

GRAFT: LACUNA IN SAARC

The 10th Annual Summit of the South Asian Association for Regional Cooperation [SAARC], under the theme – "Role of SAARC in the Changing World" was held in Colombo this week with all the trimmings of pomp and pageantry, amidst tight security measures, whilst the people of the Colombo city were kept away at home on holiday and certain city roads debarred to the public for vehicular traffic.

It is under such uneasy environmental conditions, that the very political leaders of the peoples of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka participated in this regional annual formal occasion. Sri Lanka's President Chandrika Bandaranaike Kumaratunga assumed the mantle of chairperson, it being Sri Lanka's turn this year to have assumed such office.

The *Daily News* of July 29, 1998 under its front page headline – "10th SAARC Summit – Priority for economic issues" quoted the Foreign Minister, Lakshman Kadirgamar to have stated that – "It will fundamentally and primarily be an economic summit. We will focus on the challenges and problems faced by South Asia in the context of globalisation. We shall respond collectively to changes in the world economy".

Sri Lanka's President Chandrika Bandaranaike Kumaratunga on the assumption of office of Chairperson of SAARC in its 10th year, in her inaugural Address, at the opening sessions at the Bandaranaike Memorial International Conference Hall on Wednesday, July 29, 1998, as reported in the *Daily News* of July 30, 1998, particularly in relation to economic issues had, inter-alia, stated:



Sri Lankan President Kumaratunga, Indian Prime Minister Vajpayee and Pakistan Prime Minister Sharif at the 10th SAARC summit held last week in Colombo: Is corruption not an issue in South Asia?

CHAIRPERSON SRI LANKA PRESIDENT KUMARATUNGA

"South Asia reflects a rich and varied plurality of cultural, linguistic, philosophical and spiritual traditions. We are all, nevertheless, heir to a common civilisational continuum of great antiquity in which the people of South Asia are deeply immersed. This heritage is rooted in spiritual values, representative of the principal religions of the world. South Asia has given birth to and nurtured three of the world's noblest religious philosophies. We have given forth to the world, a large number of its greatest philosophers, political leaders, writers, poets and artist. We lay claim to one of the world's oldest and most magnificent civilisations and cultural heritage. Yet, we are also home to one fifth of all humanity, a large number of which lives and dies in abject poverty and ignorance. This is the reason that led us to propose an economic theme for this Colombo Summit. For us, in South Asia, the development imperative is paramount. It is urgent, in view of the rapidly changing, volatile international environment in which South Asia is placed. Social and economic frustrations lead to political unrest."

"The radical changes in our political and economic environment have affected virtually every aspect of the lives of our peoples. The entire world has become our neighbourhood. Rapid responses are required to comprehend, let alone contend with, the full gamut of political, economic, social, technological and cultural developments that press and encroach on South Asia. Economies seemingly stronger than those of South Asia have faulted, and the debate continues on the causes and consequences. We in South Asia, obviously, cannot yet mesh our economies, nor can our disparate economies conform to a comprehensive common mould. Yet it is clear that each of us stands to benefit through well considered, well coordinated common approaches to ongoing changes. The development options open to us, are being increasingly trapped in issues such as labour relations, human rights and governance. These are often forced linkages prompted by political and other motives. Globalisation opens up vast new vistas of hitherto unimaginable human action for the betterment of human kind."

"In order that the full benefits of liberalisation of the world economic order be obtained by all Nations, we must aim both at taking advantage of the vast opportunities that it offers, and at avoiding its dangers and shortcomings. The very concept of a global economic order cannot function for long and effectively unless all the players on the world stage, in other words all Nations, have access to equal opportunities to reach that stage. If the level of the playing field is maintained at a height, beyond the reach of developing countries, all we may experience of the wonders of the 'global village' will be the sound of meaningless hosannas sung in praise of it. On the other hand, those who are marginalized in the process, would continue to give birth to more and more movements of protest, whose destructive violence will resound not only within national boundaries, but surely spread in concentric ripples within our region and beyond, to the most unexpected areas of the globe"

"If we are to stave off some disadvantageous fallouts of the globalisation process, we must improve our financial systems, so that they can effectively participate in global finance. While we need capital transfers to supplement low savings and to foster investment and technology transfer, we have to guard against the volatility of global finance, arising from massive capital movement. We need to manage our economies strictly, in order to withstand speculative financial movement. We need closer international surveillance of short-term capital flows. Recent experience in South-East Asia raises the issue of the efficiency of global financial

institutions, which were created to meet a different set of challenges in the aftermath of the Second World War".

