

Economic Justice and Resource Management

The SAARC Perspective

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1. Prologue

South Asia is one of the poorest regions in the world. The concern for and persistence of poverty are not new phenomena in this region though the focus and strategies to address the issue was always ignored or was not given the proper impetus. We may mention that poverty is an outcome of deficient in social justice. Social justice includes social, political, economic, academic, legal and other rights of people. These rights are interlinked with each other and social justice encompasses economic justice. Social justice also imposes on us a personal responsibility to work with others to design and continually perfect our institutions as tools for economic justice.

Now let us deal with the importance of economic justice. We may find it very useful for a collective development of a region right from its definition of economic justice by Louis Kelso and Mortimer Adler where they mentioned three essential and interdependent principles. They are principle of participation, distribution and harmony. Existence of proper institutions are required to establish this economic justice and the institution determines the contracts, exchange of goods and services with others for their economic sustenance. Resource management is also an integral part of a sustainable economic justice. This criterion emphasizes on the importance in establishment of an effective SAARC.

South Asian Association for Regional Cooperation (SAARC) is the largest regional organization in the world by population, covering approximately 1.47 billion people was established on 8 December 1985 by India, Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives, and Bhutan. It was established with a view to develop the region and reduce or alleviate poverty by establishing economic justice and available resource management.

The SAARC countries initially agreed on five areas of cooperation in the region, in order to achieve its target, which were:

- Agriculture and Rural Development
- Telecommunications, Science, Technology and Meteorology
- Health and Population Activities
- Transport, and
- Human Resource Development.

It would not be over exaggerated if we say that SAARC did not succeed to achieve those targets even in more than two decades of its journey. The reason of not being successful is more of political than economic. We may discuss this later in this paper. Currently all the SAARC countries endorsed their commitment to achieve the Millennium Development Goals (MDGs) with a pledge to reduce extreme poverty to half and to achieve significant progress on the other indicators. But it is difficult to say that the SAARC countries will be able to achieve these within the stipulated time. Now everybody understands the requirement of a collective effort of the SAARC countries to ensure economic justice and an efficient pattern of resource management in the South Asian region as it has been emphasized in other regional blocks including the European Union.

2. People to People Contact Versus Visa Regime

SAARC countries inherit almost the same socio-cultural heritage with a very long and rich history. Even all the SAARC countries political background is also almost the same. Some of these countries were united before the British took over and later the colonialists divided them so that the rich heritage of this region cannot stand up again. Because, the so-called “big brothers” interest could be hindered if the huge population of this region is united and start utilizing all their potentials in a collective manner as the other giant regional blocks. It is still a ploy of them to create unrest among the SAARC countries so as to serve their politico-economic purpose.

People to people contact among the countries is very important and necessary to derive a total development of the region, through exchange of

- Knowledge in general
- Culture
- Experience in different fields of socio-political and economic life
- Technology in different fields conducive for development, and
- Information technology.

We used to talk about cooperation and so-called collective efforts very much when a SAARC summit knocks our door. It disappears very quickly after the summit is over. Our leaders were very busy during the March 2007 with SAARC car rally, and called for collective efforts in developing science and technology and especially the agriculture as the majority of the SAARC countries economy is dependent on agriculture. It was also being emphasized to ensure exchange of information across different SAARC nations and a common data bank needs to be created for a right to information campaign in the region. But, still it seems a far cry. As a Bangladeshi I may say that the Bangladesh’s sky is wide open for the satellite TV channels of India, while Indians can’t watch any Bangladeshi TV channel. We have to begin from here if we want to achieve any development in the region.

A soft passport and visa regime is also important and necessary for the development of this region as the countries of the European Union did. Very recently Bangladeshi Nobel laureate for Peace Dr. Muhammad Yunus called for a common SAARC passport in order to establish a better people to people contact. I am not very optimist about a common SAARC passport in near future, but we may begin with a better visa regime between the SAARC countries, as it is an urgent problem to be sorted out. Visa between Bangladesh-India-Pakistan and India-Sri Lanka still a problem, which hinders exchange of information among these countries. It is quite difficult for a writer or a journalist to get visas of each other’s countries. So, we should put more importance on the easier visa regime for an ultimate development of this region.

