Peace through Regional Integration: The Political Economy of South Asian Association for Regional Cooperation (SAARC)

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Abstract

South Asia comprising of eight main countries with India in the center, constitutes one of the most volatile regions of the world. As Buzan notes, security is a relational phenomenon. Because security is relational, one cannot understand the national security of any given state without understanding the international pattern of security interdependence in which it is embedded (Buzan, 2008: 187). Notably, the dynamics of center-state relations and relations between states is vital in ensuring the South Asia achieve peace and security objectives.

Notably, the insurgency witnessed in the region can be attributed to infiltration attempts from across the borders of the states. The stability of India vis a vis its internal security is crucial given the immense diversity of the South Asian nations. South Asian Association for Regional Cooperation (SAARC) has demonstrated its will to achieve regional cooperation in the South Asian region, but at a slower pace compared to other regional organizations. In mid-1980s the desire for greater regional integration was highly attached to the role of the political leadership in both the economic and political front in most of South Asian region nations. Promotion of political and economic integration amongst actors of a regional institution is vital to achieving peace and stability in South Asia. For South Asian nations to be able to benefit economically from regional cooperation have to ensure factors such as good governance, crisis management and inclusive political commitment. There is a need to elevate the low rate of trade exchanges amongst the SAARC nations which is currently lower than 5 per cent of total trade (Prabhash 2016). The objective of this paper is to analyze the influence of politics and economic factors on regional integration and to assess
the SAARC channel as an integration model for political stability in South Asia. The paper also examines the challenges facing the efforts made towards political stability and economic integration among SAARC member states. The intent of this paper is to take in-depths look at the literature related to regional economic integration and political commitment to implement integration through regional grouping.

Introduction

The relationship between South Asian nations here has been driven by security dilemmas in which nations seek to increase their relative gains in order to feel secure. South Asia consists of eight countries at various stages of development and diversity. Out of the eight nations India is the largest with a population exceeding 1.6 billion people. Nepal, Bhutan and Afghanistan are the landlocked economies. Sri Lanka and Maldives are two island nations. Indian influence is growing into all South Asian countries. Hence, India has 15,106.7 kilometers of land border and a coastline of 7,516.6 kilometers including island territories, which it shares with the neighboring nations of Pakistan, Bangladesh, Bhutan, Nepal, Bhutan, Sri Lanka, the Maldives, Myanmar and China. India enjoys complete strategic, economic and military hegemony over other countries in South Asia. During the past seventy years both the India and Pakistan share bitter memories of three wars, Two decades of proxy wars and Pakistan’s humiliation defeat in 1971 and India’s role in liberation of Bangladesh led Pakistan to adopt a strategy of acquiring a nuclear arsenal.

The 1962 Sino-Indian border dispute led to the occupation of Indian territory the so called ‘Aksai Chin’ by China (Huttenback.1964). Today China is an important trading partner for Nepal and important supplier to both Bangladesh and India. The massive aid provided by
the China to Sri Lanka, the Maldives and Pakistan with supplies of small arms is a matter of concern to all South Asian countries.). India and Sri Lanka can boast of enduring experience in democracy and initially maintained a stable and friendly relations with Sri Lanka. According to Large (2005), democracy faces serious threats requiring a choice between undesirable actions when confronting acts of violence that take place under the rubric of terrorism. Large has further pointed out that terrorism can alienate the general public of a country by damaging, disturbing and threatening to the legitimacy of the government (Large 2005: 140). This is further backed by the fact that many countries have become democracies in the world today (Waltz, Kenneth Neal, and 2010:55). As a result they have not only been able to benefits actors economically in terms of trade through expansion of markets, attraction of investors, and increased bargaining power. But in 1980 India found itself drawn into the civil war when Sri Lanka was engulfed in a civil war from 1983 to 2009. For many years the Liberation Tamil Tigers of Eelam (LTTE) managed to create a de facto autonomous enclave. About 100,000 Sri Lankans died as a result of such intense warfare (Krista Mahr:2013).

In 1992 after the fall of the soviet backed communist regime led by Najibullah in Afghanistan more than 2.2 million Afghans fled to Iran another 3.2 million refugees fled to Pakistan according to United Nations High Commission for Refugees (UNHCR). Fall of Najibullah had opened up new perspective for Pakistan's regional ambitions. The Inter-Services Intelligence (ISI) one of the most powerful intelligence agencies in Pakistan started training Afghan Taliban carders. In 1996 the fall of Kabul and new dynamics of global politics emerged after September 11, 2001 attack on the twin towers in US. Since US led forces intervened in Afghanistan in October 2001 the potentials for stabilize and peace in the country. By end of 2014 USA had spent US$ 1 trillion dollars (Geoff Dyer and Chloe Sorvino 2014). The North Atlantic Treaty Organization, (NATO) led combat mission
concluded on 31st December 2014. Pakistan’s relationship with Afghanistan had deteriorated with the fall of Taliban.

