Europe and Beyond*, Cambridge University Press, Cambridge. pp 43

49 Stone Sweet, A. and Sandholtz, W. (1997) ‘European Integration and Supranational Governance’, *Journal of European Public Policy* Vol 4, No.3, pp 297–317.

50 Stone Sweet, A. and Sandholtz, W. (1997) ‘European Integration and Supranational Governance’, *Journal of European Public Policy* Vol 4, No. 3, pp 299

actors. In those areas in which a meaningful degree of supranational governance has been established, national control over the determination of policy is incomplete or secondary.

If we look at the emergence of the EU, we observe that there were a few milestones that affected the relationships between the supranational (commitment) institutes. The Treaty of Rome (ratified in 1958), The Single European Act of 1985, The Maastricht Treaty of 1993 and Amsterdam Treaty of 1999 played a role that affected the dynamics and the role of the supranational institutes versus the largely inter-governmental Council of Ministers over different periods of time⁵¹. During the 1950s, the Council was an ineffective collective institution with nation-states vetoing to protect their national interests. This resulted in very little or limited legislation by the Council during the period. However, the judicial activism was at its high as the court had enormous freedom to interpret the provisions of the Rome Treaty. The Single European Act that came into force later effectively checked the role of the Council. The nation-states could no longer veto the legislation that was against their interests and those legislation they did not approve. This Act also made the Commission the prime mover for coming out with numerous legislations. The Commission also strove to abide by “the legislative proposals that aimed to respect the preferences of the pivotal members of the Council under QMV and the Parliament.”⁵² The next important stage was the signing of the Maastricht Treaty that brought the (European) Parliament to the centre stage and made it an equal legislating body with the Council.

51 Tsebelis, George and Garrett, Geoffrey (2002) The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union, International

52 Tsebelis, George and Garrett, Geoffrey (2002) The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union, International Organisation, Vol 5, pp 357-265

Chapter 3

SOUTH ASIA

The scholarship on South Asian regionalism is limited. Most of the studies done on South Asia are either related to security and geopolitics or economics. A detailed study on the mechanisms to understand cooperation arrangements and regionalisation efforts is largely absent. The Euro-centric scholars, who researched a lot on European integration and compared with other regional arrangements usually downplayed the regional cooperation and integration efforts in developing countries. Antoni Etzioni listed out three main reasons for the lack of progress in the area of regional unification efforts in the developing countries. The “Restricted Horizon” of the illiterate publics, lack of citizens with necessary organisational and political skills to handle regional unification, preoccupation of the nation-states with their own internal problems, leaving no time to think of cooperation and integration.⁵³ Ravenhill opined that as long as the nation-states were vulnerable to external economic influence, (mainly of the developed countries) the integration efforts would be affected⁵⁴, while Hansen blamed the interference of the superpowers in the political as well as economic systems of these developing countries as the main drawback for integration⁵⁵. Despite so many theorists predicting failure of integration efforts in the developing countries, many regional cooperation schemes emerged, especially during the decade after the 1980s. This type of explaining the situation by the 'failure predictors' is understood to be because of their placing too much emphasis on integration, and giving inadequate attention to the “conceptualisation and encouragement of other forms” of cooperation that was ‘less intensive, but (of a) more realizable nature.’⁵⁶ Another important study on regionalism in developing countries was done by Michael Haas. After studying over 75 regional institutions in Asia and the Pacific since the 1950s, Haas found that most of these countries had a communitarian approach as opposed to the libertarian approach that was present in the developed countries. He, interestingly speaks about ‘cooperation’ and not about integration. Haas’s “The Asian Way to Peace: A Story of Regional Cooperation” lists three main points. Regional cooperation should proceed from less controversial issues to a more complex ones because consensus

53 Etzioni, Antoni (1965) *Political Unification*, Holt Publishers, New York pp 319-321

54 Ravenhill, John (1979) “Regional Integration and Development in Africa: Lessons From the East African Community”, *Journal of Commonwealth and Comparative Politics* (November) pp. 231

55 Hansen, D Roger (1969) *Regional Integration: Reflections on a Decade of Theoretical Efforts*, *World Politics* No.21, January. pp. 258

56 Palmer, D. Norman (1992) *The New Regionalism in the Asia and the Pacific*, D.C Heath Co, Lexington, MA pp11

can be easily achieved in less controversial issues, actors should approach their problems and issues on a case-by-case basis i.e, adopt an incremental approach and not dream of a grand design, and emphasis should be on cooperation, and not on integration⁵⁷. Haas also emphasised consensus-building as a tool of further cooperation.

Kishore C. Dash in his study on the cooperation efforts in South Asia stresses the importance of domestic factors in the overall integration and cooperation efforts. Perhaps this work is the most comprehensive in this area so far. Dash focussed on the role of domestic players as well as the elites in the south Asian countries in the overall cooperation efforts. Taking a cue from the two-level framework of Robert Putnam, Dash argued that the main determinant of the expansion of regional integration was the interaction of domestic actors' preferences within the context of their domestic institutional structures. These preferences dictate the time when expansion of regional cooperation is possible and under what terms. He made a cross-national comparison on the role of elites of the South Asian countries and their perceptions towards SAARC. Dash discovered that there is a strong sense of nationalism and a lack of south Asian identity among the many elites--National identities prevail over the regional identity⁵⁸. This points us to the necessity of creating a strong sense of regional community to enable the formation of what Charles Pentland called a 'community policy' or the 'regional policy'⁵⁹. This community policy or the 'third level' policy is mainly the result of the interaction between the international and domestic actors, the two-level analysis. Pentland's analysis is based on the 'issue areas' concept of Rosenau, where differences in motivation, role differences and interaction differences lead us to establish the other level--the community policy⁶⁰. To understand the regionalisation efforts in South Asia better, we need to look into the history of the region and the factors leading to the establishment of SAARC.

57 Haas, Michael (1992) *The Asian Way to Peace: A Story of Regional Cooperation*, pp 240

58 Dash, K. Kishore (2008) *Regionalism in South Asia*, Routledge, London pp 191-192

59 Pentland, Charles (1974) *International Theory and European Integration*, Faber Books, London pp. 220

60 Rosenau, N. James (1973) *Domestic Sources of Foreign Policy*, Free Press, New York pp 15-46



7.1. Modern South Asia

3.1. History of South Asia:

South Asian regionalism is a complex task due to the many different schools interpreting the South Asian history. There are many similarities in the profiles of the South Asian states. At the same time, there are hundreds of different cultures living in this part of the world. This kind of diversity perhaps is next only to the diversity found in the whole African continent.

To understand the contemporary South Asia better, we need to look into the historical aspects, especially those events that have a bearing on the formation of the relations between the countries and continue to play a role in contemporary politics too. The Indian subcontinent, as a land mass existed for thousands of years. Stretching from the Himalayas that are a natural barrier on the north, the Indian Ocean, Bay of Bengal and the Arabian Sea surround the other three sides. From snow capped mountains to the dense forests and beaches and from hot deserts to a huge variety of flora and fauna, the region has all the features of a continent and is aptly called a sub-continent. A cradle for one of the oldest civilizations--the Indus Valley civilization, the subcontinent was ruled by different kings and kingdoms over the thousands of years of its history. The natural (geographical) barriers made it difficult for the invaders from outside to enter the region, barring at a few passes in the difficult mountainous region on the north western part. Indian subcontinent or what is came to be known more recently as South Asia to denote neutrality, is the birthplace to some of the world's famous religions--Hinduism, Buddhism, Judaism and Sikhism among others. Due to the constant interaction between peoples and cultures, Jewish traders brought in Judaism, Christianity reached the Indian subcontinent in the first century A.D while Islam came in the 7th century courtesy the Arab traders. The arrival of Aryans, Greeks, Scythians, Parthians, Shakas, Huns, Arabs, Turks, Mongols, Persians and Afghans resulted in a cultural assimilation of multiple influences. The different cultures that the Indian subcontinent had come in contact with, had resulted in the evolution of a rich mosaic of multi-culturalism, a culture of mutual tolerance and harmonious living⁶¹.

The subcontinent emerged as a hub of an integrated Indian Ocean economy and culture during the 11th century. So much was the economic influence in the region that India's export surplus attracted a steady flow of precious bullion and made it as the centre of an Indian Ocean world economy, with West Asia and China at its poles⁶². There was an accumulated treasure in palaces and temples of north India and it was this prosperity that attracted the invasions from the West Asian rulers--Ghaznavids, beginning 997 A.D. The same was the reason for the invasion by the Turks--led by Muhammed Ghuri in 1192 A.D. This later resulted in the establishment of the first Muslim Sultanate in India, by Qutubuddin Aibak. The establishment of the Mughal Empire by the Persian-Turk Zahiruddin Babur was the beginning of an enduring legacy that was to impact South Asian states for

61Bose Sugatha and Jalal, Ayesha(1998), *Modern South Asia-History, Culture, Political Economy*, Routledge, London pp.18

62 Bose Sugatha and Jalal, Ayesha(1998), *Modern South Asia-History, Culture, Political Economy*, Routledge, London pp. 26-27

a long time to come. After several futile attempts to conquer Samarkhand, Babur was satisfied to settle down by conquering Kabul and later raided the fertile Punjab region. After a decisive battle at Panipat, he defeated the last of the Delhi Sultanate, Ibrahim Lodi. Babur was a descendant from Timur and Genghis Khan⁶³. One of the greatest emperors from the Mughal dynasty was Akbar. He was credited with the framing of a shape and form to the empire--especially he was aware of the peculiar demographic considerations--majority Hindu population and agricultural economy--and this was well noted when he designed his administrative policies.

The year 1498 saw the arrival of the Portuguese explorer Vasco da Gama and his subsequent establishment of a major settlement in Goa on the west coast of India. This was followed by the other Europeans--the Dutch, French and the English who arrived at the Mughal emperor's court and asked for permission to carry on trade. The English East India Company was established in 1600 and obtained permission from emperor Jahangir in 1619. The European presence in India could be attributed to the race among the then European powers to expand their influence to new places. While Historians Blair B. Kling and M.N.Pearson described this period as the age of partnership between Europeans and Asians,⁶⁴ another group of historians like C.R.Boxer described the age as that of "Co-operation and Conflict." If there was any partnership, according to Boxer, it took the form of horse and the horse-rider--the natives being the horses and the white man being the rider⁶⁵.

C.A.Bayly argues that the during the period of the Napoleonic wars in Europe, the Wellesley (a governor-general of the Company between 1798-1805) generation of the British was imbued with a renewed sense of British Nationalism--the glorification of the British state overseas and the moral correctness for conquest by the "racially-superior" British⁶⁶. Thus, the expansion and consolidation of the British empire in the Indian subcontinent was gradual. The British influence grew rapidly as the Company was dealing with the day-to-day affairs by way of framing laws, fixing and collecting taxes, maintaining standing armies and making many other policies. Many times, all these acts were read by scholars as a sign of growing cruelty of the colonial masters. There were numerous in-

63 Bose Sugatha and Jalal, Ayesha(1998), *Modern South Asia-History, Culture, Political Economy*, Routledge, London pp. 36

64 Kling, B. Blair and Pearson, M.N (Eds)(1979) *The Age of Partnership: Europeans in Asia before Dominion*, University of Hawai, Honolulu, pp 60

65 Boxer, C.R in Kling, B. Blair and Pearson, M.N (Eds)(1979) *The Age of Partnership: Europeans in Asia before Dominion*, University of Hawai, Honolulu, pp 97

66 Bayly, C.A, (1989) *Imperial Meridian: The British Empire and the World, 1780-1830*, Longman, London pp 193-209

stances of high taxation and local revolts as well as protests for the British intervention in the local agricultural patterns--forcing the peasants to grow the crop as instructed by the British and not according to the traditional agricultural patterns or the farmer's choice. The gradual strengthening of the British power, owing to the interference of the English traders in the day-to-day administration as well as their involvement in decisive battles, consolidated their power and influence. Gradually, in a few decades, the whole Indian Subcontinent came under the British rule.

The first major jolt to the British rule was the mutiny by the soldiers (sepoys) serving the British Army. This watershed event, called the Sepoy Mutiny of 1857, was the largest, most-widespread, and dangerous threat to the British Rule during the nineteenth century⁶⁷. The rebellion was not just confined to the revolt by the soldiers, but it was also supported by a huge number of civilian population. This was mainly due to the growing antipathy to the British economic and administrative policies. Some Indian writers like V.D. Savarkar had called this the 'First War of Independence,' while British historians like Dawson called this the 'first popular national war, challenging the British colonial rule'⁶⁸. Though there are differences among the scholars as to whether to term this event as 'A war for independence' or as 'the first war of independence' or just a revolt of some soldiers (sepoys) as called by the British, the event changed the way of British administration of India. After ruthless crushing by other soldiers (80 percent of which, were native Indians) the major result was the transfer of the administrative power from the East Indian Company to the British Crown. A very ironical situation--the democratically-elected British Parliament was now charting the dictatorial government outside its own country to 'colonise and rule' the regions.

Elsewhere in the world, the second world war had ruined Europe--so much economically that it was no more feasible for the British to maintain their colony. The struggle for Independence in India was also growing by the day various elements--moderates, extremists and the political elites were increasingly demanding independence from the British. After many diplomatic efforts involving talks and later, political representations of the native Indians in elected bodies as well as the bureaucracy spread over decades, the British Prime Minister Attlee made a statement in February 1947 that promised "Her Majesty's government's wish that it is a definite intention to effect the transfer of

67 Heathcote, T.A, (1995) *The Military in British India: The Development of British Land Forces in South Asia, 1600-1947*, Manchester University Press, Manchester. pp 103.