Experience of EU: Citizens of EU member states are also EU citizens and they directly elect the European Parliament, once every five years. They can live, travel, work, and invest in other member states (with some restrictions on new member states). Passport control and customs checks at most internal borders were abolished by the Schengen countries.

3. SAFTA – Regional Economic Integration of SAARC Countries

The Agreement on the **South Asian Free Trade Area** is an agreement reached at the 12th South Asian Association for Regional Cooperation (SAARC) summit at Islamabad, capital of Pakistan on 6 January 2004. It created a framework for the creation of a free trade zone covering 1.4 billion people in India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan and the Maldives. The seven foreign ministers of the region signed a framework agreement on SAFTA with zero customs duty on the trade of practically all products in the region by the

end of 2012. The SAARC Preferential Trading Arrangement (SAPTA), with concessional duty on sub-continent trade, went into force on 1 January 1996. The new agreement i.e. SAFTA, came into being on 1 January 2006 and will be operational following the ratification of the agreement by the seven governments. SAFTA requires the developing countries in South Asia e.g. India, Pakistan and Sri Lanka, to bring their duties down to 20 percent in the first phase of the two year period ending in 2007. In the final five year phase ending 2012, the 20 percent duty will be reduced to zero in a series of annual cuts. The least developing country group in South Asia consisting of Nepal, Bhutan, Bangladesh and Maldives, gets an additional three years to reach zero duty.

According to economic theory, global free trade is a net benefit to society, but the selective application of free trade agreements to some countries and tariffs on others can sometimes lead to economic inefficiency through the process of trade diversion. It is economically efficient for a good to be produced by the country which is the lowest cost producer, but this will not always take place if a high cost producer has a free trade agreement while the low cost producer faces a high tariff. Applying free trade to the high cost producer (and not the low cost producer as well) can lead to trade diversion and a net economic loss.

But, over the years in the past the SAARC members have expressed their unwillingness on signing a free trade agreement. Though India has several trade pacts with Maldives, Nepal, Bhutan and Sri Lanka, similar trade agreements with Pakistan and Bangladesh have been stalled due to political and economic concerns on both sides. The ministerial meeting of the SAARC countries held in Nepal during the end of February 2007 ended with no agreement on SAFTA due to a rift between India and Pakistan. Some of the experts commented that it will create an uncertainty in implementation of SAFTA.

But, SAFTA could play a pivotal role in overall economic development among the countries of the region as it could create a situation of complementarity in trade among them. We may mention that the EU countries' regional trade is 55 per cent of their total trade and NAFTA's regional trade is 61 per cent of their total trade. On the other hand a huge trade imbalance among the SAARC countries is a major impediment for their total economic development and regional economic integration.

4. Potentiality for More Growth and Poverty Reduction

More Growth and Poverty Reduction is not an impossible or uphill task in the SAARC region as all the countries' economy, agriculture, mineral resources, industrial production, technology and technical knowledge and other potentials could easily complement each other for more development. The European Union could again be taken as a glaring example of growth due to the strong economic tie between the EU countries. The rich European countries' economy complements the moderately weak economies of the former east European countries, those are the members of the European Union.

Poverty was equated with under-development during the era of development planning initiated in 1950's in most of the countries, and strategies based on popular growth models of the day branded poverty alleviation as a logical outcome of economic growth. These approaches helped in enlarging the economic pie reducing poverty. But, it requires appropriate institutional arrangements. It is imperative that growth has a practical relation with the poverty reduction.

Economics as a literature contributed a lot in the world currently we live in. But, we may hold it as responsible for its failure as a social science. If we look at the practice of economics than theory we will find that the so-called development economics avoided the poor. No structure was formulated in this literature on poverty reduction (Yunus. M).

Poverty is widespread in this region. About 45 per cent people lives below the poverty line and proportion of population below poverty line in the rest of the SAARC countries (except Maldives) ranges from 26 to 38 per cent. a strong and effective SAARC could be instrumental for harnessing more growth and poverty reduction.