Bangladesh is the third largest Muslim state by population after Indonesia and Pakistan. India’s relationship with Bangladesh started on the high note given by the role in 1971. Democratic polity was restored in 1991 after a prolonged sustained movement against the military dictatorship. In the recent past attacks on Hindu minorities and the Dhaka cafe attack by the Islamic militants are clear indications of volatility in the country’s security situation.

On the other hand in Nepal the communist Party of Nepal (Maoist) launched a peoples war in 1996. After the demise of monarchy and the rise of Maoist in 2004 Nepal had a great impact politically, economically and socially.

Clearly, the above explanation in South Asia gives one of the most volatile regions of the world. After all, a number of the conflicts in south Asia have their roots partially in governance and failure of policy’s. The debate is what actions should be taken to solve South Asian security dilemma. Even though no side wants war there is a tense nuclear stand-off between India and Pakistan that may be the most dangerous.

However, SAARC has been ineffective in the implementation of its initiatives is as a result of various hurdles like lack of political commitment and mutual mistrust amongst nations. This has made cooperation in aspects like security and economy to be counterproductive. A further analysis reveals dissimilarity that is already indicated in one of the factors contributing to this outcome was the inability of the multilateral institute such as South Asian Association for Regional Cooperation (SAARC) to achieve a higher level of coordination and bridge the difference of opinion between the governments of the eight SAARC nations.
Rajiv notes that the conceptualization of SAARC was mainly as a response to domestic political and economic needs of the South Asian nations has often been compared to its counterparts like EU or ASEAN which have been state driven initiatives pushed forward by extra regional force. (Rajiv et al 2014, xi).

The SAARC could and begin to play a much more active role in Peace SAARC is yet to respond and its actors have not demonstrated the political will to deal with the issue, despite their desire to do so. The eight nations in South Asia has been able to provide a platform for cooperative security framework amongst its members and in the process. The SAARC also can actively involve in the creation of a cooperative community in terms of security in South Asia. The South Asian Association of Regional Cooperation (SAARC) has been struggling to make an impact for a long period of time. SAARC provides the eight member nations with a platform for regional integration and cooperation that may help them benefit in terms of joint projects, security, conflict resolution and also economically, and expanding markets.

Reduced hostilities in the SAARC region will see to the promotion of peace and stability. This will also promote economic growth and integration, which will in turn foster mutual economic dependency amongst south Asian nations. Integration is an important option for regional actors to overcome barriers imposed by the size of their markets and land area.

*In this context question such as How South Asian Association for Regional Cooperation (SAARC) strategies are political and economic integration helped in building peace will being analyzed in this essay*

**Literature**

The success of a regional grouping in tackling crises like conflicts through prevention and resolution varies from one region to another as discussed while taking a comparative
perspective of regional groupings. Given that security issues are always synonymous with national boundaries, the enhancement of international cooperation in security is vital in promoting peace and harmony in a nation (Wolfers, 1952). This becomes a stumbling block to achieving cooperation amongst states. In contrast, other states may seek to embrace defensive policies that are moderate and aim at maintaining a state's status quo unlike the offensive approach of neo-realism that is anarchic in nature.

The advantages that South Asian nations can enjoy as a result of successful economic integration can be understood better by focusing on the role that SAARC has to play in it. However, since its conceptualization, the initiatives put in place by the SAARC to foster trade in South Asia have been unproductive. Member states should, therefore, learn from their past failures and take a leaf from successful economic integrations like European Union (EU) in order to achieve success in economic integrations. As Sridharan observes, the low level of economic growth in the south Asian region can be attributed to the group of low-income labor-intensive economies which are largely competitive rather than complementary. The fear of India's hegemony by the smaller economies and India's failure to open up can also be attributed to the inhibition of economic integration over (Sridharan 2011, 18-19). The absence of progress in economic integration in the South Asian region can be attributed to a number of factors such as domestic and external trading competitions amongst member states. Regional actors involved in economic integration initiatives have great chances of benefiting from such alliances¹. Nonetheless, whether they benefit is entirely dependent on the internal design of the economic alliance and the level of political will of member states in the integration (Mathews 1984, 186).

¹ The process of economic cooperation among SAARC countries is very slow but SAARC decision to move into the free trade arrangement can make a significant contribution to the cause of cooperation in South Asia.
Neo-realist ideologies state that international relations are determined by structural constraints rather than strategy. Waltz believes that states naturally put their own interests first before the interest of other states. According to the neo-realist theory, power is viewed as a key aspect of international relations. The theory of neorealism has been very influential in the foreign policies of the European Union in its endeavors to become the world's largest global actor.