68 Dawson, Graham (1994) *Soldier Heroes: British Adventure, Empire, and the Imagining of Masculinities*, Routledge, London. p. 81

power into responsible Indian hands by a date not later than June 1948.”⁶⁹ Owing to the communal riots that erupted at that time before the independence between the Hindus and Muslims, the British had no option but to concede the demand for bifurcation of the country into two different nation-states, based on the religious composition. The Muslim League party was of the opinion, especially during the last crucial years leading to the Independence, that the interests of the Muslims would be affected in a Hindu-dominated Indian National Congress Party in India and hence, demanded a separate homeland of their own. The core of this argument was that Muslims constituted a separate nation different from the others. After many consultations, disagreements and conferences, the British had no option but to agree for the partition plan. According to this plan, most of the Muslim majority areas were to become a part of the Islamic Republic of Pakistan while the Hindu majority parts would become a part of the secular India. There was much bloodshed when the refugees crossed the borders and in the communal riots erupted during this period. Much of the non-violent claim of Indian independence was questioned and shattered during the partition.

Independence and Kashmir dispute

The Indian Independence Act of 1947 gave the former Indian princely states the option either to join the soon-to-be-independent countries--India or Pakistan or an option to remain as independent states. This created a lot of new problems and challenges and due to the communal politics played by the leaders, communal riots erupted. After a bloody beginning, India and Pakistan emerged as independent nations on the midnight of 14-15 August 1947. While the two new nations emerged, there was the bone of contention regarding a few princely states that chose to be independent. While they were absorbed into India, (because they were surrounded by mainland India and never had access to the sea) Kashmir was a state that was different from the others. While the other states that were absorbed into India, Junagadh and Hyderabad were ruled by Muslim kings and the populace was predominantly Hindu. In case of Kashmir, it was the reverse--Majority were Muslims, ruled by a Hindu king.

Pakistan sought that Kashmir rightfully belonged to it, since it had a Muslim majority. In the midst of a threat from tribal invasion from the North West Frontier Province of the newly created Pakistan, and the support extended by Pakistan Army, the ruler of Kashmir, Hari Singh signed the Instrument of Accession to India in October 1947, which prompted India to dispatch its troops to

69 G.S.Chhatra, (2007) *Advanced Study in the History in Modern India*, Lotus Press, pp 188

stop the invasion. War between the two countries was inevitable and only a UN brokered ceasefire agreement in 1949 could stop the hostilities. However, by this time, one third of Kashmir was in Pakistan's control while the remaining was in Indian control⁷⁰. There were wars and skirmishes in the later years almost brought the world to the brink of a nuclear war in 1999. An early solution to this problem is crucial for the peace and cooperation in the region. For Pakistan, the claim over Kashmir is irredentist, a moral issue because it is linked to the whole issue of its identity as a homeland for Muslims. If a Muslim majority state can live with India, in the words of Pakistan's former Prime Minister Zulfikar Ali Bhutto, "then the *raison d'être* of Pakistan collapses...if Pakistan were to abandon the struggle, and a bad compromise would be tantamount to abandonment, that might lead to the collapse of Pakistan."⁷¹ Cohen (1998) described the conflict as a 'communal riot with weapons' while Michael Brecher and Jonathan Wilkenfeld attribute the conflict to two closely related phenomena--One is the inter-communal (Hindu vs Muslim) and the second is civilizational (Hindu vs Islamic) strife during the past four centuries while the partition of the subcontinent into two different nation-states has acted as another important catalyst to this unresolved conflict⁷².

India believes that Kashmir is its 'integral part' owing to the Treaty of Accession signed by the ruler. India fears that acceding to the demand might encourage other secessionist demands to spring up in other parts of the country. India being a secular country where all religions and cultures live together, conceding to Pakistan's demand, according to the Indian leaders, would tantamount to weakening India's secular structure. Even though a copy of the treaty is put up on the website⁷³, Pakistan disputes the authenticity of the Treaty and argues that it was signed under duress. Both the countries have gone to war and were involved in numerous other low-intensity skirmishes over this dispute. Cohen identifies that the use of war is a strategy to internationalise the ongoing conflicts, especially the issue of Kashmir with India as a main component of 'Pakistan's strategic style'⁷⁴. Today, only the UN-mandated Line of Control (LoC) separates the two countries and the region still remains dis-

70 Dash, Kishore Kumar (2008) Regionalism in South Asia, Routledge, London pp 60-61

71 Bhutto, Zulfikar Ali (1969) The Myth of Independence as quoted by Ganguly (2001) Conflict Unending: India-Pakistan Tension since 1947, Columbia University Press, New York pp 31-32

72 Brecher, Michael and Wilkenfeld, Jonathan (1997) A Study of Crisis, University of Michigan Press, Michigan, pp 165

73 Kashmir Instrument of Accession from <http://www.kashmir-information.com/LegalDocs/KashmirAccession.html>

Also see: <http://upload.wikimedia.org/wikipedia/en/7/74/Kashmir-Accession-Document-b.jpg> for a signed copy; Accessed on 3 Sep 2008

74 Cohen, Stephen P (1998) The Pakistan Army, Oxford University Press, Karachi pp 145

puted. Kashmir issues remains the biggest irritant in the relationship between the two big countries in the region. Meanwhile, the two-nation theory suffered a jolt when Bangladesh emerged as a separate nation. The foundation of the theory was shaken as Bangladesh was also a Muslim majority state and was a part of Pakistan till 1971.

3.2. History of Regionalism in South Asia:

Even before the emergence of present nation-states Pakistan and Bangladesh, when the Indian sub-continent was still under the British colonial rule for over 200 years, Indian leaders like Jawaharlal Nehru had ideas on regional cooperation. Perhaps because of the experience of suffering resulting from the colonial rule, Nehru thought that India should morally take the lead in uniting the whole of Asia. Many leaders of that time, including Nehru had great vision of unity and solidarity of India, China and other Asian countries. Thus, in March 1947 the Asian Relations Conference was organised by the Indian Council of World Affairs in Delhi. In a letter written by Nehru to Mahatma Gandhi inviting him to participate in the conference, he said “Almost every country from Asia from the west to the east and south including the Arab countries, Tibet, Mongolia and the countries of south east Asia as well as the Asian republics and the soviet union will be represented by leading men. That is going to be unique event in history.”⁷⁵ The conference had delegates from 25 Asian countries and the proceeding devoted much of their time on the question of Asian unity, economic development of newly independent post-colonial Asian states, and most of all, the need for a greater regional cooperation. However, the two giants China and India had made their differences open--there were disagreements between the two as to assuming the leadership position in Asia and the Chinese objection to a map that depicted Tibet as a separate state⁷⁶. The conference, despite bringing many countries to a single platform, ended without any concrete proposals whatsoever, for regional cooperation. After a decade of existence with no major consequences, the Asian Relations Conference was given a quite burial in 1957⁷⁷.

Another initiative taken by Nehru, now the first prime minister of independent India, was when he invited Asian governments to participate in a conference to discuss Indonesian situation. Indonesia

⁷⁵ Arpi, Claude (2007) Fifty Years Ago: The Asian Relations Conference, from <http://www.phayul.com/news/article.aspx?id=16010&article=Fifty+Years+Ago%3A+The+Asian+Relations+Conference&t=1&c=4> Accessed on 17 Sep 2008.

⁷⁶ As quoted by Ganguly (2001) *Conflict Unending: India-Pakistan Tension since 1947*, Columbia University Press, New York pp 31-32

⁷⁷ Haas, Ernest B, (1989) *The Asian Way to Peace*, Praeger Books, New York pp 276

was under the Dutch occupation at that time. 'The Conference on Indonesia' was held in 1949 at New Delhi and had the participation of 18 Asian countries. The conference condemned the Dutch occupation of Indonesia and urged the UN to take necessary action. The delegates also passed a resolution to establish an institutional base for regional cooperation. Based on this resolution, the Indian Council for World Affairs at New Delhi which organised the in 1947 Asian Relations Conference, proposed in an article, the formal set-up of the Organisation of Asian states or the Asian Union. However, the Indian enthusiasm for regional cooperation was dampened as it saw a challenge to its 'natural' role of Asian leadership when the Communist regime was established in China and the two super-powers—USSR and USA started their cold-war politics in Asia. This lack of Indian interest and initiative arising out of the emergence of Communist China made the leaders of Philippines to initiate and convene a conference of Asian states to discuss the possibilities of Asian regional co-operation. The Baguio conference of 1950 achieved little, because of the increasing role of the cold-war divisions. While Philippines and Australia were more pro-west, the other participants--Indonesia, India, Pakistan, Thailand and Ceylon were neutral to varying degrees.⁷⁸

The increasing role of superpowers in various countries and the growth of tensions resulting from the cold-war led many Asian leaders to rethink on the ideas of regional cooperation. There was an increasing realisation among the leaders that the involvement of super powers in the Asian societies would not only lead to militarization, but also threaten the peace and as a result, divert the attention of the leaders from more pressing problems of underdevelopment, poverty etc. within their own countries. This idea echoed by Nehru, found favour with some other Asian leaders, despite being detested by the super powers. It was now the turn of Ceylon (today's Sri Lanka) to initiate some action in this regard. Prime Minister John Kotelawala invited leaders of Asian countries to the 'Colombo Powers Conference' in 1954 to discuss the problems of common interest. Despite discussing wide ranging issues--from the problems of Palestinian Arab refugees to problems of Tunisia and Morocco and from atomic bomb tests to the inclusion of China in the United Nations, the discussion on the issue of regional cooperation was limited. This was mainly due to the raising up of bilateral issues in the forum--Pakistan's bringing up of the unresolved Kashmir issue and the divergent views among the countries on the cold war. However, the silver lining of the conference was that the participants agreed to convene a meeting of the African-Asian states. This vision for a pan-Asian unity was soon extended to include African states within the purview of former colonised states and the

78 Dash, Kishore C, (2008) Regionalism in South Asia, Routledge, London. pp 80.

result was the Bandung Afro-Asian Conference of 1955. Due to the diverse views and the divergent perceptions on the world politics by the leaders and the paucity of funds, the conference could not achieve much. However, it laid the foundation for establishment of a larger third-world movement that was formally inaugurated a few years later, the Non-Aligned Movement (NAM).

However, the leaders of the South Asian states regularly met and discussed the prospects of a South Asian regional forum during the sidelines of various international fora like the United Nations and the Non-Aligned Movement. In September 1961, the United Nations Economic Commission for Asia and the Far East (ECAFE) sponsored a conference of Asian Economic Planners in New Delhi. The notable outcome of this conference was the establishment of Asian Institute of Economic Development and a Regional Advisory group on Economic Planning and Development in Asia.

However, the proposal for a regional cooperation mechanism in South Asia was opposed by Ceylon and Pakistan fearing Indian domination as well as the lack of enthusiasm on the part of India⁷⁹.

Thus, the mutual mistrust existing among the countries, especially the smaller countries that had their fears of Indian domination, the Kashmir conflict between the two largest countries in the region, as well as the involvement of the two super-powers in the region--Pakistan allying with the United States while India becoming an ally of the USSR prevented the leaders to convince themselves on the idea of taking initiatives towards a regional cooperation. Haas mentions that the Bangladesh War of 1971 brought in a sense of urgency towards the idea of forming a regional cooperation mechanism, mainly to have a check on the growing Indian influence but the countries had to wait till the 1980s to really take some concrete measures toward realisation of that idea⁸⁰.

Externally, there were many events happening that had an influence in the regionalisation efforts in South Asia. The South-South cooperation initiatives came to the centre of discussions of many international groupings and conferences in the 1970s. Dash C. Kishore describes the decade as the 'critical decade.' The idea of 'Collective Self Reliance' was the new buzzword among the members of the 1976 Colombo summit and the 1979 Havana summit of NAM. There was a change of regime in south Asian countries in the later half of the 1970s and that made the new leaders go overboard to invite the world leaders to their countries and show that they were taking all steps for peace and development. US president Jimmy Carter, British Prime Minister Callaghan visited the south Asian countries in 1978. The American and British leaders tried to prevail upon the new regimes on

79 Gupta, Sisir, (1964) *India and Regional Integration in Asia*, Asia Publishing House, Bombay pp.83

80 Haas, Michael (1989) *The Asian Way to Peace*, Praeger Books, New York pp 276

the necessity of establishing peace and cooperation in the region. They promised economic cooperation for multi-lateral cooperative projects on issues like river-water sharing, etc. was all the more an encouragement to move in that direction. Another important 'push' factor for the political leaders to act towards a regional cooperation framework was a strong support received from a group of scholars in various South Asian countries. These scholars began to exchange ideas on social, cultural and economic areas of regional cooperation and were appreciative of their leaders' efforts towards regional cooperation. In September 1978, they formed a Committee on Studies for Cooperation in Development (CSCD) whose main aim was to study specific regional issues. These studies undertaken by the committee were useful to the foreign secretaries and foreign ministers of the states to get the necessary background understanding on issues⁸¹. The studies also became the forerunners to the future establishment of cooperation agreements and frameworks. The G-77 summit of 1979 also stressed the need for taking a collective approach by the southern countries to remove inequalities and to attain balanced economic development. In the same year, USSR's military engagement in Afghanistan took the security concerns in South Asia to a higher level.

