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UNU-CRIS Working Papers

W-2013/12

Is Economic Growth the Required “Catalyst” for South Asian Integration?

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South Asian University is the project of South Asian Association of Regional Cooperation (SAARC) and the main objective of this university is to promote regional consciousness and cooperation.

Acknowledgement

The author completed this paper after getting valuable comments from Professor Lelio P Iapadre, Associate Professor at the University of L'Aquila and Associate Research Fellow at UNU-CRIS.

A paper related to a similar theme was presented in the ISA-CISS/UNU-CRIS conference held on 19-20 June 2013 in Bruges, Belgium. Professor Lelio P Iapadre was the discussant for the paper presented by the author.

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Abstract

South Asia is one of the least integrated regions of the world. This is despite the fact that in the last few decades there has been a considerable upsurge in the economic activities in almost all the countries of this region. In this paper, an argument is presented as to how the recent economic growth in different countries of South Asia also created certain demand, which can be effectively met by regional cooperation. It is argued that regional cooperation in functional areas can subsequently promote regional integration in South Asia. This paper is based on a neo-functional approach of regional integration. In this paper higher education and the power sector are considered as areas where regional cooperation is possible and where, ultimately, a process of integration can start in South Asia.

Keywords: South Asian Integration, Neo-functionalism, Higher Education, Power Sector.

Introduction

South Asia is home to 23 percent of the world's population and is one of the most diverse regions of the world. The people of South Asia speak more than twenty major languages and if one includes some of the important dialects, then the count would rise to more than two hundred (Bose & Jalal, 1999, 4). While acknowledging this diversity, it is also a notable fact that South Asia not only shares a common cultural and historical bond but is also prone to similar sets of problems ranging from poverty, illiteracy, and unemployment. The list of problems goes on but it suffices to state that countries of the South Asian region are still struggling to improve the quality of life of its citizens. This can be corroborated by the rankings prepared by the United Nations Development Program (UNDP) in its Human Development Report (HDR) that show little change in the region for just under a decade (see table 1).

**Table 1: Ranking in Human Development Index of South Asian Countries
(2005-2012)**

Year	2005	2006	2010	2011	2012
Afghanistan	NA	181	155	172	175
Bangladesh	140	148	129	146	146
Bhutan	133	133	NA	141	140
Maldives	100	97	107	109	104
India	128	134	119	134	136
Nepal	142	144	138	157	157
Pakistan	136	142	125	145	146
Sri Lanka	99	102	91	97	92

Source: UNDP Reports [Online: web] accessed on 2nd June 2013, URL: <http://hdr.undp.org/en/statistics/>

Interestingly, contrary to its constituent countries' rankings by the HDR, South Asia as a region has shown a steady rise in its economic growth for the last decade. This economic growth trajectory of the South Asian countries has also remained unaffected by the recession that has gripped some of the strongest world economies (see table 2).

Table 2: Annual GDP Growth Rate of South Asian Countries (in %)
(2008-11)

Year	2008	2009	2010	2011	2012*
Afghanistan	3.6	21.0	8.4	7.2	11.9
Bangladesh	6.2	5.7	6.1	6.7	6.3
Bhutan	4.7	6.7	11.8	5.6	7.5
India	3.9	8.5	10.5	6.3	5.0
Maldives	12.2	-4.7	5.7	7.5	5.0
Nepal	6.1	4.5	4.8	3.9	4.6
Pakistan	1.6	3.6	3.5	3.0	3.7
Sri Lanka	6.0	3.5	8.0	8.3	6.4

Source: World Bank [Online: web] Accessed on 2nd June 2013, URL: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

*from Asian Development Bank, Asian Development Outlook 2013.

Undoubtedly, the consistent economic growth in the last decade is a great achievement for these countries of South Asia but the region's lustre fades when we compare it to the progress made in the field of human development. The Human Development Report has defined the relationship between economic growth and economic development excellently. According to the Human Development Report of 1996, "human development is the end, economic growth a means. So the purpose of growth should be to enrich people's lives" (UNDP, 1996). In the case of South Asia unfortunately, economic growth to this date has failed to meet its goal in terms of improving human development.

