

## BOOK REVIEWS

### **Rethinking the National Security of Pakistan: The Price of Strategic Myopia**

By Ahmad Faruqi,

Burlington, VT: Ashgate Publishing Company, 2003,

Pages: 196.

Ahmad Faruqi's work *Rethinking the National Security of Pakistan: the price of strategic myopia* is a critical review of security problems of Pakistan. He analyses policies concerning defence, foreign affairs, nuclearisation, Kashmir and disarmament and has mainly relied on published sources. He correctly asserts that besides military's combat-effectiveness, strong political leadership, social cohesion, a viable economic base, and successful foreign policy is essential. The unbridled pursuit of military power neglecting other factors will impair national security.

He compares the security policies of both Pakistan and India. According to him the national security policy of Pakistan is based on the fear of India, optimism regarding the support from the Allies and reliance on its own military prowess. The fear of India emanates from its expansionist policies in Kashmir, Junagadh and Hyderabad (1947-48), Goa (1961), Sikkim (1975), and Siachin (1984). Pakistan's reliance on the United States (US) for help never materialised in its wars against India. The war of 1971 shattered the illusion of military superiority of Pakistan.

He identifies three major shortcomings of Pakistan's Armed Forces, that are namely, failure in higher direction of war, failure to coordinate infantry-armour operations as in 1965, and failure to have combined army-air force operations as in 1971. He also justifies his assertion by referring to ill-planned tribal incursion in Kashmir in 1947, the launching of Gibraltar Force without diplomatic and military planning and lack of preparedness for a full-fledged war with India in 1965, and finally losing half of the country in 1971 due to the blunders of its leadership.

India, till 1990s appeared to have a "passive and reactive strategic culture." Thereafter a definite change took place. He refers to the Indira Doctrine to make India the "security manager" of the subcontinent, and with the advent of Bharatiya Janata Party (BJP) government, India is determined to become a great power. He recounts four challenges to India's security. These are the concerns for national unity, the rivalry with Pakistan, a perceived threat from China, and finally, visualisation of a global threat from the US. He refers to Indian military success in 1971 due to higher direction of war, which made sure that it was well-planned, well-timed and superbly executed. According to him the Indians were able to pull off a "guerilla-cum-regular force strategy" in

East Pakistan and the Pakistanis had failed to do the same in 1947-48 and 1965 wars. He gives credit to Indians to surprise Pakistan by capturing Siachen in 1984, and he correctly brings out that Pakistan retaliated for the loss of Siachen by capturing Kargil in 1999, though it had to withdraw under US pressure.

He points out India had the advantage of greater territory, demography, economy and industry vis-à-vis Pakistan and a defence pact with the USSR concluded in August 1971 named "Treaty of Peace and Friendship." He does not spare India for its military failures in various campaigns in West Pakistan during both 1965 and 1971 wars as well as the debacle of the Indian military in Sri Lanka in 1987-90, but surprisingly he fails to cite the Indian military defeat against China in 1962.

He refers to the latest pragmatism in China's policy. It has initiated a dialogue with India for rapprochement and strategic accommodation. It is engaged in a balancing act with the US and is giving priority to economic development over defence. He feels that although Pakistan is likely to remain China's ally, it cannot take China for granted.

According to him the concept of nuclear deterrence is a fallacy. He fears that both countries have compromised national security because they are diverting funds from essential economic development to weaponisation. He fails to take into account that there has been virtually no increase in defence expenditure in Pakistan since nuclearisation. His Western inspired theory that by exploding nuclear device Pakistan lost the chance to seize the high moral ground against India is also controversial.

While dealing with Kashmir problem, he advises to follow Jiang Zemin who, in his address to Pakistani Senate on December 2, 1996, said that if some issues cannot be resolved, then they should be temporarily shelved so that they do not have adverse repercussion on inter-state relations.

He is against military rule because it adversely affects the professionalism of the armed forces; it is incompatible with Islamic law; and is against the demands of world culture. But he supports a military role in the politics of Pakistan and thinks that the creation of National Security Council, consisting of military and civilian elements, would break the vicious cycle of political failure and military rule.

Referring to the US Central Agency Report of 2000, which after reviewing the macroeconomic performance of the previous decade, had predicted a grim future for Pakistan and a bright future for India by the year 2015, he rightly points out that one of the main cause for slow growth in Pakistan during 1990s was corruption and recommends its elimination through stringent measures.