3.3. The emergence of SAARC:

In these circumstances and political situation, it was President Zia-ur-Rehman of Bangladesh who took the initiative of sending an invitation to the presidents/heads of states of seven South Asian countries in 1980 to discuss his proposal for establishing a framework for regional cooperation in South Asia. The goal of this proposed meeting was to discuss "the goal of achieving peace, stability and security" in the region. President Zia toured a few of the South Asian countries and discussed with various leaders individually on the necessity of a regional cooperation mechanism. Some analysts like Datta Ray (1992) believe that the action on the part of Bangladesh was based on the need for security cooperation among the smaller neighbours with an unstated aim of neutralising India's probable expansion, especially after Sikkim was annexed into the Indian territory as a full-fledged state (province) in 1975. Prior to that, Sikkim was a protectorate state under India. Some other analysts also point to the widely held belief that South Asian Regionalism was more not because of the initiative of the hegemon (India) but it was because of the failure of some countries to find berth in adjacent regional arrangements. Only when they failed to transcend the regions in search of cooperation--for example Pakistan in West Asia and Sri Lanka and Bangladesh in South East Asia, they

81 Haas, Michael (1989) *The Asian Way to Peace*, Praeger Books, New York pp 277

started to look inwards. They were, at best 'reluctant regionalists'⁸². Bajpai argued that the reason for Bangladesh's initiative was because of its rejection of its application for membership to Association of South East Nations (ASEAN). However, this argument, according to Dash Kishore is not based on firm evidence⁸³.

The initial reaction of the two biggest countries in the region--India and Pakistan to this proposal was the one with scepticism. While India feared that this was a forum for all the small neighbours in the region to 'gang up' against it⁸⁴, Pakistan was of the opinion that a regional organisation would impinge on its independence in foreign policy. India was sceptical of including the issues related to security and most importantly, the internationalisation of the Kashmir issue. Pakistan believed that the whole idea of a regional organisation was a ploy by India to raise up the entire region against Pakistan and ultimately expand its own markets by trading with the countries and strengthening India's economic power. This scepticism was also because of the Muslim bourgeoisie that supported the movement for an independent Pakistan wanted to become the leaders in their region, without competition from the Hindu business elites in India.⁸⁵ India, being sceptical of its neighbours' plans to gang up against it, wanted all the disputes between countries be kept out of the purview of the new group. It also insisted on a clause on non interference in the domestic issues of a country in the new cooperative arrangement. India tried to ensure that (i) no bilateral or contentious issues to be discussed in SAARC, (ii) all SAARC decisions to be taken by consensus, and (iii) SAARC would be focused primarily on social welfare and economic cooperation⁸⁶. So, somewhat with hesitation, the two large countries agreed to participate in the meeting. After the meeting, hectic behind-the-scene diplomatic activity followed with consultations between the South Asian foreign ministers in 1980 at New York. The much deliberation, it was decided to entrust Bangladesh with the responsibility of making the draft working papers for discussion among the foreign secretaries. Bangladesh took up the task and circulated the draft which was a reformulation of President Ziaur Rehman's proposals. However, the important thing about the draft was the dropping off of all the references

82 Sridharan, Kripa (2007) *Regional Cooperation in South Asia and Southeast Asia*, Institute of South East Asian Studies, Singapore. pp 119-120

83 Dash, Kishore C, (2008) *Regionalism in South Asia*, Routledge, London. pp 219

84 Dixit, J.N, (1996) *My South Bloc Years*, UBS Publishers, New Delhi. pp. 383-384

85 Rizwi, Gowher (1993) *South Asia in a Changing International Order*, Sage Publications, New Delhi. pp 147-149; 159-162

86 Singh, Swaran (2007) 'India and Regionalism' in *Regionalism in South Asian Diplomacy*, SIPRI Policy Paper no.15, Stockholm. pp 28

to security matters and suggesting that cooperation to be confined to non-political and non-controversial items. This explains the cooperation model of Haas, who mentioned that cooperation from low-politics that would lead to cooperation in high politics--perhaps the belief of the leaders of the countries that were full of mistrust towards each other. The meeting later identified 11 potential areas of cooperation and this was discussed in the meeting held at Colombo in 1981. The meeting finalised five areas for cooperation--agriculture, rural development, telecommunications, meteorology, health and population. Colombo agreed to establish a committee to prepare Integrated Programme of Action (IPA) in these areas. The meeting of foreign secretaries held at Kathmandu in 1981 added three more areas for cooperation--transport, postal services and science and technology. Subsequent meeting at Islamabad in 1982 the area of sports, culture and arts was added. Finally the IPA was prepared and approved at the 1983 meeting in Dhaka. The IPA was agreed upon to be formally launched at the meeting of the Foreign Ministers in New Delhi later. According to Muni and Muni, these meetings enabled the foreign secretaries were able to make good progress in two areas: organisational aspects and the areas for cooperation.⁸⁷ The Foreign ministers' meeting in New Delhi approved the IPA and named the proposed organisation the South Asian Regional Cooperation (SARC) in 1983. It was a successful completion of the preparatory phase and also the beginning of the implementation of the agreed-upon areas. Now the political will and the cooperation of the leaders was needed to move the process ahead. Because of Bangladesh's role in initiating the whole process, the leaders agreed to formally hold the first summit meeting of the heads of state in Dhaka in 1985. Thus when the heads of the state first met, it was the beginning of new hope and a new era in history South Asian regional cooperation. The first summit also decided to rename the SARC as South Asian Association for Regional Cooperation (SAARC) as the belief was that while SARC was a process, SAARC was the culmination of the efforts to establish an association to promote and develop such cooperation. The SAARC charter outlines its eight objectives⁸⁸:

- a) to promote the welfare of the peoples of South Asia and to improve their quality of life;
- b) to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potentials;
- c) to promote and strengthen collective self-reliance among the countries of South Asia;

⁸⁷ Muni S.D, and Muni, Anuradha(1984) Regional Cooperation in South Asia, National Publishing House, New Delhi pp 37

⁸⁸ From SAARC website : <http://saarc-sec.org/main.php?id=10&t=3.2> accessed on July 1, 2008

- d) to contribute to mutual trust, understanding and appreciation of one another's problems;
- e) to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- f) to strengthen cooperation with other developing countries;
- g) to strengthen cooperation among themselves in international forums on matters of common interests; and
- h) to cooperate with international and regional organisations with similar aims and purposes.

The leaders at the first summit acknowledged the situation in South Asia and the necessity of a South Asian cooperation. The countries of South Asia, constituting one-fifth of humanity, were faced with the formidable challenges posed by poverty, underdevelopment, low levels of production, unemployment and pressure of population compounded by exploitation of the past and other adverse legacies. They felt that, bound as their countries were by many common values rooted in their social, ethnic, cultural and historic traditions, regional cooperation provided a logical response to these problems. The leaders at the first summit highlighted the similarities among the countries in the region and each expressed their country's readiness to make the endeavour fruitful. This itself is an accomplishment, according to Dash, given the widely prevalent mistrust existing among the countries since their emergence as nation-states. The leaders used this forum to break the ice and discuss their bilateral issues and reach some sort of unofficial agreements on the sidelines of the summit.

When SAARC finally emerged, world leaders hoped that this would usher in new peace and development in the region. The United Nations Secretary-General, Javier Perez de Cuellar, in his message expressed the hope that the summit would open "a new era of progress and help reduce the tensions in the region." United States President Ronald Reagan congratulated the South Asian leaders and hailed the SAARC as a significant new venture in international cooperation. Chinese premier Zhao Ziyang described the Summit as "an event of great significance in the South Asian Region" while the head of the Commission of the European Community, Jacques Delors congratulated the leaders for their efforts. Today, the group has attracted the attention of major superpowers--United States, European Union, Russia, China and Japan. In its policy for Asia, the European Union has

identified support for South Asian Cooperation and Regional Integration as one of its 'priority' areas. The World Bank has also studied the trade potential and is encouraging regional cooperation and integration as one of the important measures to eliminate poverty from the region.

South Asia: Basic Indicators

Country	Population (Millions) 2006	Average Population growth rate 1995-2005	GDP(Current) US \$	Annual GDP growth rate	FDI US\$ (Millions)	% of population who live on < US\$1	% of population who live on < US\$2	HDI rank (2005 data, published in 2007)
India	1,110	1.5	785.5	8.5	5,335	36.0	81.3	128
Pakistan	159	2.4	110.7	7.8	1,118	17.0	73.6	136
Afghanistan	29.9	4.4	7.2	13.8	--	--	--	--
Nepal	28	2.1	7.3	2.3	--	24.1	65.3	142
Sri Lanka	20	0.5	23.5	5.3	233	5.8	41.4	99
Bhutan	0.92	2.7	0.8	5.9	1	n.a.	n.a.	133
Bangladesh	156	1.9	60.0	5.4	449	36.0	82.8	140
Maldives	0.33	2.6	0.8	-3.6	15	n.a.	n.a.	100
SOUTH ASIA	1,520	1.4	995.8	8.1	n.a.	31.1	77.8	8*

South Asian region HDI rank out of 10

7.2. SOUTH ASIA- BASIC INDICATORS

Source: World Bank World Development Indicators-2008 http://siteresources.worldbank.org/DATASTATISTICS/Resources/sas_wdi.pdf accessed on 20 September 2008

Chapter 4

Lessons from comparison

After understanding the basic history of the evolution of the two regional groups, we can find some similarities as well as differences. The most prominent among them are discussed below.

4.1. Absence of a regional hegemon:

The integration efforts usually bear fruit when one country takes the initiative or when an external power volunteers to help quicken the process. The role of United States was crucial to quicken the process of European integration using the tool of Marshall Plan and the Organization for European Economic Cooperation (OEEC). It was a reaction to the bad economic conditions in Europe after the end of the second world war and the fear of the communists coming back to power in Greece, Italy and France that made the US to enter the scene. The US Secretary of State George Marshall announced his country's financial assistance to all European nations 'west of the Urals', if they could agree to a joint programme for economic reconstruction. Whether be it arranging meetings with the countries' leaders, or exhorting the benefits of cooperation, the United States worked behind the scene and was a part of many such negotiations of European states in the reconstruction efforts as well as mobilising the support for setting up of a higher institution to distribute the Aid. An important tool of US influence was the Marshal Aid Plan. It was projected as the assistance towards the rebuilding efforts in Europe to those countries that were devastated during the second world war. However, some analysts do not agree to this view and attribute it to the emergence of cold war and the US's intention of expanding its reach and influence beyond the Atlantic. This plan was meant as a check against the growth of Russia and the spread of 'communist' influence. Whether genuinely concerned with condition of Europe or with an economic consideration due to lobbying, Marshall Aid was not straight and it came with a lot of strings attached. It was concerned to see what was called a 'European integration'-- that meant the breaking of the national economic barriers to trade, even though it was designed to check the spread of communism. It was also compatible with the larger aim of creating a large exportable market for the US exports.⁸⁹ Analysts like Milward contested the traditional post-second world war idea of Europe that people were starving and the economy had broken down. Milward went on to the extent to deny that there was actually a crisis but accepted that there was a serious problem on the ability of the states to sustain international

89 Blache, Ian and George Stephen (2006) *Politics in the European Union*, Oxford University Press, Oxford. pp 88

trade due to the lack of convertible currencies. The Marshal Plan was “entirely political” in its conception while its objectives and means were “entirely economic.”⁹⁰

Another important role of the OEEC, apart from the stated goal of distributing the American aid among the countries was to vigorously push the countries towards the idea of European economic integration. The OEEC could do this by reducing intra-European trade barriers and improving the intra-European system of payments by establishing the European Payments Union (EPU). The membership of EPU/OEEC fostered trade liberalisation among the member states through the ‘Code of Liberalization’. The EPU rule stipulated that members were to lower trade barriers progressively by 25 per cent of their initial levels. There was a boom in the intra-European trade and it reached more than the double of what it was initially, in a comparatively short time (1950–58). The role played by US through the Marshal Plan and the EPU and OEEC can not be underestimated in the overall trade liberalisation of European states.

The European Coal and Steel Commission (ECSC):

The ECSC was a result of the nations leaders who wanted to bring Germany and France, that already fought wars over the resource-rich Ruhr valley region. The leaders aimed for the setting up of a higher authority--some sort of a Federalist structure as propounded by Mitrany--a group of specialised, technocratic groups above the nation-states to defuse the tensions and help in effective management of resources. In the ECSC, the crucial decisions concerning such specialised issues like pricing, trade, and production in the then-critical coal and steel sectors were placed in the hand of the ‘High Authority’. This body, the forerunner of today’s European Commission, consisted of officials appointed by the six member states. The High Authority’s decisions, some made by majority voting, were subject to limited control by a member state governments.

The Treaty of Rome:

Germany’s joining of the United States-led security alliance, North Atlantic Treaty Organisation (NATO) in 1955 made the other European states suspicious of German designs. The leaders of other European countries realised that that coal and steel were not the crucial areas anymore, and that there was a need to address and work towards deeper economic integration. Jean Monnet formed a high-powered pressure group – bluntly called the Action Committee for the United States

90 Milward, A.S, (1984) *The Reconstruction of Western Europe-1945-1951*; Routledge, London. pp 3-4

of Europe. This group, consisting of the foreign ministers of the six countries met in 1955 in Messina and was able to sign a Treaty in 1957 at Rome, (called the Treaty of Rome) establishing three institutes--The European Atomic Energy Community (Euratom) and the European Economic Community (EEC) along with the ECSC. After ratification by the member states, the treaty came into effect on 1958. The three existing institutes--ECSC, Euratom and EEC) were merged into a common group, The European Commission (EC) in 1962. The Treaty was instrumental in establishing many supra-national institutions like the European Parliamentary Assembly (which became the European Parliament) and the European Court of Justice.

