

# NEWSLETTER

REGIONAL CENTRE FOR STRATEGIC STUDIES, COLOMBO

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## Message from the Executive Director

Dear Friends,

The New Year has dawned in a rather ominous manner in South Asia, with war clouds not merely over the horizon, but in our midst. With the highest ever peace-time mobilization of armed forces by India and Pakistan across their borders, a spark could set-off a prairie fire. Another act of terrorism replicating in some manner the attack on the Indian Parliament on December 13, can indeed be that spark. Under these conditions, a possible nuclear exchange by design or accident, cannot entirely be ruled out. The dangers are real, though as I write this, there are signs that we will step back from the brink. We work to ensure that incidents such as these do not recur.

It is under somewhat anxious conditions that we met at the Tangerine Beach Resort south of Colombo for the **Ninth Summer Workshop on Defence, Technology and Cooperative Security** from 5-14 January. Following a comprehensive review of the Workshop conducted earlier, it was focussed this year to address specifically the security issues that the region faces today. Once again we had excellent participation from South Asia and China. An outline of the Workshop is provided elsewhere, along with photos of participants, an innovation this year.

We look forward to follow-up Chapter meetings across the region. Meetings at Sylhet, Chennai and Hyderabad have been planned in February-March. Additional ones are scheduled at New Delhi, Islamabad, Dhaka and Beijing. Our contribution is very small and it is up to you to initiate these and other Chapter activities.

Quite often the views of smaller countries of South Asia are not heard in the region. We have great pleasure in carrying in this issue as its lead article the views from Bhutan on globalisation by its Foreign Minister. Just three weeks before the SAARC Summit, the RCSS held a very successful conference on *SAARC in the 21<sup>st</sup> Century* at Kathmandu from 10-13 Dec followed by a meeting of the International Research Committee. Details of these appear elsewhere in the Newsletter.

One of the issues we have grappled with in the past is how to continue interactions among members of the RCSS

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## *Globalisation: A View From Bhutan*

By Lyonpo Jigmi Thinley\*

Together, the developing world accounts for four-fifths of the world population. We have an abundance of natural resources and an awesome capacity to alter the course of the world. For all our diversity in religion, culture, race, and ideology, some questions may be asked about globalisation on behalf of all of us. To start with, what is it? Is globalisation a natural progression towards a state where all the evils of society will be removed by means of integration and an equitable world order? Or is it a 'conspiracy' of the industrialized countries to establish and maintain a new world order which will consolidate and perpetuate the interests of a privileged minority of the world's population? We should ask ourselves why it is that the industrialised countries are generally enthusiastic about globalisation, while the developing states are possessed by doubts and anxieties? For a start, the definition and rationale of globalisation emanate from the developed countries. The main players and beneficiaries who propel the processes are the industrialised countries led by the G8 and the large multinational corporations based mainly in the West.

In addition, the institutions which frame the rules of the game are perceived to be under the control of the industrialised countries, notwithstanding their democratic structures. Finally, the situation speaks for itself: deepening poverty in many developing countries contrasts sharply with the growing affluence in the West. If we accept that globalisation is a product of human activity, how might we manage it to serve the larger interest of human progress? In order to stimulate reflection and debate I shall focus not so much on the positive aspects of globalisation, but on the less palatable aspects.

### **One-sided economics**

In the economic realm, globalisation has come to mean the supremacy of market forces through a set of rules. These are established on the premise that national governments are inefficient, and their regulations a hindrance to the free movement of goods, services and capital which bring with them the promise of growth and prosperity. The primary purpose of these rules,

alleviate rising poverty, Overseas Development Aid (ODA) flows have trickled, and soaring debt burdens have served to aggravate gaping wounds. ODA has declined in the '90s to an average of 0.2% of GDP from the OECD countries. This contrasts with their pledge of a minimum of 0.7%. The illiterate and the sick in many developing countries will continue to see their governments spending more on debt servicing than on their education and health.