He proposes fifty percent cut in the defence budget so that a sizeable portion of resources could be made available for economic development. One of the ways to do this would be to emulate countries like Israel who maintain

lesser forces but can mobilise a large force at short notice during an emergency.

Finally referring to the global disarmament process pursued after the end of the cold war and citing experiences of the US, Russia, China, Germany and UK, he gives a worthwhile advice to both India and Pakistan to rethink their approach to national security. ■

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### **Interpreting China's Grand Strategy: Past, Present, and Future**

Michael D. Swaine and Ashley J. Tellis

Washington: RAND, 2000.

Pages: 283.

In the post-Mao period (1978 onwards), the new leadership of Deng Xiaoping introduced drastic changes in Chinese foreign policy, de-radicalizing it and opening it up towards the West. It also liberalized its economy, both internally and externally, and adopted a fresh role in international politics. The United States, which was engaged in its confrontation with the USSR at that time, could not respond to China's emerging role in the international arena. No sooner did the Cold War end than Beijing appeared as the new obsession of policy-makers in Washington who viewed its phenomenal economic growth, increasing military power and expanding political role as significant portents for the international power structure. Reacting to predictions that China would continue its ascent as a world power, the US government re-emphasized the need to develop strategic and successful policies toward China.

*Interpreting China's Grand Strategy: Past, Present, and Future* certainly addresses that need and proposes certain recommendations for the US government to counter China's contemporary strategic options. RAND scholars, Michael Swaine (Director of the Center for Asia-Pacific Policy), and his fellow analyst, Ashley Tellis, have conducted the study; it should, therefore, not take anybody by surprise that the book presents American perceptions, or, more appropriately, its China obsession. The authors term the defensive mindset of the Chinese—followed by China for centuries—a 'grand strategy', with the ambition of gaining global supremacy. It does not appear a sound argument, primarily because the goals of all nations are modified with the passage of time and it is difficult, if not impossible, for any nation to adhere to goals which were set centuries ago.

Tracing the roots of China's grand strategy (China's basic approach to political and military security), the authors identify them as the achievement of interrelated objectives such as preservation of internal order, the wellbeing of

its people, defence against external threats, and, eventually, the attainment of geo-political influence as a major—perhaps primary—state in international politics. The ruling authorities in China have used all available methods to achieve these objectives. In contemporary times, the achievement of these objectives has continued to be the focal point of China's security strategy. It is interesting to note that no Chinese ruler has ever presented the concept of this 'grand strategy' in a comprehensive manner. This terminology is that of Swaine and Tellis, and they apply to the evolving comprehensive national strength China has been acquiring.

In the modern era (from 1850 to the present times), colonial powers reached the periphery of China, changing its threat perception. To meet the new challenges, China first devised a hybrid 'weak-strong' security strategy and later modified it to a 'calculative' strategy. The former contained the characteristics of both a weak and a strong state; the latter was based on a shift from strict adherence to an ideology to the liberalization of the economy, both internally and externally, opening up towards the West and taking greater interest in international fora. The 'calculative strategy' also emphasized increasing efforts to modernize China's military for asymmetric gains. The authors suspect that, in the current phase, China might well conflict with the United States and its allies on certain issues, the most important of them being Beijing's concern over interference in its domestic affairs.

Assuming that the present trends in China's long-term economic, military and domestic political development continue, by the period 2015–2020—the minimum time-frame in which the Chinese economy and military might can develop sufficiently to allow China to become globally pre-eminent—it might begin an extended transition phase to a new security strategy that would last for another couple of decades. However, attainment of this goal, according to the authors, would largely depend on how China consolidates its power capabilities *vis-à-vis* the other great powers, particularly the US. At this stage, China could be reasonably expected to demonstrate some, if not all, of the core elements the grand strategies pursued by the major powers in the past: strengthening of military powers; formation of alliances; redefining of the existing international system to protect national interests; and, in the most extreme policy choice imaginable, readiness to thwart pre-emptive war or to launch predatory attacks on its foes.

The authors present a comprehensive plan of strategic options for the US to contain China in either scenario: it rises to power and acquires the associated assertiveness or it fails in doing so. Should China acquire pre-eminent power, the authors recommend that the United States should adopt a policy of realistic engagement, combining efforts at co-operation where possible; to prevent by force, if necessary, the acquisition by China of capabilities that would threaten America's core national security interests; and to remain prepared to cope with the consequences of a more assertive China.