The Formation of EFTA:

Stung by the full liberalisation of the OEEC and the high tariff barriers imposed by the six countries that adversely affected the trade of outside countries like Britain, it led the other states to form a similar association to protect their own interests, because most of the time they were sidelined or ignored. Fearing discrimination and marginalization that might occur if they faced the EEC bilaterally, the seven 'outsiders' reacted by forming the European Free Trade Association (EFTA) their own bloc in 1960. Thus, while the US pushed forth with great fervour the idea of 'opening up' the borders by way of integration and towards common policies and multilateralism, in case of the other regions, its approach was multi-lateral. For regions like Asia that are far away from its mainland, it thought regionalism and multilateralism was not the best way to deal with. The setting up of South East Asia Treaty Organisation (SEATO) and Central Treaty Organisation (CENTO), military alliances for Asia set up in 1954 and 1955 respectively on the lines of NATO was the first step for the countries of West Asia and South East Asia to act. The U.S. foreign policy after the second world war established the principle of multilateralism in Europe but not in Asia. Instead, America promoted the principle of bilateralism for Asia. This was evident even in the cold-war era's security and defence agreements. While the North Atlantic Treaty Organisation was a closely knit and geo-strategically important for the Americans, the Asian region was not so. An attack on a member country of NATO was considered an attack on all the countries whereas, the security issues within the purview of SEATO and CENTO were not so. Even if there was an attack by outsider, the US leaders were keen that the countries concerned resolve it on their own, rather than due to the active intervention of outsiders. This has made it much more difficult for Asian states to develop broad, interlocking and institutionalised political arrangements that are the main features of the European Integration process. Another important reason is because of the distinctive character of Asian state in-

stitutions, different from the European ones--that are sanctioned by “public international law and legitimating formal international institutions that create sharp boundaries between members and non-members”.⁹¹

In south Asia, it was a major decision for Pakistan to join the American security grouping. There was a great need for alignment with the US after Pakistan was defeated in the war with India. Thus began the arms race and the cold war politics, despite both countries’ (Pakistan and India) claims on Non-Alignment with any superpower block.

Type of Leadership	Uncontested	Contested
Potential Market Gains		
Significant	EU, NAFTA, EFTA (till 1973)	EFTA (after 1973) APEC MERCOSUR
Insignificant	CACM (till 1969)	CACM (after 1969) AFTA ECOWAS LAFTA Andean Pact Arab Common Market SAFTA/SAARC?

7.3. Regional Leadership, Potential Market Gains, and Regional Integration outcomes

(Source: Dash, K. Kishore (2008) Regionalism in South Asia pp. 146; adapted from Mattli (1999)

⁹¹ Katzenstein, Peter J, (1997) ‘Asian Regionalism in Comparative Perspective’ in Katzenstein, Peter J and Shiraishi, Takashi (Eds.) Network Power: Japan and Asia, Cornell University Press, Ithaca, NY

Wars with Pakistan and another one with China, made India to later sign a Treaty of Friendship and Cooperation with Russia in 1971. Thus both superpowers were involved in the region and the cold war politics entered, meanwhile the push for regional cooperation from either side was largely absent as each superpower was aiming to establish its hegemony. How could India get to cooperate and maintain friendly relations with the USSR? In the initial years, the Communist Party in India was in avowed opposition to the ruling Congress party. It also supported an armed revolution in the 1950s in the Telangana region of south central India. Ideologically, the USSR should have supported the revolution. But it was soon realised by the Russian analysts that “it was not possible to jump from feudalism to communism without first going through the class-consolidating stage of capitalism.”⁹² The budding cooperation with Moscow was more because of India’s own experience of a newly freed country from European colonialists than because of any strong affinity with Moscow⁹³. Even after the death of Stalin in 1964, the Kremlin was scornful of India and criticised it as “...being hopelessly bourgeois and reactionary”...disparaging Nehru’s non-aligned stance as “meaningless” and dismissing Nehru himself as “little more than an Anglo-American stooge.”⁹⁴ Despite the Congress party being considered elitist and bourgeois, and only being partly socialist, the Soviets adopted a pragmatic policy and extended economic and other aid to the Congress government. It was a simple thing that doubts about Pakistan lingered because this state was found on religious grounds. It was a state like other states not far from its own southern Muslim republics. The USSR’s border skirmishes with China at Amur and Ussuri river borders in 1969, the Chinese hostility to the imperialistic functioning of the USSR in eastern Europe as well as their reluctance to let China have access to nuclear technology--all these factors made the USSR to build up its relationship with India for its strategic reasons. They were also to get involved in the events in Afghanistan. The view of United States towards India was also the one with suspicion. Despite being at the forefront of the Non-Aligned movement, and being among the earliest to grant the diplomatic recognition of the People’s Republic of China as well as pushing forward for the membership of the UN seat by the Beijing regime, India was viewed by the US with suspicion for its socialist bent and as being an ally of USSR.

92 Chapman, Graham (2003) *Geopolitics of South Asia*, Ashgate Publishing, pp 259

93 Hagerty, Devin T and Hagerty G. Herbert (2005) *South Asia in World Politics*, Rowman and Littlefield, Lanham, Maryland. pp 20-21

94 As quoted by Hagerty Devin T and Hagerty G Herbert (2005) in *South Asia in World Politics*, Rowman and Littlefield, Lanham, Maryland. pp 21

Meanwhile, Pakistan was already a member of the US promoted security alliance, the SEATO and CENTO, which it joined in 1950s, mainly to maintain alliances that were seen as a counter-weight to growing India's influence⁹⁵. The primary concern of the Pakistani elites during its initial years was survival. The leaders' belief was that India was never reconciled to the existence of Pakistan and was out to destroy it sooner or later. Before the independence, the Indian National Congress was averse to the idea of a 'two-nation theory' propagated by Muslim League party leaders to justify the existence of Pakistan. This theory states that Muslims constituted a separate 'nation' and could not get justice and enough representation from the 'Hindu-dominated' Indian Congress party and hence a separate nation was the only solution for the redress of the grievances of the Muslims. The emergence of Bangladesh as a separate nation from former East Pakistan in 1971 shook the foundations of this theory. Most of the proponents of two-nation theory believe that as the Hindu-dominated Indian National Congress party opposed the theory during the time of partition, India is still bent on eliminating Pakistan. Despite the impracticalities of the whole idea in the modern world, this thought still lingers among a section of the academics as well as the military top brass and politicians⁹⁶. This thinking made Pakistan to look for outside support and to counter-balance India. They naturally sought those powers that were not on good terms with India--China and the US. The latter was affronted by Indian leaders' Non-Aligned stance and saw that its legitimate role after the end of the war was primarily the containment of communism. With this thinking dominating the leaders' minds, it was soon time for US-Pakistan arms deal that sowed the seeds of arms-race. Despite the clear signs of India being the recognised regional hegemon due to its size of economy, advances in scientific research, Pakistan constantly challenges this position at every possible fora. Thus, there is an absence of an unchallenged regional hegemon in the region. Then there is the question of Kashmir. With regard to cooperation the Indian leadership pushes forward the neo-functional ideas. The policies seem to point towards the fact that cooperation in 'soft' and non-controversial areas in which consensus can be easily achieved lead to cooperation in higher, more complex areas. However, Pakistan believes that unless Political disputes (read Kashmir) are settled, there was no point in pursuing other cooperative initiatives. Even if there was a chance for the two large countries becoming joint-hegemons (as Germany and France in case of the European experience), it would be hard for the leaders to accept this position as both the countries have weak coalitions--while Pakistan also has

95 Gooneratne, John (2007) Sri Lanka and Regionalism, Regionalism in South Asian Diplomacy, SIPRI Policy Paper no.15, Stockholm, pp 55-56

96 Khan, Jamshed Ayaz (2007) Pakistan and Regionalism, Regionalism in South Asian Diplomacy, SIPRI Policy Paper no.15, Stockholm, pp39-40

an active military involvement in the administration and history of military coups, India also was having a history of coalition governments all through the beginning of late 1980s. Hence the contested leadership status of India is hindering the chances of further cooperation. Weak coalitions generally go for nationalistic and military-related solutions and pursue populist policies. Earlier studies from Mattli support the argument that lack of an undisputed regional leader makes it harder to sustain the regional economic arrangements⁹⁷. (Fig.) However, in the South Asian region, the threat is assumed to be from the huge and dominating India—and not any external forces, as in the case of Europe, where the threat was from Communism. This 'intra-regional threat from India' view is followed by many of the smaller countries. It requires bold initiatives and effective use of India's soft power that can change the attitudes of her smaller neighbours to some extent, who, then could take steps towards further cooperation. The current day's involvement of major powers as observers is a good sign that has prospects of deepening cooperation and integration. However, the chances of each power acting according to its own strategic interests and pitting each of its friendly country/ally against their bigger competitor cannot be ruled out. In this scenario, the smaller, poorer states might end up becoming stooges of the bigger, more powerful observers. The mutual competition among them would also be a potential hindrance. It is in this situation that the involvement of world bodies like the World Bank and European Union come to play a crucial role.

4.2. Absence of Intra-regional, complementary trade:

One of the important feature of the European Integration experience was the rule of removing trade restrictions among its member countries. The OEEC could boost up intra-regional trade and improve the intra-European system of payments by establishing the European Payments Union (EPU). The membership of EPU/OEEC fostered trade liberalisation among the member states through the 'Code of Liberalization'. The EPU rule stipulated that members were to lower trade barriers progressively by 25 per cent of their initial levels. There was a boom in the intra-European trade and it reached more than the double of what it was initially, in a comparatively short time (1950–58). This cooperation spilled over to other sectors too and resulted further cooperation. In case of South Asia, despite covering 22.3 percent of the worlds population, SAARC still remains one of the weakest trading blocks in the world. The GDP of the region comprises of only 2.4 per cent of the world and only 1.4 percent share of the world trade in 2005⁹⁸. The recent development in SAARC, even though a bit late when compared to many other successful regional groups is the

97 Mattli, Walter (1999) *The Logic of Regional Integration*, Cambridge University Press, Cambridge pp 190

South Asian Free Trade Agreement (SAFTA). In terms of economy, the two biggest countries in the region, India and Pakistan occupy a lion's share. India accounts for 76.6 percent of the population in the SAARC region while Pakistan comprises of 10.7 per cent of the the total population. Both countries thus occupy 87.3 per cent of the total population the region.

While European Union emerged because of a well-developed intra-regional trade, the lack of such trading is the case of South Asia. There is very little intra-regional trade and all the countries compete at the same world markets and often for the same products. The duties and barriers between neighbours is so high that the states spend many times more than they could have, had they relaxed and liberalised the cross-border trading rules. For example, During 2004, Pakistan was the fifth largest tea importer in the world after USA, U.K., Russian Federation and Japan while India was the fourth largest tea exporter in the world after Sri Lanka, Kenya and China. But Pakistan's import of Indian tea never exceeded 4.5 per cent of its total tea requirements. It instead, chose to import tea from Kenya and Rwanda at a comparatively higher cost. The Indian Tea Association estimates that India can meet at least one-fifth of the tea requirements of Pakistan. But Pakistan levies 49 per cent duty on the import of Indian tea, in addition to 20 per cent basic duty⁹⁹. Thus, there is no incentive for trading in tea between the two neighbouring countries. The cooperation between the neighbours is also absent because of the diverse views each state has, on cooperation and integration. While India believes that cooperation between non-controversial issues and 'informal' acts lead to cooperation in hard areas--on the neo-functionalist lines, the Pakistani leaders insist that unless the political issues are addressed and solved first, (the important of them is Kashmir) cooperation on other areas cannot happen.

South Asia is the least integrated region in the world, and is also the region with the highest tariff. If measured in terms of intraregional trade in goods, capital, and ideas, intraregional trade as a share of total trade is the lowest for South Asia and very negligible cross-border investment within South Asia¹⁰⁰. This is also explained due to the policies adopted by the governments. India, Pakistan, Bangladesh--all had coalition governments, especially after the 1990s. A strong coalition could still

98 Ghuman, Ranjit Singh, and Madaan, Davinder Singh (2006) Indo-Pakistan Trade Cooperation and SAARC, Peace and Democracy in South Asia, Vol 2, No. 1, pp 81-82

99 Ghuman, Ranjit Singh, and Madaan, Davinder Singh (2006) Indo-Pakistan Trade Cooperation and SAARC, Peace and Democracy in South Asia, Vol 2, No.1, pp 75

100 Ahmed, Sadiq and Ghani, Ejaz (2007) South Asia's Growth and Regional Integration: An Overview, World Bank Report-2007

achieve much progress however, when the coalition is weak and is dependent on the support of the loosely cobbled parties with varied interests and ideologies, then the initiative for taking some bold measures becomes a problem. India had four weak, liberalising coalitions since 1990s—Congress party-led government from 1991-96, United Front government 1996-97, National Democratic Alliance 1998-2005 and United Progressive Alliance 2005-till date. Pakistan had an alternating regimes of military generals and weak democracies over a long period. The Military coup of 1999, fourth in the history of the country heightened the tensions between the two major countries. Thus, the weak coalitions have not initiated bold cooperative measures for the region. They always aimed for populist measures and often resorted to nationalist policies. Likewise, the nationalist-fundamentalist coalitions often follow a combative regional policy that supports ideas like self-reliance, military might and national pride and extreme forms of nationalism. Hence they resort to pleasing all the coalition partners, usually the crucial pillars of support like Military, religious leaders, and other private monopolies. These type of coalitions have, to a large extent built up the barriers between the neighbours and as a result, trade is not so significant among the members of the regional grouping.

Thus, the trade between South Asian countries can be summarised as more competitive than complementary. When we make a comparison of the economies of the South Asian countries with relation to their scale economies, India has a few large-scale economies that are generally supportive of trade expansion. However, the other smaller countries like Pakistan, Sri Lanka and Bangladesh have manufacturing industries that are generally too small to effectively compete with their larger counterparts. This resulted in adopting the import protection policies by the smaller countries, wary of Indian domination and affecting their domestic industry. There is also a clearly a lack of complementarity for intra-region trade, as the countries compete for marketing the same products to the same destinations¹⁰¹.