Allowing the free flow of Foreign Direct Investment (FDI) into the developing countries was supposed to render the begging bowl unnecessary. We know now that FDI flows and the participation of the multinationals are not in the direction where investment is needed, but where there is profit. Even where such flows do take place, it has resulted in the widening of the social divide. It has given greater access to a higher quality of services to the already advantaged. The Bretton Woods Institutions, on the other hand, have until recently resisted the call for a fundamental change in their principles and approaches. This has caused serious problems to developing countries.

#### **What chance of change?**

Can this change? For developing countries with large populations of poor people, the government's role is crucial. It must intervene to supplement the actions of the market forces, at the very least to establish, promote and protect arrangements for the distribution of basic services, fair wages, food security and so forth. This need is glaring in the shameful disparities that have come to characterise our society as never before. Boundless affluence exists amidst an extreme misery of poverty, deprivation and sickness.

#### **Social impacts**

The impact of globalisation on the social fabric has been stark. Increasing urbanisation has brought about the disintegration of family and community, cohesion and cooperation. Most notably, the revered tradition of extended family – that unfailing social safety net – is fading into memory even as we extol its virtues. At the same time, the very foundation of the welfare state, that product of Western ingenuity, is also being shaken to its very roots. The sinking health of our environment is largely attributable to the developed countries. When it comes to the transfer of science and technology, current arrangements regulating the transfer including Trade Related Aspects of Intellectual Property Rights (TRIPS) are not designed to facilitate the flow of knowledge. Patent rights in particular, have hindered and in some cases halted the cross-fertilisation and spread of knowledge. The monopoly enjoyed by the

pharmaceutical companies on their products is only the most glaring example of this. This goes far beyond the right to earn a reasonable return on the investment which ostensibly justifies it. The plight of AIDS and HIV patients in Africa desperately crying out for medicine comes vividly to mind. As for the security perspective, globalisation seems to have failed humanity. It has failed to rid humanity of the spectre of a nuclear holocaust. Arms and armies are as prominent and threatening as ever, and the oiling of the weapons industry of the rich countries by the developing countries remains a glaring irony. So too is the fact that the five permanent members of the Security Council top the league of arms exporters. Wealth may be one way of pursuing security but it seems that creating insecurity is one way of pursuing wealth.

#### **Gross National Happiness**

Unless the course of globalisation changes, the UN millennium summit goal will remain a dream. Yet there is hope. The industrialised countries and the multilateral financial institutions have pledged to address the plight of the poor with more urgency. Their agenda includes some debt cancellation, a development plan for Africa and a global fund for the fight against AIDS/HIV. But are these pledges being realised? I have tried fairly to represent the developing countries' sense of fear and injustice. But I have spoken little of the amazing ways in which globalisation has touched and uplifted the people of the developing world. Globalisation is the product of our collective action, and it is in our collective interest to generate the will and capacity to fashion it into a creative force. Our world is shrinking by the day. The impact of the ideas and actions of individuals and countries can and do have unimaginable consequences for the rest of the world. We cannot avoid but bang into each other everywhere, all the time. It is therefore vital that we strive to live equitably. Without this there can be no harmony, only constant collision.

Humanity must evolve a new set of ethics, a new approach to sharing rather than profiting. We need to accept that prosperity amidst inequity is fragile and evanescent. In the final analysis, wealth is only a means to the happiness that the human individual seeks in life. Therein lies the philosophy behind the objective of Gross National Happiness (GNH) that my own country in the high Himalayas has undertaken to pursue. But happiness is only an emotional state of being. It is an illusion. Is there anything absolute and permanent in the nature of prosperity? It too is an illusion. The only way that an illusion can be sustained is when it is shared by everyone.

*\* Lyonpo Jigmi Thinley is Foreign Minister of the Kingdom of Bhutan.*

## Prioritize Issues within SAARC

Hon Sher Bahadur Deuba\*

It is a great pleasure for me to be here with you today at a time when a pioneering institution such as the Regional Center for Strategic Studies is examining the future of the SAARC process. Looking at your two-day program, I notice that this conference will cover a lot of issues that has preoccupied policy and opinion makers in this part of the world for more than a decade and half. Many of the issues selected for the conference are also the same ones that the 11<sup>th</sup> SAARC Summit will be dealing with in a few weeks time in Kathmandu. The question of developing a long-term perceptuve for South Asia is something that has preoccupied policy makers for quite some time, and the Report of the Group of Eminent Persons has made significant contribution in this area. There is also immense prospect for growth in the region that needs to be exploited through cooperative efforts based on good will and empathy, and also on a commitment to persevere for the well-being of the peoples of the region.