If China does not acquire that status, owing to whatever impediments may exist, and consequently remains unable to challenge the US, then Washington's strategy should be to neither create preconditions for such a scenario nor retreat in the expectation that China's rise to power is inevitable.

Swaine and Tellis have undoubtedly made a major contribution to the understanding of China's current strategic behaviour at an appropriate time, as Beijing is currently expanding its role in international politics. It is not necessary that one agree with the policy recommendations of the authors, but the book will certainly lead to wider discussion, bringing new ideas and perspectives to the subject. It also eliminates a certain level of obscurity regarding China's role in the future global politics. The book is worthwhile reading for the researchers, students of international relations, political scientists and policy-makers. ■

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## **Muslims And The West**

Zafar Ishaq Ansari & John L. Esposito, "(Editors), Muslims and the West's Encounter and Dialogue", Islamic Research Institute, Islamabad Research Institute, Islamabad Centre for Muslim-Christian Understanding, Georgetown University, Washington, DC, USA, 2001, Pages: 353.

The book under review is a collection of twelve papers presented in a seminar held at Islamabad in 1997 under the auspices of the International Islamic University, Islamabad, and the Centre for Muslim-Christian Understanding, Georgetown University, Washington DC. These papers go a long way in understanding the complex relationship of Muslims and the West spanning over fourteen centuries. In the process, an attempt has been made to explore the Western perception of Muslims and the Muslim perception of the West. This understanding is necessary for building bridges of understanding and friendship across the two civilisations.

In their introductory note, the editors hold that if the two civilisations could develop mutual understanding, respect, goodwill and the magnanimity to let others live as they deem fit, they could actualise the enormous possibilities that seem tantalisingly close, but just out of reach at the moment. By a judicious and wise use of human resources and available technical prowess, they could build a peaceful a world wherein a variety of civilisations would not simply coexist, they could flourish and enrich one another. Conversely, if goodwill and sanity failed to prevail; the world might spiral uncontrollably into yet more misery, bloodshed and unimaginable destruction.

The learned editors are convinced that those who predicted a "Clash of Civilizations" had no solid arguments for such a prophesy. There is

nothing inevitable about historical events. The editors feel that what happens tomorrow will depend primarily on how leaders act in the two civilisations today. If they demonstrate wisdom and tolerance, then the problems besetting mankind can be addressed in a rational frame of reference. If they succumb to chauvinism, the results are likely to be horrendous. If Muslims and the West could learn the obvious lessons dictated by common sense, pragmatism and prudence, both civilisations could pool their resources to build a much better world.

Ismail Ibrahim Nawwab in his paper "Muslims and the West in History," maintains that East and West, South and North, Muslims, Christians and people of all faiths and persuasions could live peacefully and cooperate for the benefit of mankind in a multi-ethnic, multi-religious world. In an age in which revelation is treated as an aberration, it is incumbent on Muslims and Christians to work together. This is the call of the hour. They must join hands to serve God and man in a world currently characterised by "sickness, hurry and divided aims". The challenges of modern times provide abundant areas for cooperation between the West and the Muslims.

Next, Abdul Raheem Kidwai carries out an in-depth study on, "Perceptions of Islam and Muslims in English Literature". He holds that while discussing Western notions about Islam, literary writings can serve as a mirror of popular perceptions and misperceptions. Furthermore, literary writings reflect, reinforce and occasionally rectify these perceptions. The author makes an attempt to study images of Islam and Muslims with pointed illustrations from English literature. He states that Literary Orientalism in the Romantic Period, represents a significant advance both in range and quality. It is neither tethered to religious or theological dogma as in earlier periods, nor does it betray a paucity of authentic information as in the pre-Romantic period. Far from being merely exotic, it often reflects a genuine interest in the Islamic world, which is articulated creatively and imaginatively. Writers of this period appear to be more confident about their knowledge of Islam, partly owing to the presence of a large body of relevant literature, and partly because of greater and easier access to Islamic lands. In a multi-faith, pluralistic world, we stand in, a need for better understanding; fostered by knowledge and nurtured by the spirit of tolerance; can put an end to misperception about one another.

While discussing Western perceptions of Islam and the Muslims, Hussain Mutalib reveals that the gulf between the two worlds is as wide as ever, despite sincere efforts on both sides to bridge the gap. By and large, Islam and its adherents continue to be ridiculed, scorned and demonised by many Westerners. The result is the moulding of a mindset coloured by mutual suspicion in the Muslim-West relationship. This is at variance with new emerging world realities, as humanity has recently crossed the threshold of a new millennium, characterised by a more integrated and inter-dependent world.