5. Resurgence of Interest in Rural Development

One of the most important aspects in the SAARC charter was rural development, as a vast population of the SAARC countries lives in the villages and majority of them live on agriculture and farming. But, rural development was not given much importance in the past decades. The region is characterized by unplanned urbanization and unemployment in the rural areas, which were the very important reason for the increasing rate of poverty in these countries. Most of the SAARC countries depend on its agricultural production while the agriculture was not given proper attention. That led to food insecurity, unemployment and poverty as a whole. We had experienced a huge onrush of the poor and unemployed people from the villages or the rural areas to the cities or towns. It caused increase in slums in the cities, which also contributed problems to health and sanitation system, law and order and other social problems. We may say that the South Asian countries are affected by diverse challenges those are threatening lives of poor and vulnerable communities.

All these prompted the governments, social scientists and the members of the civil societies of the SAARC countries to focus on the rural areas for their development. SAARC is considering establishment of a “Food Bank” in order to cope with emergency food crisis of these countries. The Government of Bangladesh has already expressed its commitment to sign the agreement in establishing the bank. The NGOs including the Grameen Bank are focusing their activities in rural development in Bangladesh, which has created some positive elements for the development of rural life. India and Pakistan also showed their interest to follow the model of Grameen bank for the development of their rural areas.

All the SAARC governments are also formulating their plans in a way, which contributes to the rural development. So, we are witnessing a resurgence of interest in rural development in the region, which would definitely create a positive environment. A combined effort of SAARC would enable us in exchanging the ideas and experiences, as we have almost the similar scenario existing in the region.

6. Harmonization of Fiscal and Monetary Policies

This is another important aspect for a stronger SAARC. A pragmatic step is required to harmonize the fiscal and monetary policies in order to achieve a real progress like the European Union. We may share the experience of European Union in this regard.

The most prominent policy goal of the European Union is the development and maintenance of an effective single market. Significant efforts have been made to create harmonised standards designed to bring economic benefits through creating larger, more efficient markets. Since the Treaty of Rome, policies have implemented free trade of goods and services among member states, and continue to do so. This policy goal was further extended to three of the four EFTA states by the European Economic Area, EEA. The EU promotes free movement of capital between member states (and other EEA states). The members have a common system of indirect taxation, the VAT, as well as common customs duties and excises on various products. They have a common external customs tariff, and a common position in international trade negotiations. Other single-market policies include energy market policy and the European Common Aviation Area. The introduction of the Euro, not yet adopted by all member states, created the Eurozone, a single currency area including 13 member states with more than 300 million people.

These steps could be considered by the SAARC to achieve better economic benefits and development of the whole area effectively.

5. Epilogue

SAARC's inability to play a crucial role in integrating South Asia is often credited to the political and military rivalry between India and Pakistan. Though Bangladesh and Sri Lanka have much warmer relations with India, they fear that the more integrated South Asia is, the greater will be India's dominance over South Asian nations. It is due to these political and territorial disputes that South Asian nations have not been able to harness the benefits of a unified economy. Though we have seen some development in road-rail communication between India-Pakistan and India-Bangladesh currently, but over the years, SAARC's role in South Asia has been greatly diminished and being used as a mere platform for annual talks and meetings between its members.

SAARC has intentionally laid more stress on "core issues" mentioned above rather than more decisive political issues like the Kashmir dispute between India and Pakistan and the Sri Lankan civil war. However, political dialogue is often conducted on the margins of SAARC meetings. SAARC has also refrained itself from interfering in the internal matters of its member states. Only during the 12th and 13th SAARC summits, extreme emphasis was laid upon greater cooperation between the SAARC members to fight terrorism.

In the end we may demand that some core issues should be addressed by SAARC to cope with the demand for development, and they are:

- ✓ Unified or harmonized economy
- ✓ Common currency
- ✓ SAARC passport
- ✓ Easy visa regime or no visa
- ✓ Better transport system
- ✓ Communication
- ✓ Development of ICT
- ✓ Food Bank
- ✓ Conflict resolution between the SAARC countries
- ✓ Unified programs for poverty alleviation, and
- ✓ Establishment of a SAARC Parliament.

In the end we want to voice our demand for a strong and effective SAARC.

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