

## **Challenges for South Asia on the eve of the 21st century**

(Draft #3, 23 June 1999)

*“The real challenge of human development lay back home in Pakistan and in South Asia. ... the South Asia region has been sinking fast into a quagmire of human deprivation and despair, emerging as the most deprived region in the world.”*

- Mahbub ul Haq

What will be the areas of greatest concern to South Asians in the coming decades and what can be done to address these challenges? These questions are at the core of the report on *Human Development in South Asia* (HDSA) series, initiated by Mahbub ul Haq in 1997 at the Human Development Centre. Growing poverty, high illiteracy, poor institutions, pressures from globalization, and the threats to human security from the nuclear shadow that has descended upon the subcontinent - each of these issues are of major significance to South Asians and have been thoroughly analyzed in the reports. While progress is noticeable on several fronts, such as declining infant mortality rates and improved access to water and sanitation, South Asia risks the consequences of widespread social and political breakdown if other major development needs and governance imperatives continue to go unmet.

In this essay, the challenges to human development in South Asia today are examined, including an update on social and governance statistical trends. Based on this analysis of the dimensions of human deprivation prevailing in the region, human development priorities are identified and new policy initiatives introduced. The latter part of the paper then outlines components of a broad vision for South Asia in the next century, based on Mahbub ul Haq's preparatory work for the report of the *South Asian Commission on the Asian Challenge* (SACAC). Integral to this vision is a concrete plan of action for accelerated human development and greater South Asia unity; these are not merely pious hopes but carefully conceived and achievable policy objectives, given the requisite political commitment and innovative partnerships among the state and civil society.

**Challenges to human development in South Asia**

Containing nearly one-fourth of humanity, South Asia has enormous development potential. Few regions can rival South Asia in terms of cultural and religious diversity, impressive civilizations stretching back several millennia, and human dynamism. At the core of South Asia's fortitude is the region's 1.3 billion creative and industrious citizens. But many opportunities for a vital breakthrough were missed in the last 50 years, as a sincere commitment to regenerating human capital was lacking, as investment in arms often took precedence over investment in people (particularly in India and Pakistan), as bureaucratic economic controls triumphed over the forces of economic liberation, and as elitist power structures pre-empted the patronage of the state in their own favour rather than in favour of the people.

Despite South Asia's strengths, leaders within civil society must be better mobilized, as well as national policy makers made uncomfortable and the international community sensitized, around issues of human development. For progressive change to occur, state and civil society leaders need to squarely acknowledge the region's hundreds of millions who carry the dehumanising burdens of poverty and despondency, the many vulnerable and neglected children unable to attend primary school or receive basic health care, the vast chasm between the rich and poor that has further deepened over the last thirty years, and the eroding environmental conditions that destroy lives as well as livelihoods. The region's predicament is unmistakably clear: South Asia has emerged as the poorest, the most illiterate, the most malnourished and the least gender-sensitive region in the world (see Table 1.1: Basic Human Development Indicators from HDSA '99).<sup>1</sup>

**(note: following stats have been updated as requested)**

In recent years, the popular myth that Sub-Saharan Africa lagged behind all other regions of the world in human development has been dispelled.<sup>2</sup> Admittedly, this was true three decades ago but is no longer. The dubious distinction of maintaining the world's lowest human development indicators now belongs to South Asia. South Asia's per capita income of \$393 is much below \$555 for Sub-Saharan Africa and \$1250 for all developing countries. South Asia's literacy rate of 49% lags behind the 57% already achieved in Sub-Saharan Africa and 71% in the rest of the developing world. Two-thirds of the children in South Asia are underweight compared to about one-half in Sub-Saharan Africa.

In the global context, human deprivation in South Asia is colossal in scale. Nearly one-half of the world's illiterates and 40% of the world's poor live in South Asia; around 500 million people are in the category of absolute poverty, surviving on less than one US dollar per day; more than one-half of adults are illiterate; and over one-fourth of the total population is

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<sup>1</sup>Mahbub ul Haq, *Human Development in South Asia '97*, (Karachi: Oxford University Press, 1997), 2. Mahbub ul Haq Human Development Centre, *Human Development in South Asia '99*, (Karachi: Oxford University Press, 1999).

<sup>2</sup>Haq, *Human Development in South Asia '97*, 12.

unable to access the daily necessity of safe drinking water.<sup>3</sup> Meanwhile, South Asia is the only region in the world where military spending (as a proportion of GNP) has increased since 1987. With the recent advent of full-scale nuclear programmes in India and Pakistan, the need to balance the demands of national security with those of human security in South Asia have never been greater.

As shown in table 1.2 (see: The Burden of Military Spending from HDSA '99), even as the region's military expenditure slightly contracted as a percentage of GDP between 1994 and 1997, the military expenditure burden as a percentage of central government expenditure rose by two full percentage points.<sup>4</sup> Similarly, the ratio of military expenditure as a percentage of the combined education and health expenditures in South Asia also increased by two percentage points from 1991 to 1997. Most noticeable during this period were the rise of military expenditure as a percentage of education and health spending for Pakistan: from 125% to 148.7%, and for Bangladesh: from 41% to 80.4%. Despite the efforts of regional policy think tanks, as well as the growing interest among many international organizations, the 'disarmament and development debate' has failed to progress in South Asia, as compared to other regions, since the end of the cold war.

