

Challenges in South Asia: Governance Issues

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Greetings. Professor Frankel has asked us to address the consequences of global financial crisis on governance and security in South Asia. My charge is explicitly to examine governance related matters in South Asia. As with the preceding speakers I will focus my remarks on India, Pakistan and touch on Afghanistan

Professor Frankel has laid out three elements of the global crisis and I will, in this brief talk, outline those elements first and then examine their impact on governance.

The first element with the global economic crisis is the possibility of protectionism in developed world. The fear, of course, is that these autarkic policies will choke off an engine of economic growth in India and Pakistan. In India, any downturn in the psychological influence of the leading role played by the 'technology sector' in the New India could be politically significant. In this talk I will claim that the largest impact of any protectionist policies will be largely felt by a small but important sector of the urban middle classes and the elite.

The second impact of the economic crisis could be more serious – on the creaky budgets of India, Pakistan, and Afghanistan, will be faced with ever growing deficits – deficits that are already large because of government policies and if growth slows down so do government revenues and, since expenditures

are hard to pare down in these three states, inflation and a possible crowding out of private investment is possible.

The third influence of the crisis could be potentially far more challenging for these governments – especially if the government has to focus its attention on the possible urban unrest (especially in India and Pakistan) and face a budget shortfall. Both these factors would make it that much more difficult for the state to deal with restive areas – especially where there is already active resistance, through armed struggle, to the state.

First, the more visible impact of the economic crisis is likely to be limited to the urban elite. This poses a challenge to the government insofar as this section of the population has been the most dynamic and, for want of a better word, 'forward looking'. The urban elite are the force for political and economic change in India. Their influence is more limited in Pakistan and, frankly, have been mostly absent as a viable political force in Afghanistan.

The biggest change in the past few years in India has been the growing influence of this new young urban elite. In India, they are the force behind a serious pan Indian civil society movements to reform politics. One example is Janagraaha which, in collaboration with an Indian company, registered over 350,000 individuals to vote over the Internet. For the upcoming election they plan to work with 30,000 civic volunteers to across the 5 Indian metros, reaching over 3 million voters, to educate voters on the candidates and parties contesting the election and to get out the vote. Over the next five years they plan to extend this to every town and village in India. What is new about this is the alliance between the corporate sector and the urban elite – both of whom are pushing for reforms in governance. My own study of governance practices, which will develop an index of governance for the Indian states, has also attracted substantial interest in the same circles, The involvement of corporate India, especially the media, and the urban elite in governance related matters has, I

would argue, had a large and positive impact on governance. While this section of the population is small in size it has a large psychological impact on how India perceives its place in the world. So the key question here is – will the financial crisis influence the ability of the corporate sector to continue to be engaged in civil society movements? My own opinion is that the support will continue. Civil society activists will seek reform. It will be slow (it is India after all) but it will happen.

In Pakistan this kind of movement for governance reform is far more limited. The role of the corporate sector working in conjunction with civil society and pushing for reform is far more sporadic. And, this link is, of course, absent in Afghanistan for obvious reasons.

The more serious challenge to all three countries comes from the places where there is no state. In India, which the Indian Prime Minister Man Mohan Singh said is the largest security challenge to the state, is the 'Naxalite belt' that runs through a swath of Eastern India from North to South. In Pakistan the inability of the state to control certain border territories is well known and in Afghanistan some claim that the writ of the central government does not extend beyond Kabul. Why is this the case? There are two reasons for this. Research done at Berkeley by Adnan Naseemullah shows how the Pakistani state has systematically underinvested in incorporating the frontier either into the economy or the legal and juridical structures of the state. . In Afghanistan this inability of the state to incorporate its entire territory within one political structure is rather well established. In India too, the state has not invested the resources needed to bring these areas into its fold. There are two reasons for this. First, the well-known corruption in the delivery of services, such as government anti-poverty programs, undermines the trust of citizens in the state and prevents the incorporation into the Indian state. Second, and perhaps more controversially, the state has systematically underinvested in building a law and order apparatus across its territory. This has happened in two ways: first, the state has not spent

the monies needed on policing. India, and even Pakistan, have far lower levels of police per one thousand population than China and the US. In India, as research by Anasuya Sengupta shows, police stations do not even get the resources they need to run the police stations from the state government and, have, to rely on local private resources to ensure that the local police station can function. In India, spending on police as a proportion of total state spending, has decreased from its already low levels. Second, the rule of law has been compromised by the inaccessibility of the judiciary for vast proportions of the population. There are few efforts – as in some parts of the world such as Vietnam – to take the judicial arm of the state to the people. The courts – especially local courts – are inaccessible and do not provide ‘justice’ – i.e. bring the rule of law to all of its citizens across all territories. Our surveys of local courts show how, at the local level, it is rare for a case to be heard by one judge – since the cases take so long to resolve that the judge who hears the case initially is transferred to another court. Further, at the local level the general sense is that access to the lower courts and the police is biased in favor of the powerful. Research at Berkeley also shows the high courts are also finding that the lower courts are increasingly using poor legal judgment. Further, the high court has increasingly become places where court system now spends a fair bit of time adjudicating disputes between civil servants and the state.

The one question that remains – or, is in the mind of most people perhaps, is about ethnic conflict (either Hindu/Muslim or inter-caste) and whether the crisis will lead to greater conflict along these lines. My own opinion is that religious and caste conflict in India is not directly related to pocket book considerations. Hence, consistent with extensive research on ethnic violence in India I would claim that there is no direct causal link between an economic crisis and ethnic conflict.

To sum up, the global economic crisis is here – its influence in South Asia will, however, be at the margins. The governance related matters in that region

are too deep rooted and have firm structural underpinnings that require sustained political and financial intervention.