This mismatch between economic growth and human development in South Asia compels us to think of the possibilities as to how to ensure that the fruits of growth reach the common people. For a student of regional integration the obvious question would be, can regionalism offer solutions to this delicate problem faced by the region? Before proceeding with our inquiry into this question, it is also important to understand that South Asia is among one of the least integrated regions of the world with regard to trade in intra-regional goods, in capital and also in interchange of ideas (Ahmed & Ghani, 2007). This makes us pose a very important question: does economic growth have any link at all to regional integration? In the case where there is no connection existing between these two, then our broader inquiry will not give us any concrete answer. Therefore, first of all we will have to establish that economic growth does support

regional integration. Only after that conclusion is reached can we locate those areas where regional integration does offer solutions to improve human development at the regional level. In this paper we will confine our analysis to the South Asian region. The paper views issues from the perspective of regional integration.

The paper is based on the functionalist approach of supposing that cooperation in certain functional areas will definitely promote regional integration, based on an understanding that regional integration will also positively influence the quality of life at the regional level. Even though this paper deals with matters of human development, only a fraction of the area will be dealt with here, with a necessary focus on those issues that have an impact on the lives of the common people and also promote regional integration. It is also important to underline the fact that this paper is part of a continuous endeavour by the author in this area. It is acknowledged that further research is possible on this large subject, which may yield even more concrete empirical evidence to support the ideas discussed in this paper.

Economic Growth, Regional Integration and South Asia

Regionalism as a classical economic term was studied from the perspective of comparative advantage. Jacob Viner first challenged this concept, when he studied customs unions and concluded that regional arrangements can have both trade-diverting and trade-creating effects. While countering the comparative advantage thesis after studying the European example, Viner pointed out that “long-term or dynamic effects of a common market would lead to the creation of a larger and more wealthy European market which would benefit not only the local firms but also the market’s external trading partners” (Gilpin, 2001, 347). Further, Viner argued that empirical evidence is required to measure the economic impact of regional integration on the members and non-members. Adding to this claim of Viner, based on empirical study, Velde asserted that regional integration has a positive impact on the economic growth of its members because it will lead to increased trade and create a favourable situation for investment. Regional integration also opens up other opportunities for collaboration in projects related to the physical infrastructure like the railways, roads, airways, etc, and decreases regional income disparity (Velde, 2011).

In the light of this analytical background, it can be asserted that the regional integration process not only supports economic growth but also the general welfare of the citizenry in a region. This implies that countries will not be averse to the idea of integration because in the long run, all member states will benefit from it. This is an ideal situation. However its application in practice remained confined only to some regions, excluding South Asia. Even consistent economic growth in South Asia has not stimulated regional integration as previously expected.

There are several, interrelated complexities in South Asia that restrict its regional integration. The acrimonious relations between India and Pakistan, their perpetual conflicts, are a major constraint for integration (Khan, et al, 2007). Due to its geographical size, economic growth and strategic depth, India is presumed to be a regional hegemon and this affects South Asian integration (Dash, 2008). Questions of security in South Asia, which are related to cross-border terrorism, also deter the integration process (Dass, 2006).

Does this mean, therefore, that economic growth is not related to the process of regional integration in South Asia? The answer lies in the fact that economic growth of the South Asian countries is not stimulated by regional factors but more by global factors. This is one of the main reasons why intraregional trade cooperation in South Asia has not changed much, even during the period when the South Asian economies were doing well (see table 3).

Table 3: Comparison of Intra-Regional Trade Share of SAARC with Other Regions from 2008-2011

(in %)

Year	2008	2009	2010	2011
ASEAN	26.72	25.91	26.37	26.00
SAARC	4.34	4.22	4.44	4.25
The Pacific	9.18	9.43	8.96	8.40

Source: Asian Development Bank [Online: Web] Accessed on 3rd June 2013, URL: <http://aric.adb.org/indicators>.

While discussing this point, it is worth mentioning that some of the South Asian economists do not consider the intra-regional trade figures as an authentic indicator of integration. Even

without debating the issues and figures of intra-regional trade, the bitter reality is that, if the scales of the other indicators like regional mobility of people, regional communication, regional connectivity, etc are taken into consideration, the performance of regional integration in South Asia is still not encouraging.