Barring India and Pakistan, the other countries of the region do not have a diversified product base. They tend to export similar products, which are usually their primary products, and compete in the same market. The Textile Industry is one of the strengths of the South Asian states. The Region has attained expertise to produce world-class products according to their quality standards. Though India's textile products do not constitute significant portion of exports, still the Indian products are major players in the global markets.

101 Kemal, A.R (2004) SAFTA and Economic Cooperation, South Asian Journal No. 6, pp 1-21

Type of Coalition	LIBERALIZING	NATIONALIST
Potential Market Gains		
Significant	Strong support for FTAs	Weak Support for FTAs
Insignificant	Weak Support for FTAs	Weak Support for FTAs

7.8. Nature of Political coalitions, Potential Market Gains, and preferences for FTAs

(Source: Dash, K. Kishore (2008) Regionalism in South Asia pp. 160)

The four SAARC countries--Pakistan, Sri Lanka, Bangladesh and India have achieved expertise to produce world class textile products. According to Bandara and Yu, Sri Lanka and Bangladesh's dominating export product is the apparel sector (36 and 46 percent respectively) while Pakistan's textile products remain one of the major export items (41 percent of the country's total exports)¹⁰². However, trading between the countries is very low owing to the high Value Added Tax and import tariffs. Trade tariffs are still higher in the region when compared to other regions, despite the liberalisation policies adopted by the South Asian states since the last few years. Sri Lanka is the only country among the South Asian countries that followed trade and investment liberalisation policies since 1970s in place of import substitution industrialisation policies followed by other states. As a result, it was able to reap the rewards of its policies, comparatively earlier and more in terms of value than the other countries. But it still needs to address its infrastructure bottlenecks and labour issues. There is a need for Bangladesh to diversify its trade from its already strong industry--readymade garments. Nepal has an open policy and its economy is very much dependent on trade. The strong reason for the South Asian countries to go towards Free Trade Agreement is the rapidly changing economic situation. In the 1990s, newer trade-related groupings emerged that were encouraging intra-regional trade on a high scale. NAFTA, AFTA, MERCOSOR are some examples. They have protectionist tendencies and the entry of outsiders into the group is becoming difficult by the day. India for many years had a relatively big market in the former USSR and some eastern European countries. The collapse of the USSR and the eastern European states merging into the broader western European economy, (the EU) forced India to search for newer markets as it lost two of its most

102 Bandara, J.S. and Yu, W (2003) How Desirable is the South Asian Free Trade Area?: A Quantitative Economic Assessment, World Economy No. 26, pp 1305

privileged market links. Added to this the the presence of economic giant China in almost all the markets, that was a big competitor. The high tariffs and protectionist policies of the advanced economies also made it more tough to enter the markets. The Look East policy of maintaining friendly relations with East Asian countries, formation of sub regional groupings like Indian Ocean Rim Association for Regional Cooperation (IORARC) in 1997, becoming a dialogue partner of ASEAN, eagerness to join Asia-Pacific Economic Cooperation (APEC) were some of such initiatives that had trade relations and market expansion as one of its goals. Pakistan for a long time had limited access to the markets of Japan, North America and Western Europe. However, as these countries and trading blocks present there had protectionist policies, the prospects for trade expansion became bleak, and it was forced to take initiatives to form the Economic Cooperation Organisation (ECO) to boost trade and seek newer markets in Central Asia. However, there are also western economies that are seeking the central Asian markets. Pakistan is also facing increasing competition in its traditional export area--Dubai and the Gulf countries from the relatively new entrants like Malaysia, Iran, Indonesia and Egypt. This makes it to also think about the intra-regional trade within the SAARC region. Nepal has a Free Trade Agreement (FTA) with India and a major part of its exports go to India. Sri Lanka's exports to SAARC declined during the decades 1980-2000, but after 2001, they picked up rapidly because of a FTA with India. It becomes inevitable that as the countries seek to expand newer markets, they cannot ignore the trade prospects within the regional group. Because of these high tariff regimes, the facilitation provisions for trade are not conducive for reaping the benefits of a Free Trade Agreement. According to a World Bank report, if South Asia and the rest of the world raised their levels of trade facilitation halfway to the East Asian average, the gains to the region would be an estimated \$36 billion. The further revelation is that out of that, about 87 percent of the total gains to South Asia would be generated from South Asia's own efforts (leaving the rest of the world unchanged)¹⁰³. This prospect should make the leaders to step ahead with optimism and cooperative spirit and also lead them to take some bold steps. Another World Bank report also states that the current trade between India and Pakistan are to the extent of \$1 billion, and there is a potential for this to go up as high as \$9 billion, which in the highly competitive world, the two big economies of the regions cannot ignore.

A spectacular growth prospect in the region sounds unlikely if the current trend continues--because of the insufficient market size, protected and fragmented national markets and limited, skilled labour

103 Wilson, S. John and Otsuki, Tsunehiro (2007) Regional Integration in South Asia: What Role for Trade Facilitation? Policy Research Working Paper No. 4423, World Bank. pp 25-27

force. However, with the promotion of SAFTA, and the necessary push given by international bodies and advanced countries, the picture seems bright. Another stumbling block is that the countries place many trade items in the sensitive lists--as they are likely to affect their domestic industry. The result could be disastrous for the ruling parties if there are adverse impacts on their economies due to their decisions, as they need the support of the domestic politics to survive. If the result of pursuing such bold policies result in the closing down of some domestic industries, there is a likelihood of unemployment and political unrest. Hence the leaders maintain a huge list of sensitive items with an unstated reason that if they allow trade liberalisation in that area, domestic industries will be affected, mainly because of Indian domination. While the debate on the advantages and disadvantages of SAFTA goes on, it is to be remembered that absence of a “rule master” among and over the member states is making the situation more complex and pessimistic. However, the countries of the Asian region coming together (China, India, Pakistan, Indonesia, Philippines, Thailand) on one side to fight for their interests in Doha negotiations as a part of the G-20 alliance proves that they can change the outcome of the economic negotiations, when they pursue common interests. Another instance where the usually hostile countries fought on the same platform was the 1998 Shrimp-Turtle dispute –in which, India, Malaysia, Pakistan & Thailand were the joint complainants against the US¹⁰⁴.

4.3. Absence of Ethnic homogeneity:

European countries were more or less, ethnically homogenic—especially so since the states are formed on the Westphalian model. There were also ethnic minorities—but not on the scale comparable to South Asia. The countries of South Asia are characterised by ethnic spread across a particular nation-state’s borders. This situation, that looks like an ‘ethnic Jigsaw puzzle’ makes the countries to interfere in the other’s internal affairs and leads to blame-game and increase of hostilities and mistrust. The ethnic spread was partly because of the unscientific manner in which the divisions were made during the colonial era. Starting from the division of Afghanistan and Pakistan by the British to the division of India-Pakistan, fault-lines can be easily found across all the boundaries. The roots for this can be better understood through history.

The British, in their attempt to establish a ‘scientific border’ to enable them to control the high passes of the Hindukush mountains annexed Afghanistan during their colonial rule in South Asia.

¹⁰⁴ Sawhney, Aparna (2007) SAARC in Asian Regionalism, Paper made for the ITC-ICRIER Conference, Centre for International Trade and Development, Jawaharlal Nehru University, Delhi.

This was incidentally the same area that was the border of the Mauryan empire during the time of Chandragupta Maurya in 305 BC. The British wanted to keep a buffer state between their own area of influence and the communist Russians. However, after a series of bloody confrontations (known as the Afghan wars) it led to the installation of Abdul Rehman as 'Amir' or the ruler for the region in 1880. The Amir signed a treaty with the British that gave them control over the foreign policy. Subsequent British negotiations with the Russians on defining the Afghan border was successfully concluded to the advantage of the Afghans. Meanwhile the British laid railway lines across the Khyber and were transporting garrisons all the way beyond Quetta and towards the Khojak Pass¹⁰⁵. But the question of border between British India and Afghanistan was still unsettled. The Amir called for a meeting to discuss the issue. The British negotiating team led by Sir Mortimer Durrand, signed an agreement in 1893. A joint committee worked on the issue for two years and 'demarcated' the border by installing boundary pillars every few miles. This illogical boundary--splitting tribes and ethnic groups has been frequently questioned and attacked as it was only a temporary solution to a problem of a particular time and not compatible with the modern society. Many local people were neither aware of, nor know or care about where the 'scientific' borders are. Afghan governments have tried to repudiate the border arguing that the treaty was signed under duress¹⁰⁶. Till this day, this remains a nightmare for the leaders of the region--both Pakistan and Afghanistan.

A.R. Desai argues that the rise of (Indian) nationalism and 'national consciousness development' emerged and got strengthened during the British colonialism¹⁰⁷. According to him, the 'Indian nation' asserted itself against the colonial rule, the leadership of the 'nationalities' mobilised the groups to bargain for better social and economic conditions. Different linguistic groups, cultures and religions made India an extremely diverse country. The narrative of 'national conscious' development helped to forge a new sense of belonging and nationhood consisting of diversity. But sometimes, this identity was channelised against another group within the same place, resulting in a lot of tensions and often, violence. This also explains the communal riots during the partition of India and Pakistan and these kind of clashes often happen in the countries, mainly due to the exploitation of the issue by the nationalist and right-wing parties. Another example to this is the presence of such groups in Afghanistan. Despite the installation of the ruler of Afghanistan by the British, their re-

105 Chapman, Graham (2003) *Geopolitics of South Asia*, Ashgate Publishing, Aldershot, UK. pp 106-107

106 Chapman, Graham (2003) *Geopolitics of South Asia*, Ashgate Publishing, Aldershot, UK. pp 106-107

107 Desai, A.R (1981) *Social Background of Indian Nationalism*, Popular Prakashan, Bombay, pp 7-29

cords mention a 'Mad Mullah' who was active in Afghan border in 1897 and always urged his followers to wage a war against the British. Similar was Mirza Ali Khan in the 1930s, who justified resistance using religion and tribal affinities, understandably due to the unscientific demarcation of the borders¹⁰⁸. The situation is very similar in modern Pakistan. Despite being overwhelmingly Muslim, the society is ethnically diverse. The Punjabis, Pathans, Baluchis and Sindhis are among the major groups¹⁰⁹. The numerical domination is of the Punjabis (two thirds of the total population), followed by the Pathans (12 percent of the population; mainly concentrated in the North West Frontier province), Muhajirs (Muslim migrants from India--consisting of ten percent of the population) and Baluchis accounting for around three percent of the population). Interestingly, many refugees and migrants from Afghanistan are Pathans. Some analysts also point to the weakness in presenting the whole population of Muslims as a single identity--the ideological basis for the creation of Pakistan, ignoring the ethnic and cultural differences between each one of them. Adding more fuel to the fire is the strictly centralised administrative system, without having outlets for the regional and ethnic groups to air their grievances. Many times, this set-up makes the offended/oppressed groups to believe that the Government is insensitive to their problems and confrontation is the only way of addressing their grievances. The Centralised set-up served the interests of the military and bureaucratic elites--who justified their actions citing 'national interests'. But it also fanned a lot of unrest and claims for separatist tendencies--initially in East Bengal that emerged as Bangladesh in 1971 after getting separated from Pakistan. The North-Western region also has the same potential as there has been an increase of such demands from Baluchis and other groups. Pakistan views the recent active Indian involvement in the reconstruction of Afghanistan has the potential to fan up separatist tendencies. Hence it struggles to oppose Indian involvement in Afghanistan while trying to exert its own influence in the region.

Bangladesh, has more linguistic homogeneity compared to Pakistan. Bangladesh is also predominantly Muslim--with 87 per cent of the Bengali Muslims. While the religious identity goes more in favour of Pakistan, the linguistic and cultural roots find their appeal more towards India. Thirteen percent are the Bengali Hindus, while the tribal population consists of less than one percent of the total population groups. The Chakmas and Marmas (predominantly Buddhists), Tipperas and Mros (Moorangs) are some of the important among them. Some of the tribal population has converted to

108 Chapman, Graham (2003) *Geopolitics of South Asia*, Ashgate Publishing, Aldershot, UK. pp 107-108

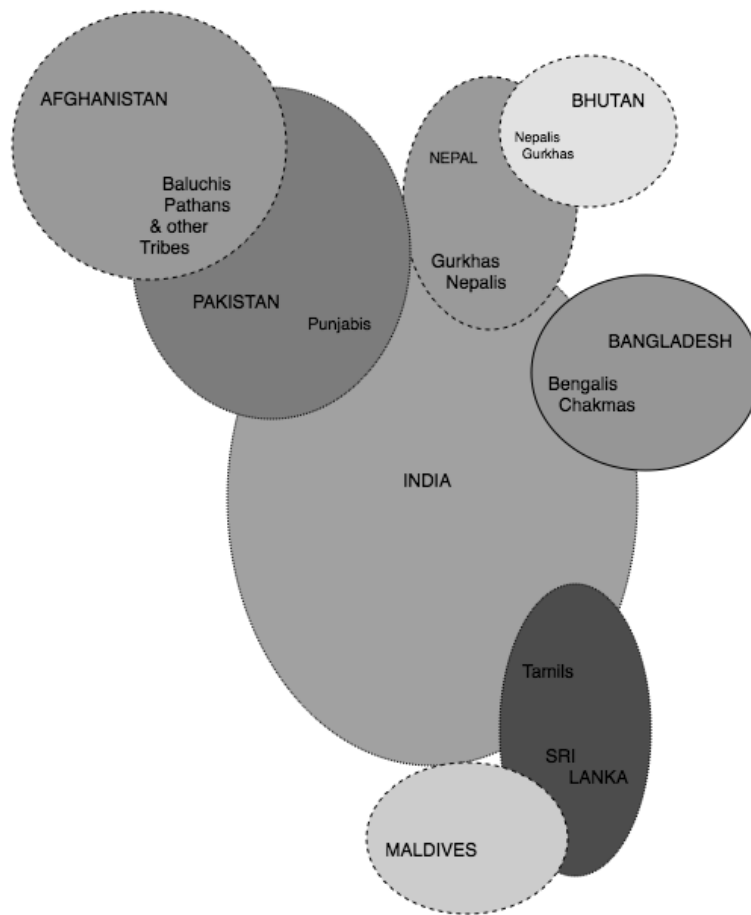
109 Phadnis, Urmila and Ganguly, Rajat (2001) *Ethnicity and Nation Building in South Asia*, Sage Publications, New Delhi, pp 68-69

Christianity¹¹⁰. In case of Sri Lanka, the main ethnic composition is shaped by the waves of migrations into the island nation. Sinhalese and the Tamils make up the major component even though there is a considerable number of Moors and Malays, Burghers and Veddahs (considered the original inhabitants; despite numerically very small). Religion wise, there are Buddhists, Hindus, Muslims while Christians are found in almost all the groups cutting across racial boundaries. Nepal, apart from the native Nepali Hindus, also has Hindus from the Tarai region (accounting for 25 percent of the population), Tamangs, Newaris, Muslims and other groups. Bhutan is predominantly Buddhist consisting of number of groups of Tibetan origin. They are believed to have migrated to Bhutan from as early as in the 9th century and till the 1960s. There is also a considerable number of Nepalis, who were brought to work in the 20th century and are predominantly Hindu. Maldives are the island nations and despite waves of migrations from Sri Lanka, India, Arabia and other places, the advent of Islam brought in about eight centuries ago made it more a homogenous society despite being predominantly influenced by Sri Lanka. The recent member into the group, Afghanistan also has multiple ethnic groups. Pashtuns, Tajiks, Hazara, Uzbek and Aimak are among some of them.