Without a doubt, there are new challenges and crises looming large in the region. The rapid growth of population, the slow process of development, the rising trends of ethnic, sectarian, regional and political conflicts along with the low capacity of states to reduce the disparity in social and economic gaps are some of the possible areas of tension in the region. Moreover, non-conventional warfare and inter-state conflicts continue to plague countries in the region, often sidetracking our national development efforts and the desire to strengthen the basis of our cooperation. Pointing to these trends, skeptics often question the viability of regional cooperation. But, there is no doubt in my mind that cooperation is the need of the present and a trend of the future, and also an indispensable tool for addressing some of the problems faced by the countries of this region.

In this context, the threat posed to the well being of nations by the scourge of terrorism is a phenomenon that needs to be dealt with in a collective manner. There can be no justification for deliberate taking of innocent lives regardless of grievances. Terrorism is a crime against humanity and an alliance needs to be forged permanently to tackle it before it can afflict the core human values that nations have cherished for so long. South Asia has already taken a decisive step in this direction, but we need to soon develop enabling national legislations that will give meaning to the SAARC Regional Convention on Suppression of Terrorism. Peace, Cooperation and development are inseparable processes in the life of nations. For South Asia to flourish in this competitive global world order, it is imperative for the countries to



Nepal Prime Minister lighting the oil lamp. Executive Director Dipankar Banerjee on his right.

overcome the hesitations of the past and plan our future together. As a region that is still backward in terms of developemnt index-both human and other development., we can no longer continue to be plagued by perennial suspicion. Our task for the future must be to develop doable agendas and then remain fully committed in their implementation with the help of appropriate monitoring mechanisms.

Many people often refer to the lack of political will in the SAARC process. But to my mind, SAARC would not have come into existence without having such a political will in the first place. Without a doubt, the organization has had its highs and lows, but there is a lot to be said of an organisation that continues to work towards its objectives through tumultuous years due to the commitments of its members.

Today, South Asia is going through a process of introspection that is conducive to the future growth of regional cooperation. The challenge before us is to prioritize issues within SAARC so that the region can deal with the crucial ones in an expeditious manner to meet the expectation of 1.2 billion people who have a stake in the success of the organization. However, the task of promoting regional cooperation is not limited to inter-governmental activities alone, but commonly shared by each and every segment of our society. As tacit representatives of the peoples of this region, civil society, opinion makers and private sectors have as much stake in this process, as do the governments who are often seen in the forefront.

I congratulate the Executive Director of RCSS, Gen. Dipankar Banerjee for planning this conference at such a timely moment. We, in Nepal, look forward to the output of your deliberations with deep interest.

\* *Inaugural Address of Hon Sher Bahadur Deuba, Prime Minister of Royal Kingdom of Nepal.*

The common tendency for most of us is to see all relationships as a zero-sum game. In other words, I can get more only if you get less. Take the case of Europe, for instance. When the former Soviet Union crumbled, Western Europe was suddenly faced with the problem of a large number of poor economies in their backyard. These economies demanded closer economic links with the Union and even began talking about a Greater Europe, which essentially meant accession to the Union. Germany too, had its own preoccupations with the collapse of the Berlin Wall. Massive funds were necessary for the 'reconstruction' of Europe. Western Europe's financial resources were not unlimited. Traditional recipients of financial assistance from the EU (particularly those in Africa, the Caribbean and the Pacific, known as the ACP countries, with whom Europe had strong links through the Lomé Convention) were naturally worried and started asking what this might mean. The then President of the European Commission, Jacques Delors, tried to allay their concerns by saying that having new friends did not mean that they were abandoning old friends. Understandably, this was no consolation because the logic of the zero-sum game was unambiguous: Eastern Europe could get more only if the Africans and the others received less.