In her paper, "Modernity, Islam and the West", Tamara Sonn convincingly brings out that there is a pronounced discontent in the Western world with the current state of things - excessive emphasis on material goods, consumption and power. This discontent is evident in a renewed emphasis on spirituality. People in the West yearn for the clear articulation of goals and the author believes that this is a good time for Muslims to make a significant contribution to the modern world in the form of a forthright, confident articulation of the Islamic vision of progress, which embraces religious and intellectual freedom, and promotes the value of progress. Once the West recognises that Islam is not anti-rational, and once Muslims accept that the West is not anti-religious, Muslims and Christians could engage in a productive dialogue on both the value and pitfalls of technological development.

In the next essay, "Islam and the West in the Emerging World Order", Muzzaffar Iqbal asserts that a growing concern for security and peace has already brought an element of sane reflection into the equation between Islam and the West on both sides. Several initiatives have been started to produce an environment which may result in a mature relationship between Muslims and the West. Viewed in this context, what is needed is a new, large scale effort in the study of the Quran (ulum-al-Quran) - an effort which will help Western readers of the Quran to gain from the Divine Book. Such an effort should take into consideration prevailing conditions in the West, including the intellectual make up of readers and their social and moral condition. Likewise, meaningful avenues should be opened for understanding the life and practices of the noble Messenger.

To conclude, the common denominator of these papers indicates that there is an urgent need for the establishment of research oriented institutions. Such institutions will produce a generation of scholars able to address issues most likely to cause a clash in the next century between Muslims and the West – and help to avert it. ■

*Col (R) Ghulam Sarwar*

### **US National Defense Strategy for the Twenty-First Century: The Grand Exit Strategy**

by Edward A. Olsen,

FRANK CASS Publishers, London, 2002. Pages 210.

Edward A. Olsen, who is a professor of National Security Affairs at the Naval Postgraduate School, Monterey, specialises in East Asian security issues. This book explains the recent trends in the international strategy of the United States of America. The United States (US) is apparently the only great power in the world since the end of the Cold War. A country with such a status has certain tangible and intangible determinants guiding its grand strategy. In the

past decade, the US has maintained a low profile policy towards some of its past allies and some regions of interests. This policy has recently been termed as the 'Grand Exit Strategy'. This book explains this concept and gives propositions of following a non-interventionist policy in the times when the unilateral action of waging a pre-emptive war for a presumably 'just' cause seems to be the only logical policy of the US. In the last decade, the US has experienced a visible metamorphosis in its grand strategy due to three significant factors. Firstly, this change is because of some vitally professed objectives regarding security; secondly, it is because of some requirements of national economic policy; and thirdly, there exists an urge to achieve a higher level of international recognition and status. The guiding motivations behind the US strategy are quite diverse, yet domestic compulsions, idiosyncrasies of the leaders, international commitments and the emerging problems of security are some of the main factors that seem to be causing a change in the US strategy during the 1990s.

This book comprises six chapters, with an introduction to its concept, the impediments in the formulation of sound strategies, the idea of non-intervention in dynamic nature of international relations and a new strategic vision. However, the main crux of the book is to be found in the fifth and the sixth chapters that explain the need for disentanglement from permanent alliances, and propositions are given for the US to follow a policy of disentanglement in future. In the author's perspective, non-intervention as a policy became a feature of the US strategy as an unconscious reaction to the Vietnam War and the miscalculation and decision-making blunders, made before and during the war. This non-interventionist grand strategy continued in the US strategy and attained new heights during Clinton's administration. The other factor that went along with this strategy was the quest to find a peacetime role for the US, but at the same time, it has not been able to change the pattern of alliances that had been formulated at the time of the Cold War. The US thus has been clinging to the status quo, especially in Europe. The strength of the US strategy has been that, despite the differences in the policies of the two major political parties in domestic politics, the leaders have always had a basic understanding of the US grand vision and have supported it with all sincerity. The basic objective of the US strategy has always been preservation of its core national interests and the anti-isolationist ideas, which the author explains giving the example of the Munich syndrome, that motivated the US policy-makers to strengthen alliances with European nations for the preservation of their own national interests.