The scale of South Asia's poor performance is further underscored by comparing its developing experience with that of the East Asian industrializing tigers over the last four decades. The countries of South and East Asia started at roughly the same per capita income level in 1960. By now, the per capita income of East Asian economies is about 27 times higher. Many explanations have been offered regarding the divergence between the development experience of East Asia (including China) and the South Asia region, including emphasis on the importance of high savings and investment, open economies, land and credit reforms and good governance. Admittedly, philosophies of economic liberalization differ sharply, but there is at least one explanation on which all analysts are in complete consensus: the central role of education, skills and technology in the accelerated growth of East Asia.

The contrast is sobering between South and East Asia regarding their respective level of investments in basic education and technical education. The average adult literacy rate in East Asia is over twice as high (at 98%) as in South Asia, and less than 2% of South Asian secondary school children enroll in technical and scientific education compared to 20% in East Asia. The East Asian high-performing economies spend over 10 times as much on education per person as do South Asian countries. At present, one in three children is out of school in South Asia; two in five children drop out of primary school before completing their studies; and girls spend only one-third as much time in schools as boys.<sup>5</sup> Moreover, the quality of

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<sup>3</sup>Ibid, 9-26.

<sup>4</sup>Mahbub ul Haq Human Development Centre, *Human Development in South Asia '99*.

<sup>5</sup>Khadija Haq and Mahbub ul Haq, *Human Development in South Asia 1998*, (Karachi: Oxford University Press, 1998), 2-5.

education is poor. South Asia has only two-thirds of the teachers actually needed; one-third of the teachers are untrained; only 31% at the primary level are females; and around 40% of teachers are absent from schools, as governments pay them even less than domestic servants.

Beyond the lack of educational opportunities, the backward state of landownership and limited access to credit in South Asia continue to be critical factors blocking more equitable patterns to growth. Throughout much of the region, the monopolistic power of the landowning class is an obstacle to social and economic modernisation, as landlords maintain a stranglehold over political and economic systems.<sup>6</sup> Furthermore, large farms often use relatively inefficient capital-intensive techniques due to distorted factor market prices, while small farms do not have access to the liberal credit subsidies on imported machinery and capital equipment. On the issue of credit access, South Asia's financial markets, unlike in East Asia, are dominated by a few very large and inefficient nationalized banks, whose size is based not on economies of scale but from bank licenses and other limits to competition.<sup>7</sup> The result has been that the lending and saving activities of state-owned banks usually service only a relatively small part of the population in rural areas - loans are often provided only to the wealthy and influential, excluding vast sections of the rural poor.

A final fundamental human development challenge is South Asia's emergence as one of the most poorly governed regions in the world, with corruption and mismanagement resulting in the loss of billions each year, centralized bureaucratic structures preventing citizen empowerment, violence leading to thousands of deaths annually, gaping gender disparities in the public and private sectors, and budget deficits squeezing the means to educate and nourish the region's children. The economic and human costs of misgovernance are immense. The malaise is due to many causes: low levels of education; discrimination against women and minorities; the oppressive legacy of an imperial and, in some countries, autocratic military rule; persistence of feudalism and superstition; eroded sense of civic identity and responsibility; limited oversight by the media and the citizens; and the weakness or total absence of institutions that can mediate the relationship between the people and their rulers.

The challenges to human development in South Asia are complex, interdependent and multi-faceted. From widespread poverty and illiteracy to the erosion of accountable institutions and dangers associated with nuclearisation, adequately addressing South Asia's gravest concerns requires a clear understanding and determined response to the region's human development priority areas.

### **South Asia's human development priorities**

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<sup>6</sup>Mahbub ul Haq, *Human Development in South Asia 1997*, 71.

<sup>7</sup>Ibid, 73.

Competing for scarce resources within short-sighted political time-frames, the range of potential human development priorities in South Asia must be carefully identified and pursued in a manner that both reduces human impoverishment and enriches the livelihood of all social groups. Future human development policy programmes should, consequently, focus attention on the following core strategies for the elimination of human deprivation: i) securing basic education for all and greater emphasis on technical education; ii) empowering women; iii) advancing land reforms, credit to the poor and equitable growth; and iv) fostering humane governance.

To prepare South Asia for the intense global competition of the 21st century, governments and civil society organizations must first focus on securing the right to basic education for all primary school aged children. Universal primary education for all is not a utopian vision but an achievable reality. Alongside detailed strategies for raising the quantity and quality of primary education, closing gender gaps, and providing a better teaching force, a practical plan of action is required to place all South Asian children in primary schools within the next five years and to create relevant modern technical skills within the work-force.

In sum, schooling facilities need to be extended to about 65 million additional children and a further two million teachers need to be trained.<sup>8</sup> If all non-formal channels are used, the cost of achieving basic education for all is modest. A mere 0.3% of the combined income of the seven South Asian countries can finance the recurring cost of this educational challenge - or around 1% if capital costs are also included. This could be financed simply by freezing South Asian military expenditures at their current level for the next five years, or by retiring some high-cost domestic debts through the rapid privatization of public assets.