Certain kinds of relationship, by their very nature, are determined by the zero-sum game. Europe's dilemma with the break-up of the Soviet Union needed to be seen in that light. Europe was forced to *choose* between Eastern Europe and Africa. There had to be someone therefore, who 'won' and someone who 'lost'. Business and strategic compulsions determined who the winners would be and who the losers.

But, not all relationships are based on the zero-sum game. Take, for instance, relationships in families. Usually, these tend to be symbiotic. The relationship, for instance, between a husband and wife, or that between parents and their children are examples in this regard. There could, of course, be aberrations; discriminating against the girl child for instance, but the 'norm' is a win-win relationship.

So the first condition in this paradigm shift is that any relationship, whether it is among two persons or two companies or a set of countries, can only succeed if it is based on a win-win premise. A zero-sum game does not contribute to meaningful cooperation.

**Graduate Fellowship Competition,  
Brandeis University, Massachusetts**

The fellowships are for Master Degree Program in Sustainable International Development.

For details pl. contact: Prof Laurence R Simon,

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Amb Farooq Sobhan chairing the concluding session flanked by Lynpo Dawa Tsering (R) and Mr Amit Dasgupta (L)

This brings me to the second condition: Identify your partners and work with them; involve all stake-holders and build alliances. Let me elaborate with a theme that Poonam and Indranath da raised in their presentations. Along with Dushni, they conclusively brought out the fact that the three rounds of SAPTA negotiations had by and large failed to cover products that are actively traded or likely to be actively traded. This is known as the 'snow-plough' syndrome that the ASEAN countries were criticized for where snow-ploughs were offered to countries that had no snow! What Poonam and Indranath da were stressing is that if negotiating business is left to those who are not engaged in the act of doing business, product identification would not be determined by business interests. Poonam went on to elaborate that the new economic order that is emerging as a result of globalization would place greater onus on the business sector and that governments and thus, government negotiators would only play the role of facilitators.

This is an important point that needs stressing. However, in order to build partnerships we require what Ambassador Vernon Mendis so aptly termed as a change in the mindset and Meenakshi Gopinath quoting Rajmohan Gandhi, called a change in script. This is the third condition and urgently involves recognizing the need to shift the paradigm from a traditional perspective (say) of the relationship between government and industry to a more dynamic one. To my mind, unless this shift occurs, the economies of South Asia would not be able to move into a period of sustained high economic performance, nor as a consequence would they be able to address poverty.

The traditional view is severely handicapped because it fails to recognize partners. It is mired in mutual suspicion. It is based on the premise that the other side has a sort of hidden agenda and cause. So often we have heard

that, sometime in the future, we may be able to think and act and live as global or world citizens.

The criticality of recognizing the above six conditions and making SAARC work is hinged, as the discussants so succinctly brought out, on two compulsions; firstly, globalization and secondly, poverty.

As regards globalization, Mustafizur bhair drew attention to the global trading system and the fact that the choices before us are indeed limited. The fear of globalization is not new nor indeed is it misplaced. There is, in fact, a very disturbing element about globalization that we need to quickly recognize and reconcile ourselves to: Globalisation is inevitable, it is inexorable and it is irreversible. The question that we need to ask is how do we deal with it.

Six years have passed since the WTO was born. During this period, the institution has come under fairly harsh criticism especially from developing countries. The poor countries returned from the Uruguay Round negotiations (URNs) feeling insecure, helpless and marginalized. They argued that it would be fair to say that the URNs were unfair. This feeling was further entrenched at Seattle. But at Doha, developing countries realized that the WTO can be made to function in their favour. The gains at the Doha Ministerial Conference were possible only because of two reasons; firstly, developing country delegations were much better prepared than before, they had done their homework, they negotiated better and secondly, issues of common concern were identified and jointly projected. To deal with economic globalization, therefore, we need to be prepared.

The second compulsion that the discussants brought out is poverty. It bears recalling that in South Asia more than 500 million people - who by themselves comprise around one-twelfth of the world population - live in a state of considerable deprivation, lacking sufficient access to adequate nutrition, health, housing, safe water, sanitation, education and employment. Unfortunately, many of us have succumbed to looking at poverty only in terms of statistics and growth rates and Gini coefficients. This masks the true and horrifying dimensions of poverty and the fact that it is essentially about inequalities. Issues like discrimination against the girl child, for instance, cannot be divorced from poverty. The lack of education and low literacy rates, infant mortality and child labour, hunger, the HIV/AIDS epidemic, vector borne diseases are all directly correlated to poverty indices. Indeed, Mussarat's paper spoke essentially about putting a human face or dimension when we discuss SAARC. This, to my mind, is the essence and the core of the development dimension.