The author has comprehensively studied the logic behind the presumed 'quest for enemies' by the US to justify its defence expenditure. This quest for enemies has been allowing the US to broaden its sphere of influence in the regions where it did not directly need to intervene. This policy left some grievances among the intervened states and, later on, the US had to face the



antagonism of these states. The motivation behind this quest for absolute control was the feeling of being on the right track and the perception that only by being on top could the US implement its agenda. The US is not the unanimously agreed leader of the world and since there are international organisations like the United Nations, it becomes their job to implement international agendas. Keeping in perspective the modern day crises, where unilateral use of force against unseen and unidentifiable enemies in the form of international terrorists has increased the confusion and uncertainty regarding the implementation of international agendas of peace; it is time to contemplate not only the costs and the gains of following an interventionist policy, but also the probable situation where the US can follow an exit strategy. At this juncture, the author has quoted the idea of building a 'Fortress America', where the US military could defend the territorial integrity of the nation and not expect the allies to offer any military assistance. Writers like Robert Tucker have already debated upon such ideas. These writers emphasises that by following a non-interventionist policy the US will not be isolated; instead, it will find greater resources to improve its economy that needs a boost. Moreover, the US fixation with war as a means of pursuing policy needs to be rethought and re-evaluated. There cannot be a quick fix solution, so the author gives a complete explanation of how the allies and the client states would reorient themselves in the new situation if the US chooses to change its policy. In the ideal situation this policy of non-intervention would change the priorities from excelling in military might to attaining economic ascendancy. An economically strong US would thus serve the interests of national strategy better than a militarily strong US that cannot prevent itself from getting involved in wars that promise no long lasting solutions. The undeniable reality is that the US needs to regain its economic might. This can be observed from the fact that the US has now become the greatest debtor after having once been the largest creditor.

The author has also addressed the rise of many uncertainties that could lead to a nuclear war and has tried to question the rationality behind plans like Theatre Missile Defence. These themes imply a need to rethink the concepts of strategy, to redefine and implement them in consonance with the new threats to security. In the last two chapters, the author has made a comprehensive litany of how the US can follow a disentanglement policy vis-à-vis North Atlantic Treaty Organisation (NATO), Australia, New Zealand and United States (ANZUS), the Middle East, Latin America, Africa and, above all, Israel. It takes courage for an American writer to say that neither the US nor Israel need each other for their defence, so it is rational that the US disengage itself from Israel and minimise the hatred that the Muslim states have harboured against it for following the Zionist agenda. In these last two chapters, there are some propositions for revamping the decision-making at

the highest levels of the US establishment, through extensive national debates and wider participation.

The book is lucidly written and thoroughly researched. It provides an alternative mode of thinking to students of international relations and is of great value to a reader who does not possess an extensive knowledge of international relations and strategy. The most laudable feature, however, is that the writer has refuted the highly prescribed values dominant among the international decision makers, and has made an effort to break new ground in the study of international relations. Moreover, the author has challenged the existing values of realism and analysed their moral validity, which is a notable and worthwhile contribution to the existing literature. ■

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### **Waiting for America; India and the US in the New Millennium By Sunanda K.Datta-Ray**

Harper Collins publisher, India and the India Today Group, New Delhi: 2002.  
Pages: 471

*Waiting for America; India and US in the New Millennium* evaluates the new strategic partnership between India and the US, from a purely Indian perspective and tends to be biased, at times. It overstates the importance of India for the US, especially in terms of Indian role in linking the US with oil. It suggests that the two are dependant on each other to achieve their respective goals. India cannot achieve the economic revolution of the 21st century without the US; similarly, the US needs the support of a vibrant democracy for a stronghold in Asia and needs to legitimise efforts to secure its claims to the fuel-rich Eurasian heartland that holds the key to global power. The author gives credit to Indian Prime Minister Atal Behari Vajpayee for the emerging Indo-US relationship, while also acknowledging the earlier contributions made by Indira Gandhi in this regard. He suggests that while India must give the US special status in its economic survival, it should also respond to situations on the basis of independent assessments of its own national interest and that is the essence of non-alignment. No two countries can ideally be natural allies. India and the US have many common objectives and will no doubt take the same path in many matters. But their interests may diverge on many points e.g. relations with Pakistan.

In addition to the geostrategic importance of India with regards to the US interests in Middle East, Central Asia, Indian Ocean and Far East, the economic revolution of India was also a great source of attraction for the US. The economic reforms not only enabled India to adopt a vigorous defence policy and abrupt diplomacy but also made India attractive for the businessmen who influence the US policy makers. While discussing the US interests in extra-regional affairs, one of the major US interests discussed is oil.

The US has always protected its oil interests. The US needs Pakistan for strategic reasons, which transcend oil and power politics.