With so many ethnic groups, many times the concept of a nation-state according to the modern understanding is difficult to define. The states remain highly vulnerable to ethnic regionalism and can easily generate separatist tendencies, challenging the state, often with the tactic support and involvement of the often hostile neighbouring state. Each state ends up blaming the neighbour for 'fermenting trouble by supporting separatist elements.' India's position of pre-eminence in the region leads it to believe to play a decisive role; while the smaller states view this with suspicion and this leads to further tensions¹¹¹. Another important issue is the ethnic composition itself--the majority group of small South Asian states suffers from a minority complex. The persons of Indian-origin in the Tarai region of Nepal along with their co-ethnics in Uttar Pradesh and Bihar provinces in India outnumber the Nepalese of Nepal; There are a considerable number of Nepalis (including Gurkhas) living in India. The Sri Lankan Tamils when combined with the Tamils of India outnumber the Sinhalese of Sri Lanka; Likewise, the activities of Sindhis in Northern India and Hindu Bengali Refugees does worry Pakistan and Bangladesh. There are chakma refugees from Bangladesh, Tamil refugees from Sri Lanka, Gorkhas from Nepal in India while Pakistan's porous North Western part has Pathan refugees from Afghanistan.

¹¹⁰ Phadnis, Urmila and Ganguly, Rajat (2001) *Ethnicity and Nation Building in South Asia*, Sage Publications, New Delhi, pp 70

¹¹¹ Dash, Kishore C, (2008) *Regionalism in South Asia*, Routledge, London. pp 140



SOUTH ASIA- ETHNIC SPREAD ACROSS THE NATIONAL BOUNDARIES

There are Bengalis in both Bangladesh and India, Punjabis in India and Pakistan, Tamils in India and Sri Lanka, Nepalis of Indian origin, Bhutanese of Nepali origin, and so on. (See figure) Local rivalries are often linked to consequent inter-state disputes. Thus there is a constant worry among the states that a subordinate ethnic group may use its cross-border links with India and indulge in ‘anti-national’ activities and those challenging the ‘sovereignty and integrity’ of a country. This is one of the important reasons for the mistrust and lack of progress by the countries towards regional co-operation and integration efforts.

India's role in the former East Bengal (now Bangladesh) was also a blow to the Pakistani leaders and it confirmed their suspicions about India that it was 'against the existence of Pakistan'. The recent involvement in Afghanistan of their arch rival in and its growing clout in Afghanistan also is not taken easily by the Pakistani elites. They suspect that the volatile and porous border between Afghanistan and Pakistan and the spread of ethnic groups may help India in fanning the flames of separatism among Pashtuns, Baluchis and other tribes, that are seeking a separate homeland¹¹². The growing friendship between India and Afghanistan, the former's involvement in various infrastructure development projects is not taken kindly because the memory of Bangladesh is still fresh in the minds of Pakistani elites. The key to understanding many of the current day's regional problems linked to ethnicity and religion are based on the 'threat perception' --to see South Asia as a historical civilization (or a regional macro culture) than that of the recently and artificially created nation-states¹¹³. This again brings into focus the challenge of addressing the needs of all segments and sections of a nation-state. In one way, the leaders of all the south Asian countries face the same challenges, but on different levels. All of them blame the 'external influences' for the problems in their countries. Nationalist passions are whipped up to dangerous proportions and the attempts for peace are stifled in an environment of mistrust. Perhaps common policies--the third level policies as mentioned by Charles Pentland within the context of the region, giving the due representations could help in bringing about the development in the region as a whole.

4.4. Absence of a proper mechanism for resource sharing:

The effective management of shared resources is of paramount importance for peace and development of a region. One of the most wide-spread problem in the world is that related to the sharing of river waters. According to United Nations, there are over 245 trans-boundary water basins in the world shared by more than one country. (the number of water basins has grown after the break up of USSR and the formation of new independent States) The trans-boundary river basins cover a whopping 40 percent of the population in the world¹¹⁴ and out of these, 55 trans-boundary river basins are located in Europe. Many civilisations flourished on the banks of rivers. The control of

112 Brecher, Michael and Wilkenfeld, Jonathan (1997) *A Study of Crisis*, University of Michigan Press, Michigan. pp.147-150

113 Ahmed, Istiaq (1998) *State, Nation and Ethnicity in Contemporary South Asia*, Continuum International Publishing Group, London pp 63

114 Jansyka, Libor, Pachovaa, I. Nevelina, Murakamib, Masahiro (2004) *The Danube: a case study of sharing international waters*, *Global Environment Change Journal*, No.14, pp 39-40

water resource was of crucial importance throughout history. Sometimes this struggle for resources or the disputes arising from the usage of the water, leads to many conflicts. These conflicts related to water sharing could lead to bigger potential political conflicts and affect relations between neighbouring countries.¹¹⁵ Hence, despite the challenges in framing and Integrating politically delineated water management units, there is a necessity of working towards framing common laws¹¹⁶. It is also important to have regional water sharing agreements, that comply to the International Law. The regional water-sharing agreements help reduce tensions and potential conflicts and also are integrative as well, as they address the general preferences of member states¹¹⁷. The agreements are much essential for developing countries as Maxwell and Reuveny argue that the scarcity of renewable resources is becoming more common and this scarcity could lead to conflict especially in developing countries.¹¹⁸ The developing countries are also likely to add and as a consequence, face the challenges of environmental pollution.

The foremost example of a trans-boundary river in Europe and having a successful mechanism to deal with the disputes between the states is the Danube. Criss-crossing the east and west and passing through the old and new countries of the post-cold war Europe, it that drains a quarter of the continent. The Danube makes a 2778 km-trip through Germany, Austria, the Slovak Republic, Hungary, Croatia, Serbia, Romania, Bulgaria, and Ukraine. The river also drains the catchment areas of Switzerland, Italy, Poland, the Czech Republic, Slovenia, Bosnia–Herzegovina, Albania, Moldova and Macedonia before joining the Red sea. The watershed forms the largest international river basin on the continent which spreads across an area of 817, 000 square kilometres. The Danube Convention, signed in 1948 by 11 countries led to the establishment of a cooperative framework in the area of flood control and navigation along the river. In the later years, a number of independent projects aimed at controlling the disasters and mitigating the human impacts on the environment in the region were launched¹¹⁹. The separate programmes were later integrated under the legal framework of the Danube River Protection Convention, that was signed in 1994.

115 Sadoff, Grey, (2002) *Beyond The River: The Benefits of Cooperation on International rivers*. Water Policy No. 4, International Water Association (IWA) Publishing, London pp 389–403

116 Biswas, A.,(1999) *Management of International Waters: Opportunities and Constraints*, Water Resources Development Journal No.15 (4), Routledge, London. pp 429–441

117 Haftendorn, Helga (2000) *Water and International Conflict*. Third World Quarterly, No. 21, Routledge, London. pp 51-68.

118 Maxwell, W. John and Rafael Reuveny (2000) *Resource Scarcity and Conflict in Developing Countries*, Journal of Peace Research, No. 37, Sage Publications, pp 301-322

In South Asia, the partition of the Indian sub-continent threw up many unresolved issues related to the sharing of resources. Hostilities and mistrust between countries on a usual high most of the time, sharing the river waters is an important conflict. Many rivers flow across more than one country before joining the seas. The Indus and its tributaries originate in the upper Himalayan region but flow through Punjab region and enter Pakistan before joining the Arabian Sea. The Ganges river system (and its tributaries) originate in the upper Himalayas and Bhutan, flow through Nepal and India and finally enter Bangladesh. Since all the countries are dependent on agriculture as their primary occupation, irrigation plays a very important role in their economies. Added to this, the region falls under the Monsoon type of climate, where the vagaries of nature dictate the economic progress of the countries to a large extent. If there is a bountiful rain in a particular year, many low lying areas are flooded and crop damage is maximum, apart from hundreds of casualties and many people being rendered homeless. If there is a shortage of rains, then there is drought also hitting the economy very badly. The countries open up a Pandora's box when ever they attempt to build a dam or a hydro-electric project because the lower riparian states view that action with suspicion and think that the upper riparian countries are out to block the flow of their rightful share of water. The mutual suspicion among the countries exists and the sentiment is exploited by many nationalist parties.

It is not wonder that there are many disputes related to water sharing. A prominent example of conflict is that related to Indus river water sharing and Ganga river water sharing. While Indus, originating in Tibet and flows through India and later flowing into Pakistan, Ganga system also has many tributaries and they flow through Bangladesh, before joining the sea. India and Pakistan were at loggerheads with each other over the sharing of the river waters of the Indus system. This river system is among the largest in the world. It is known as the lifeline of Pakistani economy. It irrigates over 26 million acres through its network of canals and storage systems-making it the largest irrigated area of any one river system in the world. What was essentially a cohesive network of irrigation for many years had a new problem with the evolution of new countries--India and Pakistan. Added to this, the geography of partition was such that the source rivers of the Indus basin were in India while they flowed through Pakistan before joining the sea. Naturally, Pakistan feared India's designs and felt its livelihood threatened by the prospect of Indian control over the tributaries that fed water into the Pakistani portion of the basin. While India certainly had ambitions for the profitable utilisation of the basin, Pakistan felt acutely threatened by a conflict over the main source of water for its

119 Jansky, Libor, Pachovaa, I. Nevelina, Murakamib, Masahiro (2004) The Danube: A Case Study of Sharing International Waters, *Global Environment Change Journal*, No.14, Elsevier, pp 39-40

cultivable land. After years of deadlock over the sharing of waters, the dispute was finally solved due to the efforts and the involvement of the World Bank. Though India insisted on a bilateral settlement, subtle diplomatic activity brought forth the World Bank into the picture and resulted in a favourable solution to both the countries. Come war or peace, this is the only treaty between the two countries that is respected and implemented to the word till date, irrespective of the political situation between the two countries¹²⁰.

The Ganges Water sharing agreement with Bangladesh is the result of years of negotiations. India and Bangladesh share 54 common rivers, mainly from the Ganga and Brahmaputra system. Bangladesh suffers during the monsoon season as the rivers flood and a loss of lives and property is a regular feature owing to the floods. Despite the existence of a Joint River Commission since 1972, both India and Bangladesh had disagreements over the sharing of waters. While India claimed a lion's share of the water resources on the premise that since the Ganga flows for 2,036 kilometres in India out of its total length of 2,177 kilometres and India being an upper riparian state had a natural right of sufficient water¹²¹. There was a lot of resentment in Bangladesh and this was seen as India being insensitive to the needs of its smaller neighbour. Finally a 30-year treaty on water sharing was signed in 1996. However, many political leaders in Bangladesh consider this a temporary solution and seek to extract more concessions from India. In case of Europe, we see that a mechanism of a higher authority to deal with the disputes related to resource sharing existed since the earliest institution of the EU was started--the European Coal and Steel Commission. Incidentally the whole mechanism of cooperation and integration started over the issue of resource sharing--Coal and Steel. It was a supra-national authority consisting of technocrats that made decisions binding on both the parties, despite some decisions still under the control of the nation-states. However, for South Asian states it may be too much optimism to expect such kind of an arrangement as many of them still assert their nationalistic ideals and are reluctant to give up their 'sovereignty'. SAARC still being strictly an Inter-Governmental organisation and aims to keep all the bilateral issues off its purview, there needs special efforts by the leaders and subtle diplomacy by the observer states to bring the parties to the negotiating table.