In spite of the fact that regional factors have not played a significant role in the economic growth of the South Asian countries, in the long run these factors may become critical for sustaining it. There is no doubt that integration improves the overall business environment in a region and can be of great help in attracting foreign investments. It does this by giving comparative advantage to several manufacturing industries and also by providing a big market for regional trade to grow. Schiff and Winters elucidate the point that regional trade also promotes peace because it means greater economic interdependence, which would make war more costly. In this regard, regional trade agreements are a better deterrent against regional conflicts. It is believed that deeper understanding and better arrangements might improve political relations between member countries, which will ultimately avoid and restrict conflicts. Some of the successful examples that have linked trade with regional peace are European Coal and Steel Community¹ (ECSC) and El Mercado Comun del Sur² (MERCOSUR) (Schiff and Winters, 2003).

Amongst the number of issues that have proved to be an obstacle to South Asian integration, one such major hindrance is trust deficit. India-Pakistan relations remain in the doldrums, as the two neighbours are yet to learn the art of living together peacefully. There have been three full-scale wars that characterise the history of Indo-Pak relations. Terrorists crossing the border often spoil the relationship even during the good times. The terrorist attacks not only inflict casualties in terms of loss of human life and property but also derail the peace processes between India and Pakistan. This shows that Indo-Pak relations are always passing through phases of détente and resentment. These countries being the two biggest constituents of South Asia, their unpredictable relationship often eclipses the process of regional integration. The question

¹ ECSC was planned to link two tradable commodities, namely coal and steel in such a way that the antagonistic neighbours - Germany and France - would become economic partners, thereby creating an opportunity for lasting peace.

² MERCOSUR also promoted cooperation and peace between Brazil and Argentina.

remains: can the good trade relations between these two *bêtes noires* change their historical political discourses for the betterment of the entire South Asia region?

It is not only India and Pakistan that are at loggerheads in South Asia; there are many other fault lines in this region. India, being the largest country in this region, also shares boundaries with a number of other South Asian countries including Bangladesh, Nepal, and Sri Lanka. With border-related and socio-political tussles between India and each of those countries, the overall picture is uncomfortable and one of mutual distrust.

Even putting aside political differences and returning to the conundrum of economic growth without regional development: the present economic growth is not an end in itself. To begin with, South Asian growth was effected by first-generation economic reforms in almost all the countries in the region. It was part of the economic planning of those respective countries to integrate with the world economy. In turn, this global integration stimulated economic growth and was beneficial to almost every South Asian country. However, the present economic growth is not the result of such a concerted effort. It should not be assumed that it will continue and, in order to reap the future benefits, there is a need for further second-generation reforms. Following the initial phase of reforms, this is now possible only by better economic coordination at the regional level. Promotion of trade in the service sector, the building of regional infrastructure and creating better regional institutions will induce economic growth and subsequently promote regional integration of South Asia (Ahmed and Ghani, 2007). Therefore, there are very strong economic reasons for the countries of South Asia to take all possible initiatives for better regional integration.

In sum therefore, there are political as well as economic reasons for promoting regional integration in South Asia. However, it is noted that in the prevailing structural realities of South Asia, regional integration is not really taking place in the true sense. In this complex situation it is of great importance to look for solutions in the theories of regional integration. The fact is that theories give an abstract idea; they provide an outline about the issues. By putting all the related queries into a theoretical framework, we may be able to draw some pertinent conclusions. Therefore, we will begin briefly by describing the main characteristics of different theories that

explain the regional integration process. Thereafter, we should try to locate and focus on an appropriate theoretical paradigm for understanding and discussing the South Asian integration process.

Searching For Answers: Theories of Regional Integration

Scholars, who are interested in the study of regional integration lean towards certain theories to help them understand the process in a better way. From the perspective of international relations, both realists and liberals have tried to define regional integration on the basis of their interpretations of world politics. The realist theory of international relations is of the opinion that there is no established system in world politics and that the nation-states remain in a dilemma on how to safeguard their interests in the prevailing anarchy in the international system. Under such prevailing circumstances the actions of nation-states are inspired to maximise their own interests. Therefore, for the realists, both bilateral and multilateral rapprochement at the regional level is for balancing power. In other words, regional integration is a scheme for enhancing security.