INDIAN PRIME MINISTER VAJPAYEE

The Indian Prime Minister, Atal Bihari Vajpayee in his address to the 10th SAARC summit, particularly in relation to economic issues, inter-alia, as reported in the *Daily News* of July 30, 1998, had stated :

"The people of the region now expect to see the economic benefits of regional cooperation touch their lives – this is the promise and the challenge that we must collectively address. Today, as we stand on the threshold of a new century, we need to evolve a shared vision of the future of our region. Such a vision must be rooted in our common values and be based on our individual and collective strengths that will enable South Asia to realise its full potential in the coming century. Major economic changes are taking place in the world around us which have a significant impact on our region. The twin trends of globalisation and liberalisation have dramatically altered the dynamics of the international economic environment. The increasing globalisation of economic processes has been accompanied by the emergence and consolidation of vast new economic groupings."

"The financial crisis in many countries including in East Asia has exposed the vulnerability of even relatively dynamic developing economies as well as the weakness of the international monetary and financial system to cope with the stresses and strains of global financial liberalisation. There is need for SAARC countries to identify, understand and face up to these challenges. We have, so far, not had to face similar difficulties in South Asia. We need to identify the strengths and weaknesses of our structures and policies, so as to make sure that we are able to avoid the difficulties, while taking full advantage of the globalisation and liberalisation that we are determined to follow".

PAKISTAN PRIME MINISTER NAWAZ SHARIF

The Pakistan Prime Minister, Nawaz Sharif in his address to the 10th SAARC summit, particularly in relation to economic issues, inter-alia, as reported in the *Daily News* of July 30, 1998, had stated:

"If affluent societies do not help the deprived and the underprivileged people of the world, who live below subsistence levels and are denied basic human needs, instability and conflicts will become self-fulfilling prophecies and the emerging horizons of the next millennium will be darkened with turmoil and chaos. Prosperity is not and should not be the monopoly of the few. Its fruits must be shared by the entire human race to free four-fifths of mankind from the demeaning grip of poverty. Trade must be transacted on principles based on equity and fairness. Investments and capital flows should not be tied to political considerations and conditionalities. The emerging world order must be based on egalitarianism, justice and equity".

"We, the peoples of South Asia, must be responsive to the realities of a transformed world. We must overcome the inertia that has kept our peoples imprisoned in underdevelopment and poverty. Our peoples must break away from the mind-set of the past. Otherwise, we will continue to be enslaved by want and deprivation. At this critical juncture in human history,

SAARC must forcefully raise its voice against inequities. We must insist on a global order that is democratic, we must not allow the interests of a few to be imposed on the many. The powerful cannot and must not be allowed to impose their will on the weak. The ground rules for interdependence among nations and regions have to be based on justice and fair-play to meet the daunting challenges of the future".

ECONOMIC ASPECTS STRESSED

From the above addresses to the 10th Annual Summit of SAARC by the political leaders of Sri Lanka, India and Pakistan, emerge succinctly the following key aspects that they had stressed upon.

South Asia is home to one-fifth of humanity and that large number of them lives and dies in abject poverty and ignorance – social and economic frustrations lead to political unrest – economies seemingly stronger than those of South Asia have faltered and debate continues on the causes – if the level playing field is at a height beyond the reach of developing countries ... those who are marginalised in the process would give birth to more and more movements of protest, whose destructive violence will resound – recent experience in South-East Asia raises the issue of efficacy of global financial institutions.