The author criticises the US for its policies on Kashmir and its policies towards the subcontinent soon after independence. A major controversy had been brewing up for some time because of the US' growing concerns over nuclear proliferation. Whereas earlier in 1964 and 1968, India had sought US and Soviet nuclear guarantees and while turning down many US invitations to go nuclear, which was part of the US strategy of containment of USSR. India however refused to sign NPT in 1968, terming it discriminatory. Chinese arms support to Pakistan and 1971 war, led India to embark on its own programme, which resulted in 1974 to the first nuclear test, Pokharan I. When Mrs. Gandhi was holding power in India and the Reagan administration was in the US, the relations worsened between the two states. New Delhi complained that the new Sino-American rapport indicated a hidden US-Pak-China plan to encircle India. The aid directed to Pakistan in the wake of Afghanistan crisis, created uneasiness in India. At the same time, by late 1970s India without turning away from Soviet Union was beginning to look towards West.

India at several instances had chipped at the US' global hegemony and that was unacceptable to US. India needed more modern technology and intensification of trade and economic relations with other countries and it was looking for reasons that were as much political as they were operational, to diversify its military purchases. Yet economics in US-India relations remained hostage to politics.

The author discusses the tenure of different Indian leaders and their foreign policies, particularly towards the US and Russia. Majority of Indian leaders had been interested in aligning with the US but did not accept the zero sum game thesis and ignored the US reminders that relations with India would not be improved at Pakistan's expense. Relations with the US certainly moved ahead in Rajiv's time, particularly in specialised technical and scientific fields. The US appreciated his modernising drive and his apolitical politics. He knew that only the US could supply India with its needs and was sympathiser of Western cultural moves. But in the absence of political understanding, many ambitious plans foundered on the rocks of the US's increasingly important non-proliferation commitments. But domestically Rajiv and his cronies had alienated the middle classes. The book while discussing the Indo-US relations also takes into account the domestic political culture and the impact of the respective government's policies on the domestic front.

The book also discusses how India realised and started working for a strong Indian lobby in Washington. The success of Indian diplomacy became evident when, in 1989 (Kashmir crisis) due to increased tension between India and Pakistan, Washington shifted gears on Kashmir. The US started encouraging discussions on issues such as anti-narcotics cooperation, trade and cultural exchanges so that "Kashmir (is) not the only point on the bilateral agenda." The US thought that the 1972 Simla agreement could be the best framework for a resolution of the disputes, while earlier in 1940s and 1950s the US had advocated for a plebiscite in Kashmir. The US also changed its

stance on Pakistan's nuclear issue, and imposed Pressler amendment in 1990. The main reason was that Soviets had evacuated Afghanistan and there was no longer need to pamper Pakistan.

The Indo-Pakistan nuclear tests brought China close to the US, by denouncing Pakistan's nuclear tests. Also due to this, the US extended Most Favoured Nation (MFN) status to China. Though there were some voices of concern in the US over economic interests in India and soon the US self-interest in India narrowed their differences and repaired some of the damage caused by Pokharan II.

There is also an anti-China tilt in the book. The author at several places has compared the US policies toward China and India, which looked for a way out of the impasse, without abandoning its nuclear concerns or appearing to succumb to pressure. The author is of the opinion that the US officials preferred to deal with Pakistan over Indians and were very compatible with the Army, as it better served the US interests.

The main difference in the US and Indian interest had been difference in perception. The US had been thinking in global terms while India had been unable to extricate itself from local problems. The US and India also had differences on nuclear programme roll back. The report released after Pokharan-II, by a three man commission set up in 1996 by the US Congress, listed India among the countries that might not be directly hostile to the US but could supply technology to nations that were, and might cooperate technically with North Korea, China, Iran and Russia.

The author compares December 13 attacks on Indian parliament with September 11-world trade center incident and criticises the US role in appeasing Pakistan for getting its support for war on terrorism. The author discusses importance of South Asia for US, which according to him has increased much more than the Cold War period. This is because of the US dependence on oil, as well as the challenge of Arab nationalism, which is often termed as Islamic fundamentalism, along with the over billion Indian populations and economic revolution. India and the US have overlapping national interests. In the east, India can be the pivot of an emerging triangular equation with China and Japan, strengthening the democratic consensus, which US regards essential for stability.