While defending the alliance for balance of power, Morgenthau argued that its relevance was primarily for maintaining equilibrium in the international system. If these alliances are accepted as one of the methods for practicing the balance of power then Morgenthau argued that, “balance of power alliances are formed by certain individual nations against the other individual nations or an alliance of them on the basis of what those individual nations regard as their separate national interests” (Morgenthau, 1948, 142). Morgenthau is regarded as a classical realist but even the neo-realists have not discarded the relevance of alliances. Regional cooperation is perceived as institutionalisation of an alliance against a common threat (Wunderlich, 2007). Gilpin asserted that since the world economy has expanded with the emergence of new players and uncertainties, “regionalisation is a means to extend both national concern and ambition rather than as an alternative to state-centered international system” (Gilpin, 2001, 357). The neo-realists believe that calculations of relative gains can be a factor for cooperation and that state actions will be positional with regard to any institution (Grieco, 1988). In short, although neo-realists are not averse to the idea of regional

cooperation/integration they do not consider it a normative political approach of nation-states. Realists recognise that the presence of a hegemon in a region will be helpful in the process of alliance building.

Likewise, liberals also believe that there is anarchy in the international system but hope that the security anxieties of nation states will be taken care of by the institutions established with the consent of nation-states. In this regard liberals, and lately neo-liberals, are supportive of the idea of integration that gives birth to these institutions. Institutions reduce cost, enhance implementing and monitoring of rules and represent a rational choice of the state (Keohane, 2002). Cooperation can lead to creation of international regimes, which is a complex web of principles, norms, rules and decision-making procedures. International regimes can redefine the notion of national interest, which can then lead to stability and perpetual cooperation (Keohane, 1984).

The realist and liberal schools of thought have engaged with the idea of cooperation amongst nation states at the regional level for various different reasons and have defined regionalisation, its objectives and goals of its member states from these perspectives. In this, it is worth noting that both schools of thought recognise a centrality of nation-states. In this respect, regionalisation is considered as a way to deal with the existing anarchy. For realists, this is possible by maintaining alliances and for liberals institutions will help in resolving regional problems. David Mitrany, who was critical of overdependence on constitutional procedures, introduced the concept of cooperation in functional areas. According to Mitrany, “The League of Nations failed not from overstrain but from inanition” and also due to the acceptance that international cooperation can be achieved by the world state.

According to Mitrany, another way of promoting cooperation is by the “spreading web of international activities and agencies in which and through which the interests and life of all the nations would be gradually integrated”. Cooperation in the functional areas would create an international society because “social interdependence is all pervasive and all-embracing and if it is organised the political side will also grow as a part of it” (Mitrany, 1966, 112). These ideas of Mitrany, became known as the functionalist theory of regional integration.

In engaging with the functionalist theory Ernst B. Haas focused on the relevance of the political actors in regional integration and modified it to neo-functionalism. For Haas, politics is not only a crude clash of interests; it may also yield to problem-solving. Similarly, interest requirements need not be “reconciled” if they can be “integrated” at a higher level by engaging actors in a working effort (Haas, 1964). Briefly, once the process of regional integration gets started in the functional areas then it will be supported by the political actors and regional institutions, which will lead to ‘spillover’ effects (Lindberg, 1966). Giving an empirical shape to the Neo-functional theory, Schmitter introduced a model to explain neo-functionalism (Schmitter, 1970).

Neo-functionalism remained the most acceptable theory for studying regional integration but from time to time some amendments were suggested. Joseph Nye (1965) asserted that “to accept that everything in voluntary regional integration is predicable is an oversimplification”. Nye argued for the existence of catalysts, and was thus critical of the idea that regional integration is wholly voluntary: “The concept of catalyst is consciously a *deus ex machina*, as it is an attempt to focus attention on the role of the relatively accidental and more historically unique factors in regional integrations” (Nye, 1965, 882).

Lately, neo-functionalism has also been challenged by new regionalism at the theoretical level. It is argued that the concept of the region itself has undergone a change and it is no longer limited to certain geographical boundaries. Thus, regions are now considered as dynamic and not static (Farrell, 2005). The new regionalism also included “inter-regional arrangements” and issues of ‘regional identity’ which were not covered in neo-functionalism. Yet, the division between the old and the new regionalism has not been considered prominent enough to be viewed as two different paradigms. Lack downplayed the hype of the “existing difference” between the old and new regionalism. According to Lack, regionalisation should not have been bifurcated between the old and new but it should have been studied in a more comprehensive manner where the four important independent variables defined regionalisation. These independent variables are the genesis (the rationale for the beginning of the regionalisation process), functionality (the way regionalisation process should work), socialization (the [effective/operative] factors that work in this process) and impact (the effect of regionalisation on its component states/other states) (Lack, 2006, 762).

South Asian Integration: Looking through the Lens of Neo-Functionalism

In the light of this theoretical review, it is imperative now to situate the regional integration process of South Asia in a theoretical context. This is also required in order to understand why the integration process in South Asia has not taken off despite a number of positive factors in favour of regionalisation.