People of the region expect to see economic benefits touch their lives – the financial crisis in East Asia has exposed the vulnerability of even relatively dynamic developing economies – there is need to identify the strengths and weaknesses of structures and policies

If affluent societies do not help the deprived and the under privileged who are denied basic human needs, instability and conflict will emerge and the next millennium darkened with turmoil and chaos – prosperity should not be the monopoly of a few – investments should not be tied to political considerations and conditionalities – the world order must be on egalitarianism, justice and equity – must overcome the inertia that has kept people imprisoned in underdevelopment and poverty – otherwise they will continue to be enslaved by want and deprivation – must not allow the interest of a few powerful to be imposed on the weak many – prosperity should not be the monopoly of the few.

WHY SILENCE ON CORRUPTION ?

No doubt, the above emanating from South Asian political leaders, reverberates and echoes the pervading appalling conditions in South Asia, moreso particularly from an economic perspective. Would not the cancerous menace of corruption intertwined with complexities of politics, be one of the key issues stifling and stultifying the economic emancipation of the region? Ironically, whilst the main focus of the conference has been on the economic upliftment of the peoples' of South Asia, significantly the issue of the cancerous menace of corruption that is rampant in South Asia, affecting and impeding its economic development and growth had not been referred to or delved into or dealt with at all! Have not in the recent past several political leaders in South Asia been arraigned on charges of massive corruption?

The present South-East Asian financial debacle and economic crisis had been specifically referred to without the causes for such debacle and crisis, having been identified and/or dealt with. South Asian political leaders and their appendage economists, in the not too distant past,

praised South-East Asia in glowing terms as dynamic and well managed economies that ought to be emulated. Ironically, has not one of the major causes for the South-East Asian financial debacle and economic crisis been deemed as the cancerous menace of corruption intertwined with politics? The South Asian leaders however, though having referred to the South-East Asian financial debacle and economic crisis, did not bite the bullet as it were, and focus upon the menace of corruption intertwined with politics that has been deemed to be one of the main causes for such South-East Asian financial debacle and economic crisis! Is it because that South Asia itself is riddled with corruption intertwined with politics?

WORLD BANK BLAMES CORRUPTION

In the World Bank Staff Working Paper No. 580, David J. Gould and Jose A. Amaro-Reyes reported – "Corruption is pervasive in the countries of Asia, Africa and Latin America. The government monopoly of economic activities in developing countries, when combined with conditions of political 'softness', widespread poverty and socio-economic inequalities, ambivalence towards the legitimacy of government and its organisations and systematic maladministration, provide fertile grounds for corruption, which ... has a deleterious, often devastating effect on administrative performance and economic and political development, for example corroding public confidence, perverting institutions' processes and even goals, favouring the privileged and powerful few, and stimulating illegal capital export or use of non-rational criteria in public decisions."

Has not the above World Bank documentation pointedly and aptly dealt with some of the very specific issues that had been stressed in the speeches that had been delivered by the South Asian political leaders at the 10th SAARC summit in Colombo as identified above? Has not the cancerous growth of corruption intertwined with politics, seeded and fertilised by the affluent and powerful few in society, imposing their will on the weak and the underprivileged many, contributed towards the prevalent underdevelopment and poverty of the many, enslaved by want and deprivation, and live and die in abject poverty and ignorance?

The World Bank President James D. Wolfensohn recently focused the Bank's attention upon this cancerous growth of corruption as an impediment to development, underscoring the grave need for transparency. The World Bank President had enunciated and stressed upon such policy, consequent to a Harvard University research that had revealed that the cancerous growth of corruption was a major issue causing concern to voters.

The crusade by the Argentinean Judge Adolfo Bagnasco, which was referred to earlier, whose crusade against corruption had been reported to be a popular one in Argentina, where polls has shown that corruption was one of the public's biggest worries. Is it any different in South Asia, where people live and die in abject poverty and ignorance, deprived and denied of basic human needs?

The World Bank President had emphatically asserted to governments, that if there is corruption that the World Bank would black ball projects, emphasising that elimination of corruption has to be started at the highest levels of authority, stating that it needs to be cured at the top or that it will not be cured at all !

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