It is today an established and acknowledged fact that

poverty cannot be dealt with unless economic growth is addressed. Trade, therefore, was highlighted in the discussions as the key area that SAARC needs to focus on, not only because of intra-regional compulsions such as poverty and underdevelopment but also because of the compulsions emanating from the global trading regime.

What emerged therefore, from the discussions is that disillusionment with SAARC is not the answer. But what we do need are more constructive debates and discussions because they help to clarify ideas. They help to generate new ideas. They contribute to new strategies and direction.

Let me re-cap the six conditions:

- Sustainable relationships can only be built on a win-win premise. A zero-sum game does not contribute to meaningful cooperation;
- Identify and involve the key players; build alliances with them;
- Change the mindset;
- Be realistic;
- Know what SAARC can or cannot do and
- Multiple identities need not be in conflict.

Before I conclude, let me leave a parable behind with you. It is said that Mahatma Gandhi used to travel the length and breadth of India meeting people and talking to them. This helped him to learn about their problems. He would then issue instructions and redress their grievances. One day he came upon a village that was

*Contd in page 10*



RCSS International Research Committee members Dr Deepika Udagama of Colombo University and Mr Bradman Weerakoon, Secretary to the Prime Minister, released two RCSS publications "Security in the New Millennium: View from South Asia" and "Security & Governance in South Asia" at a function in Colombo. Dr Jayadeva Uyangoda, Prof W D Lakshman and the Executive Director were also present.

## SUMMER WORKSHOP

O N

### Defence, Technology and Cooperative Security in South Asia

The ninth Summer Workshop on *Defence, Technology and Cooperative Security in South Asia*, sponsored by the RCSS was held in Tangerine Beach Hotel, Kalutara, Sri Lanka, January 5-14, 2002. Participants to the Summer Workshop were selected from a varied professional background including public and private sector institutions, research, media, academia, NGOs and officials of all South Asian countries and China.

The Workshop provided a forum for young South Asian and Chinese professionals to mutually and collectively examine and address major challenges of defence, national security and emerging technology affecting security, stability and co-operation in Southern Asia. The Workshop was designed to address a new generation of analysts, commentators and opinion shapers in the region to introduce fresh ideas, perspectives and initiatives to the strategic debate in the region.

In the long run, the workshop is expected to create a network for sustained interaction and communication amongst a new generation of professionals in South Asia and China. By facilitating the evolution of fresh ideas and alternative approaches in relation to the major emerging security issues of the times, it is expected to advance the cause of cooperation, peace, conflict resolution and confidence building in the region.

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**Wilton Park Conference on Towards Global Justice: Accountability and the International Criminal Court, Sussex, UK, February 4-7, 2002**

Wilton Park Conference on Strengthening and Streamlining the United Nations, Sussex, UK, March 4-7, 2002.

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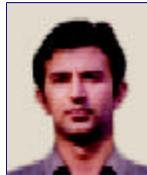
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**International Conference on Conflict Management, Peace Economics and Development  
October 18 – 20, 2002**

at

**Krakow University of Economics, Krakow, Poland**

In Cooperation with Binghamton University, State University of New York, Mahatma Gandhi Center for Conflict Prevention and Management and many other organizations.

Some of the topics of interest will include: **Conflict and Peace Science Theory, Defense and Peace Economics, Nuclear Proliferation, Arms Spending and Trade, Peace Keeping, Trade and Conflict, Economic Conversion, Democracy and Conflict, Conflict and Peace in South Asia, the Korean Peninsula and Sub-Saharan Africa**

For details please contact: Prof Czeslaw Mesjasz (mesjasz@al.krakow.pl), Prof Manas Chatterjee (mshatter@binghamton.edu) or Dr Partha Gangopadhyaya (gangopad@euv-frankfurt-o.de)