120 From the write-up on Indus Water Treaty by the Henri L. Stimson Centre, Washington
<http://www.stimson.org/southasia/?sn=sa20020116301> accessed on 3 July 2008

121 Dash, K. Kishore (2008) Regionalism in South Asia, Routledge, London. pp 67

Another area which has seen cooperation of late is the area of natural gas and oil pipelines. India is keen on establishing trade relations with Iran and seeks to have a pipeline via Pakistan. The active involvement in Afghanistan is also to expand its influence in the region and to have access to the Central Asian oil and natural gas reserves. The same is the case in relation to Bangladesh. The policies of strictly-controlled border areas are now thought about in a pragmatic manner and the countries are allowing pipelines to be laid through their territories. Bhutan and Nepal have huge potential for hydro-electric power generation and the energy deficient countries like India and Pakistan can avail of the facilities by cooperation.

4.5. Absence of a efforts toward building a South Asian Identity

There have been many attempts to foster cooperation through informal issues like travel and tourism, exchange between the scholars through the SAARC programmes, tours of cultural troupes, exchange among South Asian Journalists, etc. But the overall level of interaction has been very low. Because, all these issues are strictly controlled by the respective states and the air of suspicion still lingers on. It takes some bold actions on the part of political leaders and elites to encourage 'Track-II diplomacy' also known as informal, soft, people-to-people interaction. Another soft area is the presence of NGOs (Non-Governmental Organisations) and other civic society groups. Some NGOs are present in many of the countries, but their works many times are not recognised or taken seriously by the elites. Another major influence for informal interaction is played by mass media--Indian television programmes are quite popular in the neighbouring countries. The impact of Indian Hindi movies is also huge. Despite certain countries banning the Indian programmes and movies, the fact that the DVDs of programmes are sold across many shops illegally and the huge demand for them shows the power of informal integration over formal. Many music bands and cultural troupes often travel across the countries and perform. They foster a spirit of unity and harmony and also have a considerable fan-base in other countries.

Another important area that the leaders of South Asia could learn from the European experience is the hugely popular European Action Scheme for the Mobility of University Students (called Erasmus programme). The Erasmus programme was presented as a political instrument to foster 'European identity' and helping to build a People's Europe'¹²². This is a 'study-abroad' (exchange) programme where a student of one country could study for a specified period in a university in a

122 Baron, Britta (1993) The Politics of Academic Mobility in Western Europe, Higher Education Policy Vol 6, No.3 pp 52

different country with the free transfer of credits. The countries' violent histories and nationalistic discourses, as well as the initial scepticism seemed like this idea would be a non-starter. Many far-reaching proposals in the field of Higher Education were discussed in the European Community's Information Network to study the national education policies and system structures, but most governments were hesitant towards harmonisation of the higher education¹²³. The countries, later also had to re-consider their higher education and research policies in tune with the programme and the changing international environment. What began as a programme in which some 3,200 students participating in the first year of the Erasmus programme, went on to reach over a million students by the turn of the century, according to the EC report of 2002. The programme's success is a proof of pursuing optimistic policies, even in an inter-governmental setting--cooperation in place of conflict.

While the European experience in higher education could make the idea of promoting European identity successfully to a large extent, the idea of a South Asian identity is lacking, even among the elites. Elites are the decision makers of the regional cooperation, as the issue is a part of the foreign policy which remains beyond the immediate concern of the masses. The elites are expected to be well read and have a fairly good understanding of both historical and contemporary issues. Dash has conducted extensive open-ended interviews of over 780 members belonging to the elite groups from five south Asian states, by way of interviews. Elites consisted of civil servants, journalists, scholars, business executives, religious leaders, lawyers and retired judges. Among the major findings was that there was a very low-level of affective support among the elites for the growth of regional cooperation. There was also a lack of South Asian identity as only a very small portion of the elites considered themselves as the members of the region and were willing to make personal sacrifices to help another SAARC member¹²⁴. It is a well known fact that when people of a particular country have positive feelings or good images of another country, they tend to develop what Lindberg and Schiengold have called "Identitive support" towards regional cooperation.¹²⁵ The decision makers in such a situation feel compelled to pursue policies of cooperation rather than confrontation. Thus it is important to remove the negative images of the neighbouring countries and work towards co-operation. An important step in this direction could be cooperation in higher education sectors, like

123 Huisman, Joreon and Van Der Wende, Marjik (2004) The EU and Bologna: Are Supra-and International Initiatives Threatening Domestic Agendas? *European Journal of Education*, Vol. 39, No. 3, Blackwell Publishing, Oxford pp 349-350

124 Dash, K.Kishore (2008) *Regionalism in South Asia*, Routledge, London pp 174

125 Lindberg and Scheingold (1970) *Europe's Would-Be Polity*, Prentice Hall, Englewood Cliffs, New Jersey. pp 45

in Europe. As Haas suggested, this is an area where potential consensus can be easily achieved. Controversial issue like History can be initially left out--but cooperation can be reached in studies related to science and technology, Management, and related issues.

Currently, a few SAARC scholarship programmes regularly operate for the benefit of teachers and students. Some Universities often reserve some places for the students as well as to the academic scholars from the other countries. However, this is not a significant number, considering the population of the region. Some countries do not have high standards of education that attract the students of other countries on the prospects of studying in another country. India has a few world-standard educational institutes and the students hailing from the elite families of Nepal, Bangladesh, Bhutan and Maldives often come to study in India. The number of students and academicians are usually restricted and the movement is unidirectional--many come to India for studies, rather than a two-way process. The decision to establish SAARC University in New Delhi as announced during the recent SAARC summit (2007) is a good step towards that direction but raising the standards of educational institutes in all member countries according to the World standards and encouraging education exchange programmes for students across the region helps create a common bond, appreciation of other cultures and fostering the level two cooperation.

Reading History: Conflicting Narratives:

The most emotional and rattle rousing issue dominating the debates on nationalism is the study of South Asian History. Much of the history is mainly interpreted in a nationalistic sense, suited to the particular states and their elites' interests. Nationalistic political parties always try to interfere with the historical narratives and make changes to promote their own interests. Nationalist passions are often whipped up according to the parties' nationalistic interests. History education at the school and secondary level is particularly relevant to either promoting peace or to internal as well as inter-state conflict. The History narratives, mainly the textbooks often reflect the dominant elitist view about the historical events. If the history is narrated from the prism of extreme nationalism, it is likely to contaminate the society's larger marketplace of ideas, thereby weakening the ability to assess the character and intentions of other groups and nation states in an objective manner¹²⁶. As Mitrany and the functionalist school believes, the root cause of war is nationalism. The formal history educa-

126 Dorschner, Jon and Sherlock, Thomas (2007) 'The Role of History Textbooks in Shaping Collective Identities in India and Pakistan' in Cole, A.Elizabeth (Ed.) 'Teaching the Violent Past, Rowman and Littlefield, Lanham, Maryland. pp 276

tion, in the words of Charles Merriam, who had done extensive research on the role of education in promoting nationalism, described it as the “most consciously contrived, for the purpose of influencing the next generation.”¹²⁷

After their independence, the newly formed nation-states had set up on the task of streamlining their education systems by creating Education Boards that were involved in conducting the examinations, designing the curriculum and mainly, the history textbooks. They mainly set up their boards according to the existing English-style Education boards. Pakistan as a new nation, faced difficulty in creating an identity as it had a largely ideological rather than historical, cultural or ethnic basis. It described itself as an Islamic state, and started teaching history mainly from the advent of Islam into the subcontinent. This approach left thousands of years of pre-Islamic history unaccounted for. While in India, there was an advantage for it to lay claim to the ancient heritage and use this cultural inheritance as a means to build the national identity. Jon Dorschner and Thomas Sherlock, while trying to study the complexities and challenges in teaching History in nation-building made a comparison of the history textbooks for schools in the two countries. Their idea is “a balanced history teaching will soften the ingrained hatred and stereotypes and help build civic nationalism as opposed to nationalism based on ethnicity or religion.” India and Pakistan were formed after the end of the Colonial rule of the British in 1947. Neither benevolent secularism in a secular India nor a tolerant religious nationalism in Islamic Pakistan failed to take deep root in either country. Despite trying hard by means of protracted negotiations with the Indian National Congress party to preserve a united India and the later proposal of a federal structure with Muslim rule in Muslim dominated areas, Jinnah was convinced that nothing less than a separate nation would suffice. He started to promote the idea that Muslims constitute a separate nation and cannot live with Hindus after he suspected that the high-caste Hindus were bent on establishing a ‘Hindu-Raj’ (A Hindu nation)¹²⁸. What once was a single entity under the British rule was forced to be partitioned into separate nations in 1947, Pakistan and India. However, Jinnah’s ideas on the nation and its system were different. Despite the partition, he did not advocate Islamism. His speech to the constituent assembly amply demonstrates his ideas,

127 Merriam, E. Charles (1931) *The Making of Citizens: A Comparative Study of Methods of Civic Training*, Teachers College Press, New York. pp 219-222

128 Dorschner, Jon and Sherlock, Thomas (2007) *The Role of History Textbooks in Shaping Collective Identities in India and Pakistan*, in Cole. A. Elizabeth (Ed.) *Teaching the Violent Past*, Rowman and Littlefield, Lanham, Maryland. pp 278

“ Now, I think we should keep that in front of us as our ideal and you will find that in course of time Hindus would cease to be Hindus and Muslims would cease to be Muslims, not in the religious sense, because that is the personal faith of each individual but in the political sense as citizens of the state.”¹²⁹

Though projecting Pakistan as the homeland of the oppressed Indian Muslims since the formation of the state, the elites never considered that different ethnic grievances needed to be addressed. The whole idea of a special and separate nation dominated the discourse. Islamisation of the Pakistani textbooks started in the era of Zia-Ul Haq and had later resulted in emergence of a generation of ‘brainwashed’ students for decades. The two nation theory ‘forced’ a single identity to Muslims ignoring the ethnic, linguistic and cultural differences. Lumping all into a monolithic entity has raised more questions rather than answering the existing ones. Dorschner and Sherlock analysed a few history text books from India and Pakistan and observed that many of them, especially from Pakistan promoted negative nationalism. Citing an example from a fifth-grade textbook from Pakistan on the emergence of Bangladesh, “India engineered riots in East Pakistan through her agents and surrounded it from all four sides” duly ignoring the conflict between the Bengalis and West Pakistanis and many civil rights issues that led to the break-up. Another book praises the Muslim rulers of pre-independent India while denigrating or ignoring Sikh and Hindu rulers. Every pre-Islamic ruler and state was lumped into a single amorphous account.

“Ruthless, strong dictators usurped power and ruled people mercilessly. When they conquered territory, they massacred thousands of innocent people, destroyed cities and looted property. But Islam was radically opposed to it and so it gave a new concept of rule or government.”

“The Muslims of the subcontinent...became solid like a rock, They forced the two enemies, the British and the Hindus, to accept the demand for an independent Pakistan.”

The Indian history textbooks talk about the richness of one of the oldest civilizations of the world and try to present secular nationalism among the students. However, despite being comparatively modernistic in outlook, there are certain issues. In complete opposition to the Pakistani stand that Hindus and Muslims constitute a separate nation and have never been integrated into a common ,

¹²⁹ Jinnah, Mohammed Ali (1947) Speech to the First Constituent Assembly on 11 August 1947. From government of Pakistan’s website <http://www.pakistan.gov.pk/Quaid/speech03.htm> Accessed on 7 August 2008

nationality, the Indian textbooks, while talking about the Medieval ages when most of India had Muslim rulers, states that the two communities are totally subsumed into an Indian national identity. "By living together for so many centuries, people of both civilisations began to understand each other's ways." While the Pakistani text books emphasise heavily on negative nationalism, the Indian text books are not immune to this problem, but to a smaller extent. There is very limited mention of Mohammed Ali Jinnah, the partition of India, the role of Muslim League, Pakistani role in Kashmir dispute, among others¹³⁰. Also, one can find that the writers go an extra mile to promote 'unity in diversity' and equality of religions idea, despite many religious comprising extremely tiny percentage of population. The educational policy in India was mainly led by the leftist-secularist historians. Romila Thapar is one of the prominent historians who is credited with heavy emphasis on secularism and glorifying the 'composite culture' of Indian subcontinent. After 1997, this changed to some extent, although for a short period as the nationalist party coalition (Bharatiya Janata Party, or the BJP) was voted to power. They tried to bring in the idea of a 'Hindutva' or a nationalism based on Hindu identity into the discourse. One of the important changes the nationalists brought in were the revised history textbooks, that gave an element of antiquity to Hinduism, many times ignoring the scientific facts. However, the one of the promises made by the Indian National Congress party during its 2004 election campaign was to withdraw the controversial textbooks if voted to power. The BJP lost the elections and the books were gradually withdrawn before much damage was done.