In the case of South Asia the realist approach of alliance and support for hegemony has fewer chances of success due to two factors. First, the South Asian countries have yet to adopt a common perspective on “regional security” in the conventional sense. There are a number of subjects on which each South Asian country has a different view point and understanding. For example, this region is as good an illustration as any of the controversial expression that one man’s terrorist is another man’s freedom fighter. Secondly, as discussed earlier, the sheer geographical size of India makes its neighbours suspicious of its activities. These two reasons are ample proof to discourage the application of the realist theory for the promotion of South Asian integration.

Interestingly, even liberals are perplexed about the chances of South Asian integration since they have piously put their faith in institutions and the South Asian Association for Regional Cooperation (SAARC), which has a number of regional centres. SAARC is amongst the few regional organisations, which came up with its own secretariat within a year of its existence. “Unlike ASEAN, which got its own secretariat almost a decade after its founding, the leaders of South Asian countries decided to establish a SAARC secretariat in Kathmandu within just one year after the first summit” (Dash, 2008). SAARC has identified some core areas for regional cooperation and in order to support such activities in these areas, eleven such regional centres have also been established. These are

- SAARC Agriculture Information Centre – Bangladesh
- SAARC Coastal Zone Management Centre – Maldives
- SAARC Cultural Centre – Sri Lanka
- SAARC Disaster Management Centre – India
- SAARC Energy Centre – Pakistan
- SAARC Forestry Centre – Bhutan
- SAARC Human Resource Development Centre – Pakistan

- SAARC Information Centre – Nepal
- SAARC Meteorological Centre – Bangladesh
- SAARC Tuberculosis Centre – Nepal
- SAARC Documentation Centre – India

From the liberal point of view these regional centres should have played an important role in bringing South Asian countries together in a cooperative framework. This is exactly what has not happened in the last two decades and the achievements of SAARC regional centres have remained limited.

With the chances thus rather bleak of South Asian integration receiving a satisfactory explanation from either the realists or the liberal school of thought, we are left with the option of looking into the subject from the neo-functional perspective. While applying the neo-functional viewpoint for the study of South Asia we will also have to contemplate the concept proposed by Nye of a “catalyst” for regional integration. Similarly, we will also have to reflect on the points raised by the proponents of new regionalism in light of Lack’s proposition that there is no substantial difference between the “old” and “new” regionalism. As per our discussion with regard to economic growth of South Asia it is clear that in the future, various avenues are required in order to sustain economic growth at the regional level. This can be an incentive for the respective South Asian governments to adopt some common policies to promote the economic activities in this region.

In spite of the fact that SAARC which was established in 1985, helped to create regional consciousness, it generally failed to practically implement the “creative ideas” of regional integration (Muni and Jetly, 2008). It is arguable that it is useful for South Asian countries to start applying these “creative ideas” for their regional integration. However, identifying these creative ideas is challenging, especially for those who are looking into the problems of South Asian integration from an academic point of view.

In this context, the spur in economic activities at the regional level is a good sign where some issues related to economic activities can be spotted and these can promote regional integration. In this regard, we can take some help from Lack’s explanation and assume that sustainability of

economic growth is the genesis for regionalisation. Here, we should once again underline the fact that there is a greater need for a fresh start and the South Asian countries should come out from their earlier fixed perspectives on regional integration. This will not be an easy decision for some of the South Asian governments that have remained suspicious in the past and have only followed the formal and conservative policies of regional cooperation in South Asia. Getting out of their policy hangover will be very difficult; therefore any form of real progress will require some internal or external drive. In the words of Nye some “*deus ex machina* catalyst,” is mandatory in the case of South Asian integration. Here economic growth is a “catalyst” and likewise sustaining this growth for the long term will be the “genesis” for South Asian integration.

In this case, critics may perceive the above argument in three different ways. First, a few may raise objections of being too hopeful of economic growth with regard to South Asian integration. Secondly, it can also be viewed sympathetically, as overburdening economic growth by placing on it the undue weight of South Asian integration. Thirdly, it can also be argued that with this argument rests the future of South Asian integration entirely on its economic growth.