States have the same aspirations but others are considered as having the needed ways and means of achieving them (Van Evera, 1977: 26). This becomes a stumbling block to achieving cooperation amongst states. In contrast, other states may seek to embrace defensive policies that are moderate and aim at maintaining a state's status quo unlike the offensive approach of neo-realism that is anarchic in nature. The second school of thought is the institutional view, which considers the interdependence among nations as being complex. For this reason, no nation can single handedly solve its own problems, hence the need for creation of regional groupings rises to counter the economic and non-economic problems facing these nations through collective action. These groupings can also be important in providing the necessary technical expertise for solving problems. They can also bring states together to cooperate and form institutions to meet specific needs. Regionalism in the world has always had a strong political motive and helped to fill the political vacuum through cooperation among states. This has been necessitated by the rise of interdependence theory and advent of globalization.

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2 Schouten, Peer. "Theory Talk #40 - Kenneth Waltz". (Theory Talks 2017)

3 In the 1960s and 1970s, regionalism was the subject of much of academic discussion, research and on the ground policy innovation. It was insisted that regions are critical functional units in a worldwide economy.
Nye and Keohane are of the view that cooperation through integration between states leads to increased economic interdependence and decreased use of coercive power. Robert Keohane and Joseph Nye further explain that nations and their destinies are linked in an united manner through their ideas on interdependence. This interdependence amongst nations is described as having an effect on international politics as continued dependence amongst states eventually leads to the transformation of international politics. The use of hard power has been sidelined though not entirely and in its place, soft power has characterized the interdependencies and connections between nations and international actors (Keohane and Nye 1997: 122-132).

Diplomacy in regional groupings that has been vital in creation of channels for communication and negotiation in order to avert crises. This type of diplomacy is known as preventive diplomacy and it mainly involves measures aimed at tackling socio-economic causes of conflict, good governance, and human rights. It also aims at preventing disputes that can be avoided from escalating into violent conflicts. However, Preventive diplomacy is not solely limited to diplomatic means of crisis prevention. It broadly encompasses diplomatic, economic, military, political and humanitarian actions by regional organizations (Gowan, Richard, 2011:21). Regional groupings have also evolved to play an important role in the promotion of stability and peace through strategies aimed at crisis diffusion and conflict resolution.

**Role of regional groupings in achieving political stability: A South Asia perspective**

The influence of regional politics and poor interstate relations amongst the member states of SAARC has led to the poor integration in the South Asian region. The diverse nature of political commitments has also challenged the implementation of regional programs. There has also been a different priority by members’ states concerning the goals of search. While
India mainly puts emphasis on economic cooperation, other member states are mainly focused on development, security, and regional stability. Member states have also failed to reach an agreement on some controversial issues due to leadership vacuums in the SAARC. Notably, initiatives that evoke little or no political tensions have made significant progress.

As a result of India's hegemonic dominance, other nations are reluctant to work with India out of fear of dominance. India has further worsened this situation through its continued dominating attitudes in the region. Promotion of peace and stability is an important aspect of regional cooperation. Regional cooperation in aspects such as economics ensures the buildup of peace and stability in a region (Tellis 1997, 32). Stability brought about by regionalism not only ensures that a region is conflict-free but it also paves way for the attraction of both foreign and local investment. It also helps in creating mutual trust amongst member countries.

Establishment of regional intuitions like the SAARC has encouraged member states to avoid potential conflicts between nations, especially since this is viewed as a threat to security and coexistence in the region. The South Asian region has been a troubled region for years. Hopefully, SAARC will eventually become effective in dealing the various conflicts and tensions in the region and its economic problems.

Regional stability and peace are important for a region to prosper. Regional groupings are formed with the primary goal of developing peaceful relations amongst involved members of SAARC was formed with the primary objective of promoting peace and stability in Europe. It is the role of regional groupings like the SAARC to encourage nations to work together to foster stability and peace in the region (Kabir 2005, 54).
**Status Regional economic integration in South Asia**

Most South Asian nations have been faced with challenges such as foreign debt, narrow tax base, macroeconomic imbalance, overvalued currencies, substantial sources of revenue ie custom duties and the lack of trade finance. Strategies aimed at substituting imports that have been used by most South Asian countries also caused many regulations that hindered trade, for instance, the introduction of special taxes, and advance import deposits administrative foreign exchange allocation, licensing. All these have made the South Asian environment to be undesirable for the advancement of regional commitments hence poor economic integration.

This will see to the success of regional groupings since mistrust amongst regional actors leads to lack of political commitment The hegemony of India in South Asia greatly impacts all attempts towards regional economic integration. Regionalism becomes counterproductive when nations develop hegemonic attitude .regional institutions such as the SAARC thus become compromised by hegemonic nations like India because such nations always try to influence regional decisions according to their own interests and fail to consider the interests of other regional actors.