Farooq Bajwa's 'Pakistan: A Historical and Contemporary Look' is a different take on the historical narrative that is not driven by excessive national ideology. While supporting Pakistani nationalism, it avoids many objectionable elements of the earlier books. It presents positive nationalism and balanced representation of historical facts¹³¹. The Subtle Subversion, a 2002 report of the Sustainable-Policy Development Institute, an NGO in Pakistan, compiled a group of 30 scholars and edited by A.H.Nayyar and Salim Ahmed was like an earthquake in the world of history teaching. The paper documented the subtle and self-defeating biases of the textbooks, especially that glorified war, violence, bigotry and prejudice. "There was a distorted narration of history, factual inaccuracies, inclusion of hate material, a disproportionate inclusion of Islamic studies in other disciplines, glorification of war and the military including encouragement of *Jehad* (struggle) and *Shahadat* (martyrdom),

¹³⁰ Dorschner, Jon and Sherlock, Thomas (2007) The Role of History Textbooks in Shaping Collective Identities in India and Pakistan, in Cole, A.Elizabeth (Ed.) Teaching the Violent Past, Rowman and Littlefield, Lanham, Maryland. pp 301

¹³¹ Bajwa, Farooq (2002) Pakistan: A Historical and Contemporary Look, Oxford University Press, Karachi pp 6, 15, 37, 71, 136,139, 141 and 164

gender bias, etc.”¹³². The report was made by a group of 30 scholars who expressed their concern over the way history was used as a tool to further the agendas of politicians and the military. Historian Ayesha Jalal also raised concerns on the way History was taught in Pakistan¹³³. Bangladesh is also not immune from this malaise. However, the discourse is mainly confined to the nationalistic parties and their campaigns. Sri Lankan struggles to handle its nationalism in the context of the deadly armed guerilla warfare with the ethnic Tamil nationalists continues even this day. The consolation about Pakistan is that the curriculum revision was undertaken since 2006, and implementation of the recommendations is taking place in a gradual way since 2007 after numerous reports were submitted on the issue. However, there is no doubt that changing the mindsets of so many young people is a Herculean task--especially so after the books were taught for almost three decades. This misuse of History had made some scholars to propose a common textbook for the south Asian region--especially for India, Pakistan and Bangladesh¹³⁴. Romila Thapar also disclosed that there was a proposal for an Indo-Pakistani History centre, that was expected to provide a neutral ground for the understanding, discussing and interpreting the history of the subcontinent. However, she was also not so optimistic on the whole idea and expressed her reservations as to whether it might be fruitful¹³⁵. The major states of the South Asian region have history textbooks that remain hostage to the national politics, although at different levels. However, the only consolation is the presence of active political and civic forces in both the countries that can herald a change. Political actors both domestic and external could, along with academics, bring pressure for higher standards of education and curriculum. How can states become victims to such parochial ideas and be trapped in domestic issues to such an extent? Perhaps the explanation of Haas that developing countries are very much conscious about nationalism and the countries are still in the process of nation-building seem partly true. There is also the explanation that it is usually the weak coalitions that press forward the nationalistic ideas and may not sometimes, work towards cooperation and integration. The nationalist-fun-

132 Nayyar, A.H and Salim, Ahmad (Eds.) (2002) *The Subtle Subversion: The State of Curricula and Textbooks in Pakistan*, From the SDPI website: http://sdpi.org/whats_new/reporton/State%20of%20Curr&TextBooks.pdf pp v-vii. Accessed on 12 July 2008.

133 Jalal, Ayesha (1995) *Conjuring Pakistan: History as Official Imagining*, *International Journal of Middle East Studies*, Vol. 27(No.1). Cambridge University Press, Cambridge. pp. 73-89.

134 Varghese, B.G (2004) 'Myth and Hate as History', Published in *The Hindu* national daily, <http://www.hinduonnet.com/2004/06/23/stories/2004062301721000.htm> Accessed on 2 July 2008

135 Dorschner, Jon and Sherlock, Thomas (2007) *The Role of History Textbooks in Shaping Collective Identities in India and Pakistan*, in Cole. A. Elizabeth (Ed.) *Teaching the Violent Past*, Rowman and Littlefield, Lanham, Maryland. pp 294

damentalist ruling coalitions follow a combative regional policy as they usually thrive on the notions of self-reliance, sovereignty and national pride. These type of goals are therefore incompatible with the goals of regional cooperation. However, there had been many new countries that emerged as a result of the break-up of former republics in Europe. Despite these countries becoming a part of the European Union, (for example Slovenia or Slovakia) the discourse of nationalism at best, is controlled or negligible, especially in the domain of academics and historical narratives. There are outlets to express these kinds of grievances by means of some right-wing parties.

European states also had the influence of ideologies and were not averse to the nationalistic discourse. But there was some sort of a mechanism that checked how history was interpreted and taught. The George Eckert Institute for International Textbook Research, EUROCLIO, The Council of Europe and UNESCO (including its predecessor, The Institute for International Intellectual Cooperation of the League of Nations) devoted significant time and resources to the reform of History textbooks, mainly at the Secondary school level across Western Europe. South Asia does not have such a mechanism in a strict sense and the countries could prevail upon the major powers who are involved in SAARC today as observers to help with expert advice and cooperation in reform of south Asian history textbooks. This addresses one of the root causes of mistrust and hostility and also promotes cross-border education exchanges that go a long way in understanding the neighbouring country and its rich history and culture, thereby promoting level two cooperation.

People-to-People contacts: The level of people-to-people contacts are also crucial in instilling the ideas of cooperation instead of conflict among the general populace. There is a great potential for cooperation in the creation of a pan-South Asian transport network--of railways and roads connecting India, Pakistan and Bangladesh. Right now, even though the countries are neighbours, there is no good transport system across the borders, barring a few services that often get suspended whenever there is a political problem. Even trading is not encouraged across the land border-posts and many traders in Bangladesh or India have to send their goods through the circuitous and often expensive sea routes if something had to be sent to Pakistan or Afghanistan. A well developed land network, with the opening of roads to the neighbouring countries help promote trade and commerce to a larger extent. India and Pakistan and India and Bangladesh have decided to start bus services across the borders which is a forward step. Recently, a trade route between India and Pakistan was opened

through the line of control in Kashmir for the first time after independence¹³⁶. The South Asian countries have a common legacy from the British colonial rule--railways, roads, highways and ports, which Rehman Shoban describes as “pathologies of inter-state and domestic politics” on which the present states could work upon¹³⁷. Rehman made a comprehensive study of the transportation systems in the South Asian countries and opined that lack of proper transportation was a serious impediment to the growth of regional trade and interaction among people in South Asia. Both the hard areas as well as the soft areas for cooperation are very much linked to transport and this holds a great potential for further level of cooperation. While many foreign tourists flock to the South Asian states, the domestic tourists in South Asia, especially those impacted by the surge in their incomes owing to the recently witnessed robust economy, have started travel and tourism to such places like Thailand, Singapore and Dubai. There is a need to liberalise the air traffic among the South Asian states as also simplify the cumbersome process of border controls and visa issues to tap the potential from intra-regional travellers. Creating a working partnership among the specific issue areas of the countries helps in building trust and closer interaction among people. Europe has successfully created such networks in various sectors—beginning from railways, roads, ports and air traffic. The region was becoming more and more 'border-less' in these areas. However, this did not happen overnight, this was also due to many other factors, the main being a common desire for deeper co-operation and interaction.

Thus, when we look at the European experience, whether it is cooperation in the hard politics and trade areas or in the softer areas of education and tourism, the level of achievement are remarkable. Whereas in South Asia, the countries still seem to be obsessed with their nation-building, even decades after their independence. There is a need to look beyond the narrow interests and initiate bold measures for cooperation. However, it all depends on the will on the leaders whether they have a vision to transform the region into a zone of peace and prosperity or make the region lag behind in many developmental aspects, despite having a tremendous scope for quick growth.

¹³⁶ Nirupama Subramaniam, (2008) From the newspaper report in ‘The Hindu’
<http://www.hindu.com/2008/10/21/stories/2008102160051000.htm> Accessed on 21 Oct 2008

¹³⁷ Shoban, Rehman (2005) The Twelfth SAARC Summit: Charting a Road Map for South Asian Cooperation, South Asian Survey, No.12. pp 10

Chapter 5:

CONCLUSION:

The speed and level of further integration depends on not only the formal institutions for cooperation but also a lot on the informal settings. Right from the disputes related to resource sharing and to the framing of laws for a free trade area, Europe was able to forge in a 'community policy' due to the presence of 'commitment institutes' that were meant to oversee the implementation of the treaty decisions. The trade between the European nations grew over the years and only after a considerable intra-regional trade fostered by the Organisation for European Economic Cooperation (OEEC), a monetary union could evolve subsequently, because of the general belief that cooperation was better than conflict. The role of regional hegemon—joint-hegemons Germany and France in case of Europe, pushed forth by another hegemon—the United States was instrumental as it aimed for a border-less Europe, mainly to expand the reach of its trade and to keep a check on the spread of Communism. European integration was also possible due to the setting up of institutions—starting from the landmark legislations to set up a mechanism for resource sharing, the European Coal and Steel Commission (ECSC) in 1951 to the Treaty of Rome, the Single European Act, The Maastricht Treaty that led to the emergence of institutions with supra-national elements like the European Court of Justice, European Parliament and the European Commission. Apart from the formal level interactions in the areas of trade and politics, there were also many opportunities for informal exchanges--of ideas, trade in goods and services. Education, despite being viewed with scepticism initially, was also instrumental in forging and building up a European identity.

South Asia, relatively a new entrant to the regionalisation efforts can learn from the EUs experience. Five potential areas were examined here and compared to the European experience—South Asia is characterised by the absence of an unchallenged regional hegemon or joint hegemons while the European case had Germany and France. The two leading economies of the region, namely India and Pakistan have different approaches towards cooperation and integration. While India believes in the neo-liberal thinking of cooperation in low areas to the subsequent cooperation in high areas, Pakistan follows a different approach—insisting on solving the political issues first before attempting cooperation in other areas. The observers could play a major role in bringing the leaders to the negotiating table. In case of South Asia, there is no external threat perception and no superpower that pushed for greater cooperation and integration, rather the cold war politics played by the two

superpowers in the region brought arms race and increased mutual suspicions between the states. In the present day, international bodies like the World Bank can play the role of US, in a limited way and since the potential for development is huge because of regional cooperation and integration, the leaders should look beyond the populist, nationalist policies and aim for cooperation. The presence of European Union, Russia, US and a host of other countries can effectively remove suspicions and hostilities among the states and bring them to the negotiations using all their clout. Intra-regional trade should be promoted and despite leading to some initial 'economic shaking-up' due to the shocks, the region can stabilise and emerge as one of the fastest growing regions in the world. The World Bank and other international organisations and EU can play the role of the US and foster deeper cooperation and integration. Unlike in Europe, there is an ethnic jigsaw in South Asia--spillover of ethnic groups across borders of the nation-states and this is easily prone to be exploited for blame-game and to ferment trouble by states. The states need to design policies addressing various groups, with the help of international bodies. The European experience in designing policies for the development of backward regions under the Cohesion Policy could be taken as a model and applied to the specific needs. There is also an absence of resource-sharing mechanism—a potentially volatile area given the states' huge population and the scarce resources. The leaders could learn from the experience of Europe and the case of Danube water sharing is an example. The European co-operation and integration was also possible because of the steps taken to build up a European identity. The role of education was crucial in this area. The education exchange programme was an important means to achieve this goal and promote people-to-people contacts. The coming of weak and nationalist coalition regimes in many south Asian states should not hamper the efforts of the larger groups but the South Asian leadership could be convinced to aim for cooperation while designing policies. The South Asian leaders should also aim for a similar mechanism to check the quality of the text books and work towards achieving excellence in their education systems on par with the world standards, since history often whips up nationalistic passions to a dangerous level. The ethnic and religious nationalism should be replaced by civic nationalism and this requires bold initiatives and vision on the part of the leaders.

It is not the question of whether Inter-Governmentalism or Supra-Nationalism that encourages more cooperation among the hostile neighbours but the presence of commitment institutes and institutions that ensure that the countries leaders' promises and declarations are not confined to plain words and rhetoric but aim to show their dedication and seriousness. Steps should be taken for the

free movement of people across the borders. Some of the issues like education exchange, cultural, tourism, media exchanges, and such people-to-people interactions help build a strong sense of regional identity among the people. The media could play a major role in building up and promoting south Asian identity. When this can be achieved, it is a known fact that when people of a particular country have positive feelings or good images of another country, they tend to develop what Lindberg and Schiengold have called "Identitive support" towards regional cooperation.¹³⁸ The decision makers in such a situation, whether in strong or weak governments, feel compelled to pursue policies of cooperation rather than confrontation. Thus it is important to remove the negative images of the neighbouring countries and work towards cooperation simultaneously. This goes a long way to maintain peace and help in the rapid development of the region.

138 Lindberg L.N and Scheingold S.A (1970) *Europe's Would-be Polity*, Prentice Hall, Englewood Cliffs, New Jersey pp 45

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SHORT CV

JAYARAJ MANEPALLI

Garnisongasse 14-16/604

A1090, Vienna, AUSTRIA

Education:

2006-2008 University of Vienna, Vienna Austria

European Masters in Global Studies

Multi-disciplinary course on globalisation and its impact on various fields. Studied at Wroclaw University (Poland) and University of Vienna (Austria) as per the requirement of the programme

2004-2005 Asian College of Journalism, Chennai, India

Post Graduate Diploma in Journalism-Major in Print Stream (PGDJ); CAP-74%

Electives: Critical International Issues, Environment and Ecology, Photojournalism and Business Reporting

2001-2002 Osmania University, Hyderabad, India

Bachelors degree in Communication and Journalism (B.C.J): Passed in First division

Subjects: Mass Communication, Communication Theory, Public Relations, Reporting, Advertising, Radio Journalism, etc.

1997-1999 Osmania University, Hyderabad, India

Masters degree (M.A) in Sociology; Passed in First Division

1994-1997 Osmania University, Hyderabad, India

Bachelor's degree (B.A.) Political Science, Public Administration, Sociology

Experience:

2005-2006 Staff Reporter, (Journalist) for The Hindu, National English Daily in India (www.hindu.com)

Based in Guntur district, Andhra Pradesh, India. Population: 4.46 Million (2001)

Toured the district and covered various reporting beats--from politics, art and culture, sports, education, environment, developmental issues, features, etc.

Nationality: Indian

Place of Birth: Secunderabad, India

Marital Status: Single; Unmarried

Date of Birth: 4 January 1976

Hobbies and Interests: Reading, Photography, Traveling, Music

Permanent Address:

10-5-342/22,

Thukaram Gate, Lallaguda

SECUNDERABAD 500017

Andhra Pradesh, INDIA