Without discarding these supposedly genuine concerns, it is imperative to understand that economic growth has not only brought economic wealth to some in South Asia but has also created certain demands, which can only be met efficiently by the cooperation of all at the regional level. South Asia consists primarily of developing countries and, with the increase in economic activities, a corresponding increase in consumer demands are coming to the forefront. To elucidate, some of these demands are - better lifestyle, better health services, better education systems, better connectivity. These issues are just some of those sought by economically empowered South Asians. From a business, rather than consumer, perspective, better financial regulations, a common market policy, common product standards, lower regional trade barriers are some of the other requirements needed for industries to grow in South Asia.

By merging both of these demand segments we can conclude that South Asia requires physical, social and regulatory frameworks. There are high possibilities of an efficient delivery of these

requirements through regional cooperation. It is an opportune movement for South Asia to locate its 'Steel and Coal' ie some functional areas of cooperation.

Power and Higher Education: Locating Functional Areas of Cooperation in South Asia

As discussed initially we are looking at the functional areas of cooperation in South Asia that are related not only to the regional economic growth but that can simultaneously help the region achieve human development. This is a fundamental prerequisite for zeroing in on functional areas since, by adopting this method, the regionalization process will start not only from the top but will ultimately link it to the bottom as well. Therefore it will be a top to bottom approach within an extended period of time. This will also create synergy amongst the people of South Asia to enhance the much desired "interest and political groups" that can subsequently support integration.

There is a need for concerted research in order to identify these areas of functional cooperation but on the basis of available figures, estimations and studies we can ascertain that both power and higher education are two sectors that can link South Asia. The sectors will create interest and political groups could thereby rectify the pace of integration. It is noteworthy that both these sectors are linked to economic growth and can potentially sustain it, in the long run.

Why the Power Sector?

The World Bank estimates that 1.5 billion people in South Asia have no access to electricity. This in itself is reason enough for governments of the South Asian countries to find a solution to overcome the shortage in the power sector. It is equally important to underline the fact that during the recent economic growth period additional pressure was put on the already overburdened power sector. Looking at the larger picture of the South Asian energy sector, the demand for energy in South Asia will become more intense in the coming years. It will probably be more than double in the next 30 years. During the same period, the Indian demand is

projected to be more than 140 percent (McMillan, 2008). The minuscule steps taken to date are insufficient to meet this impending requirement in the energy sector. Instead, better planning is required at the regional level. India is the largest state in South Asia and has already made efforts to ensure and cater for its future power needs.

The issue of energy security is critical and it has potential to delay the momentum of economic growth in South Asia. Being well aware of this fact, the South Asian countries like India, Pakistan and Bangladesh have maintained their investments in the power sector even during times of financial crisis (Mukherjee & Pratap, 2010). There are several ways to meet the power demand but the regional cooperation in this sector can bring about the desired result in regional integration as per the neo-functionalist viewpoint. The opportunity for integration in the power sector lies in the capability of abundant power generation possibilities, which are available in some countries. Bhutan and Nepal are two such countries that have the potential of power generation and have a lower domestic demand as compared to their neighbour India (Islam, 2009; Banskota, 2012). India can also play a role in facilitating the energy trade between Bhutan and Bangladesh.

Cooperation in the power sector is not a novel idea; it has already been successfully experimented with in the case of India, Bhutan and Nepal. The illustration of India-Bhutan power trade is revealing and is one of the best examples in this region. Bhutan was at one time importing electricity from India but lately there is a reversal in this role and it is now exporting electricity to India. In fact, electricity is presently the principal export commodity of Bhutan even though India has played a vital role in the development of the hydro-electricity sector of Bhutan. Eighty-four percent of the electricity generated from the Chuka hydroelectric plant of Bhutan is exported to India (Tripathi, 2012).

This example suggests that similar collaborations can change the future course of regional integration in South Asia. Another stimulating example is that of the India-Nepal power trade, which is around 50 MW and is expected to go up to 400 MW by 2017 (Srivastav and Mishra, 2007). Guided by the success of the bilateral power trade arrangements between India and its two neighbours, there are ongoing discussions about implementing such projects at the regional level. Addressing a round table conference in 2011, the then Indian minister of state for power

Mr. K. C Venugopal said that, “SAARC power grid linking Bangladesh, India, Nepal, Pakistan and Sri Lanka has the estimated potential to install at least 1,00,000 MW in the region for the common use among its member states” (Press Information Bureau, 2011).