Indo-US cooperation has increased incrementally since Bush assumed Presidency. Nevertheless the dialogue still falls short of holistic understanding, particularly on Pakistan. The US mediated and cooled off both sides in 2001 crisis and by summer 2002, Indo-Pak relations had temporarily improved. The author lays down certain steps for the US i.e. to persuade Musharraf to accept the counsel of reason, discourage nuclear adventurism and persuading Pakistan to come to terms with geographical reality. He envisages an important US role in defusing Indo-Pak tensions by disciplining Pakistan to avert the peril of a 4th war.

The author argues that the stage is set for a mature partnership between the world's oldest and biggest democracies, not because they are natural allies but because their strategic interests coincide, reinforced by the oil diplomacy, war on terrorism and the needs of more than a million Indians in

the US. Examining the historical background, this book warns that instability will persist until the US and China allow South Asia to settle down to its natural equilibrium. ■

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### **WTO: Globalisation And Nepal**

Edited by Ananda P. Srestha

Nepal Foundation For Advanced Studies, Kathmandu, 2001

Nepal is a landlocked nation and a constitutional monarchy. If Nepal is to accede to World Trade Organisation (WTO) to increase its trade benefits, a need is felt to study the advantages and disadvantages of this decision. In this regard a seminar was organised by Nepal Foundation For Advanced Studies (NEFAS) and NUSACCI, with assistance from the US embassy to assess the impact of WTO accession on different aspects of Nepal's social security and foreign policy. This book basically covers the proceedings of that seminar. Various scholars read out their papers in the seminar in order to evaluate the pros and cons of acceding to WTO. This book, being an edited version, consists of seven chapters. Each chapter is preceded by comments, discussing globalisation, WTO and its implications for Nepal. It is a unique book in the sense that fewer publications appear on Nepal in the realm of globalisation and WTO. Moreover, it has tried to address some lingering apprehensions.

With the coming of WTO into effect by 2005, a need is felt at various national and international fora to discuss its implications for developing countries. Globalisation as a phenomenon and its manifestations in the form of WTO regime have been a focus of a rigorous debate. There are lobbies in favour of and against globalisation. It has turned out to be an unprecedented debate. Never before, has an issue generated so much debate and controversy, especially in the least developed countries (LDCs). To the writer, globalisation is another name for universalism. It is important to note that globalisation implies that the "industrial age" has been replaced by the "information age."

The writer has provided comprehensive definitions of globalisation. Many aspects of globalisation are economic, political and social. This demarcation has been made to understand a complex phenomenon. The writer has also discussed how globalisation will affect the traditions of South Asian region. He has attempted to answer many questions raised against globalisation as a phenomenon and implications of WTO on the economies of LDCs. Globalisation signifies the devolution of responsibility and authority of the state to the local community at the grassroots and the growing interface between like-minded local communities and individuals across nations.

WTO is a post-industrial phenomenon, representing a shift from “industrial capitalism” to peoples or “intellectual capitalism”. It also affects the cultural aspects of human life where one language can supersede the other languages and traditional cultures can become extinct, especially in the remote areas of the world. People would be more exposed to market economy and effects of capitalism especially in the LDCs. WTO is basically an agreement in goods, services and ideas. An apprehension is felt that discrimination between rich and poor might exceed the limits which ought not to be so. However, it offers prospects both for poverty alleviation as well as widening the inequality chasm. WTO as an international trading regime offers both opportunities and challenges for the developing countries and the LDCs. There are special provisions in the WTO agreement for the benefit of LDCs, e.g. a 'transition period' is provided in which rules and regulations can be amended. It has been acknowledged that it would cost a lot of money and expenditure to adopt industrial effectiveness and competitiveness and to review the judicial laws and implement the various regulations of the WTO. The least developed countries like Nepal suffer from the fact that these countries do not have a permanent representation in Geneva to participate in the negotiations.

Under the General Enabling Clause, the proportion of the annual budget, the burden would not be placed on LDCs. The LDCs would not pay the proportion of the budget of WTO, also termed as “burden of membership”. According to the General Enabling Clause, their contributions would depend on the progressive development of their economies. It is important to note that Nepal is imposing higher tariffs as of its schedule of commitments. These are permitted to protect their domestic industries.

The writer has also discussed how the Trade Related Intellectual Property Rights (TRIPS) regulations favour the LDCs because without Intellectual Property Rights, the Multinational Corporations (MNCs) will not like transfer of technology and investments to Nepal. Hence the TRIPS that generate the most controversy in reality are in favour of LDCs. The innovations would then be protected and benefits would go to individuals and companies, which have the input, resources and innovative ideas. Their innovative technology would then be saved from being copied. Hence, in reality, TRIPs regulations would benefit the LDCs.