The role of India in SAARC is also of significance as it defines the dynamics of political will and interaction among member states. Notably, India accounts for almost 78 percent of the total South Asian land area, and 79 percent of its GDP (Singh, 2007:25). Nonetheless, these nations have the same level of economic and human development. The indicators of development (HDI's) and values for GDP per capita are however almost the same in all SAARC countries. This affects the attempts towards achieving peace, stability and economic integration. There is a serious need for India to take urgent action in promoting regional integration and cooperation in order to make SAARC an effective and influential regional
Political commitment as a tool for success

Political commitment has evidently played an important role in successful regional groupings. SAARC has also demonstrated the desire for economic integration in the South Asian region. Lack of political commitment is the main reason for the ineffectiveness of SAARC. Integration will only be achieved through the promotion of stability in regions with domestic and interstate conflicts. The South Asian region offers immense potential for the economic advancement of India. It is, therefore, the prerogative of India to ensure that its neighbors experience peace and stability.

Political decision making in intergovernmental organizations like the SAARC is important in developing a consensus on the promotion of interdependence in economic, social, cultural and security spheres (Oberst et al. 2012, 247). For this to be achieved, regional institutions must ensure that national interests of member states are not compromised.

Strong political will of these nations is a necessary tool of all nations at a national level. This is very important if it is later to advance to the agenda of economic regional integration. The success of regional groupings also calls for the surrender of some sovereignty by the involved actors. Regional and national norms should further be harmonized for effective regionalism.

Benefits offered by SAARC to its member states

Member states of SAARC stand to benefit from regional economic integration in a number of ways. To begin with, economic cooperation and, economic integration presents South Asian nations with the opportunity to pool their resources together and cooperate to expand their markets. Given that some nations such as Maldives are too small to attract any major
investments. Economic integration will allow them to overcome the shortcomings of economic smallness. In addition, economic cooperation in the region will also increase foreign direct investment in the SAARC member states (Srinivasan 2006, 67).

Moreover, the negotiation capacity of member states will be increased as a result of economic. Member states will also get the chance to develop in terms of trade and expand their trade to their neighbors with successful economic integration. Implementation of customs unions and the eventual development of strong economic integration will see to the achievements on trade. As a result of economic integration, free border movement of members will also be achieved. This is important because it leads to the development of trade and promotes interaction. This is a vital step in strengthening the South Asian economic integration and the eventual creation of a common market for SAARC states.

The private sectors in the region will also benefit from regional cooperation in the SAARC. This is because the trading customs will enable these private sectors to explore the opportunities offered by the different SAARC member states. Moreover, regional integration will also aid in promoting stability in the region and conflict resolution. Integration will reduce the risks of conflict in the region through negotiation and increase interdependence amongst nations hence making conflict costly to the south Asian nations. A stable and peaceful environment is necessary for sustainable development.

Through the SAARC, South Asian nations will be able to collectively improve their transport and communication infrastructure. This will enable the members to initiate several projects that will facilitate regional trade by modernizing transport and communication networks.
Hurdles to regional economic cooperation

Most south Asian nations have been faced with challenges such as foreign debt, narrow tax base, macroeconomic imbalance, overvalued currencies, substantial sources of revenue i.e. custom duties and the lack trade finance. All these have made the South Asian environment to be undesirable for the advancement of regional commitments hence poor economic integration (Dash 2001, 205). The fear of economic polarization by weaker states in SAARC is also another challenge to economic integration. This is as a result of the imbalances in economic weight that is witnessed between south Asian member states. The power disparity among member states creates mistrust and suspicion. This hinders cooperation and provokes members to restrict trading with India, and further discouraging foreign direct investment from India (Singh 2011, 202). If this issue is to remain unaddressed by SAARC, it will hinder the process of economic integration. New strategies should be put in place to deal with this issue i.e. introduction of compensation schemes, regional investment banks etcetera.

Conclusion

The idea of regional cooperation can be seen to be getting stronger among the SAARC member states. States are slowly realizing the importance of coming together in a broad regional framework and foster cooperation in the region. In the near future, the region will be able to witness significant progress towards economic integration and trade liberalization. SAARC is in a position to encourage its member states towards achieving this by actively soliciting the consideration of regional matters through cooperation. This is because some of the South Asian nations are small and weak and therefore may not single-handedly attracting any major investments in the region. The limiting factors include lack of sufficient resources, small market size, and high trading costs. There is a need for South Asian nations and
SAARC to put in place measures in order to increase regional trade and address issues of peace and stability in the region. Importantly, political commitment should be sustained by SAARC member states is key in achieving all this.

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