Energy is also regarded as an important area of regional cooperation by SAARC. To foster cooperation in this sector, the SAARC Energy Centre (SEC) was created in 2005 by the Dhaka Declaration. There are some critics of SEC because it has not been able to carry forward its mandate effectively but such criticism is uniformly applicable to the majority of the SAARC regional centres. The possibility of regional cooperation in the power sector for the region of South Asia is strengthened if one examines other similar projects in other regions in Europe and Southern Africa.

Presently there are two working models of regional cooperation in the power sector, one is the Nord Pool Spot (NPS) and the other is the Southern African Power Pool (SAPP). NPS is the largest market of electrical energy in the world and more than 70 percent of the electricity consumption in Norway, Denmark, Sweden, Finland, Estonia, and Lithuania is traded through it. Similarly, SAPP is an excellent cooperation model between electricity companies of Southern Africa. Founded in 1995, there is a common grid and a market between the participating countries of SAPP. These are two divergent examples, one from the developed region and the other from a developing region, giving strength to our argument that regional cooperation in the power sector is not a distant unattainable option but it is practically achievable.

Millions of people in South Asia are living in the dark and economic growth will make things more challenging for the power sector. A large part of the solution lies in regional cooperation, which will ultimately give comfort to governments and can also change the lives of people who are denied electricity, which is one of the elementary conditions for development. Cooperation in the power sector will create a number of beneficiaries ranging from owners of industries to farmers and once these recipients develop a stake in the power cooperation, then the regional integration of South Asia will undergo a transformation.

Why the Higher Education Sector?

South Asia is considered as one of the most backward regions of the world with a grim performance on the scales of human development. Except for Sri Lanka, no other South Asian country is classified within the top 100 countries in terms of the Human Development Index (HDI) prepared by the United Nations Development Program (UNDP).

Amongst these gloomy figures, the only silver lining is the improvement in the literacy rate across South Asia. In the last few decades, a considerable achievement in the overall education sector has been made in South Asia (United Nations, 2012; The Mahbub ul Haq Human Development Centre, 2008; Haq & Haq, 1998). With more enrollments in the primary, secondary and tertiary level education; the demand for higher education is growing in South Asia (Riboud, et al, 2007). This opens up a gateway for regional cooperation in higher education by involving the public and the private educational institutions (Hussain, 2006; Ahmed, 2007).

In this respect, the South Asian University (SAU) has already been established by the SAARC but there is a need to involve other higher educational institutes in this project. Higher education is also important because it will attract the younger generation from the entire region onto one campus. The dividing line that exists between South Asians could be blurred if the younger generation studies in one classroom, taking similar academic trainings and aspiring to be colleagues in the future. This will also create a regional civil society with a different outlook and professionalism in its approach.

Currently many South Asian students are enrolled in the educational institutes of the West for quality education. If, through a public-private partnership, similar educational standards in South Asia can be created while reducing the cost of education at the same time, then there are possibilities to attract these students who opt for Western educational institutions. A wider role for the different governments in South Asia is mandatory for the success of this idea. It is linked with relaxed visa regimes and the opening up of the service sector at the regional levels to the qualified South Asians. Deeper cooperation at the level of governments is important so that young South Asians can be professionally accommodated in this region.

For this, there is a need for further research, taking mainly into consideration the demand and supply side of higher education. There are several interlinked issues that need to be looked into in greater detail before we arrive at any conclusion. First, what is the kind of educational infrastructure we have in this region and how can collaboration be engendered? Secondly, it is vital to analyse the preferences of those South Asian students who are presently opting for the West as a preferred destination for their higher education. Thirdly, it is also useful to analyse the option of opening up the services sector at the regional level providing job opportunities to those who complete their studies in South Asia. Many students opt for Western educational institutions because it also gives them some tacit guarantee of a job. A thorough study on this subject can give us a clearer picture but at the present juncture with our limited available resources and experience we can safely assume that higher education can only be a probable functional area of cooperation.

Conclusion

On the basis of arguments, theoretical understanding and available empirical evidence, regional integration will benefit South Asia for the following reasons: first, it will boost economic growth; secondly, it will push up the level of human development; thirdly it can help resolve some of the existing socio-political problems among the countries of South Asia. Many more benefits can be added to this list. In order for South Asian countries to reap maximum advantage of integration, they should consciously decide on those factors that will help them in the initial process of integration. Two such factors have been discussed in this paper and further research is required to add to this number. The existing gap between economic growth and development can be bridged by regional integration in the specific areas discussed.

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