The writer has discussed the need for social security and welfare for the poor in the Globalisation context. Due to high prices of goods, cost of living has increased whereas low interest rates are provided to small deposits in banks. The LDCs also provide less for social welfare as compared to developed countries; hence resentment amongst people would further increase if 'distributive justice' were not applied. The writer has explained it by using such terms as 'Casino Capitalism', the usual outcome of which is 'economics of fear' in all aspects of economy, including social security. Globalisation results in increased economic interdependence and may also in the derivations

of a common culture. This possible outcome is highly criticised by anti-globalists, where MNCs would also have a dominant role in policy choices.

The writer says that the benefits of direct investment in Nepal are limited because of Nepal's traditional characteristics of a society consuming traditional food items and work opportunities permitted by Hindu and Buddhist traditions. Only skilled people with technical knowledge about machines, management and manufacturing would get jobs. Small-scale capital and indigenous raw material may be displaced and this may affect both informal and formal sectors. These are effects of high stage capitalism but some of the effects are already visible high crime rate and poverty ratio in Nepal has increased from 32% in 1977 to 49% in 1991. Whereas, on one hand, there are opportunities for economic transformation, on the other, it has made the poor vulnerable. The author does not assess how Nepal would benefit from rule based trade and how WTO will help Nepal in its goal of product and country diversification and price fluctuations. The writer argues that if preferential treatment is not provided to LDCs in the WTO then their participation would be similar to that in "Olympics".

Two important principles on which WTO regime is based upon are the issues of non-discrimination in the most favored nation clause and national treatment. Under most favoured nation clause, if member countries grant lower tariffs to another country on a preferential basis, it must extend it to all member countries. However the preferential treatment in the form of lower tariffs to other countries e.g. between India and Nepal under India-Nepal treaty 1950, is allowed under the General Enabling Clause i.e. capacity of states to make concessions and contributions, that will increase with progressive development in their economies.

The national treatment provision that is an important basis of WTO, is that once a product crosses the border of that country after paying the custom duty, it must not be given discriminatory treatment. However, Nepal imposes excise tax on imported specified goods in the name of 'equalising duty' in a non-discriminatory manner. Once foreign goods enter the Nepalese market legally, they get the same treatment as that of domestic goods. Hence the author comes to the conclusion that Nepal can implement MFN and national treatment provision in its accession to WTO.

The writer has discussed many misperceptions especially regarding WTO implications for the LDCs. WTO is basically a set of agreements in goods, services and ideas with states. There are also plurilateral agreements, to which few states have acceded; hence they do not apply to all member states. WTO regime is based on such principles e.g. principle of transparency, judicial and administrative review, issue of non-discrimination etc. Nepal too would have access to foreign direct investment (FDI), which is the key to success in the modern world and an access to a rule based trading system as well as dispute settlement body. Nepal seeks to balance trade dependence on India

with multilateralism. It is a foreign policy choice for Nepal. It has also been said that had the WTO existed in 1988-89, India would have been forced to stop its trade embargo on Nepal. Some of the negative implications of the regime may include erosion of sovereignty of the states i.e. governments would lose some jurisdiction over commercial and economic matters. It includes both opportunities and challenges. The opportunities include possibility of poverty alleviation, access to rule-based trading system, dispute settlement body, accession to international markets, foreign investment and privileges. The challenges include negotiations for more benefits, strengthening institutions, specialisation in products and services and making industries cost effective.

With the passage of time, the WTO system would get more complicated. If Nepal accedes to it now, it would be in a better position to negotiate the terms and conditions. However, Nepal cannot be compelled to accept agreements, which against its national interests. Moreover, the members of the Nepalese business community and private sector have an active role to play. If they are aware of the business and investment opportunities, they can brief their government on different policy issues.

The merits of WTO are much debated. It would only be seen on entry into force of WTO regime, whether it has a positive impact on the trade of LDCs, and provides opportunities to raise living standards and induce poverty alleviation.

The book provides an optimistic view of WTO. However, few chapters have been written on the theory of globalisation. WTO might be a key towards globalisation but it is not the transformation itself that is needed to modernise the economy. LDCs are required to improve low human resources status, poor infrastructure, primitive technology and inefficient bureaucracy, rather than rely on WTO wholly for their development.

In short, it is a comprehensive book on the subject and is worth reading. ■

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