Besides seeking to generate a firm political commitment for the universalization of primary education, the following vocational and technical education shortcomings in South Asia must be underscored: low student enrolment, high drop-out rates, inadequate budgetary allocation, low quality of teachers, inequitable access for women and those in rural areas, limited role for the private sector and NGOs, and poor facilities for training in modern technologies. Key elements of the reform programme are: i) making technical education part and parcel of secondary education; ii) undertaking comprehensive surveys and tracer studies to link technical training to the requirements of the job market; iii) changing the skill composition of technical training to reflect the demand for newer, more modern technologies; and iv) extending the coverage of vocational and technical education to hitherto neglected groups and regions - particularly women and rural areas.

Massive investments in basic and technical education are needed to convert the poverty of a country from a liability to an asset, as low wages are combined with technical skills to conquer global markets. Globalization thus turns into an opportunity, not a threat, since poor

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<sup>8</sup>Haq and Haq, *Human Development in South Asia 1998*, 8.

economies are positioned to leapfrog several decades of development by taking advantage of expanding global markets.

A second major human development priority area in South Asia is reducing the region's vast gender disparities. Over 70 million South Asian women are 'missing' according to global biological norms for male/female population ratios, and the indicators for female economic activity rate (25%), earned income share (24%), and administrative and managerial positions (3%) in South Asia are shocking.<sup>9</sup> Some important strategies to close the large male-female gaps in the region would include: (Mrs. Haq: a few ideas from HDSA '2000 could then be previewed)

Next, comprehensive land and credit reforms should be undertaken as two significant human development priority strategies for ameliorating South Asia's highly inegalitarian growth patterns. For land reforms to be successful, small farmers must have ready access to extension services and agricultural infrastructure, such as irrigation water and roads. If comprehensive land reforms are not feasible, greater equity and efficiency can, at a minimum, be promoted by eliminating policies that make the accumulation of large landholdings attractive, by removing subsidies to large farms which undermine small landholder competitiveness, and by providing an economic environment which will enable small landholders to compete with large farms on an equal footing.<sup>10</sup>

Concerning credit reforms, simply dismantling the inefficient and often inequitable state-owned banking sector will not solve the problems of South Asia's financial sector. To create financial institutions in South Asia capable of reaching the poor, credit schemes should be designed that combine the advantages of the formal sector (reaping scale economies and spreading risk by intermediating funds over regions) with those of the informal sector (acquiring information that reduces screening, incentive, and enforcement problems).<sup>11</sup> Moreover, the use of locally-recruited lending agents, peer-monitoring, and the insistence on regular savings can all form part of successful financial sector reforms.

Major breakthroughs were made in recent decades in Japan, the East Asian industrializing tigers and China through human development strategies. A firm basis for equitable growth was laid, in particular, by massive investments in education for all, the promotion of women's empowerment, and land and credit reforms. Accelerating and sustaining high human development levels also requires a governance framework that involves and responds to the felt needs of the people, particularly women, the poor and disadvantaged.

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<sup>9</sup>Haq, *Human Development in South Asia 1997*, 23.

<sup>10</sup>Ibid, 72.

<sup>11</sup>Ibid, 74.

Major setbacks in South Asia's human development the past five decades are, to a large extent, a result of political, economic, and social misgovernance. Governance applied with competence and compassion, however, is *the key* human development priority for unleashing the region's creative spirit.

Governance, if it is to promote human development, must not only be pro-people or people-centered. It has to be *owned* by the people. Good governance cannot be handed down from above by elites and their foreign backers, however well-intentioned. The people need to shape their own governance. In this spirit, a new and wide-ranging definition of good governance should be introduced. This is the notion of humane governance: an enriched interface of the political, economic and civic dimensions of good governance. 'With humane governance, people are the ultimate end of governance ... we must try to reflect people's values and aspirations - only then can we achieve an innovative breakthrough', wrote Mahbub ul Haq.<sup>12</sup> Extending beyond present conceptions of good governance, humane governance accepts strong political and civic dimensions that emphasize the primacy of people's participation, human rights and freedom in governance processes for addressing basic needs.

In harmony with humane governance, the formal institutions of governance need to be made accountable to citizens. Every branch of government - executive, legislative, judiciary, military, and the employees of public services - must *serve* with a sense of civility, duty and honour. A responsive government is also transparent in its activities, upholds the rule of law, and maximizes interaction with the people it claims to represent. Without legitimate governing bodies that empower and are sensitive to the needs of people, development cannot be extensive, balanced or sustained.

Besides sensitizing the formal political and economic roles of the state to new realities, governance in the coming decades must embrace the mutually re-inforcing activities of civil society actors, including individuals, the media, business, and a diverse array of nongovernmental and community based organizations. A vibrant civil society in the broadest sense provides new avenues of participation for people to determine their own destiny. South Asia will be well-positioned to engineer a human development breakthrough when its citizens are placed at the heart (both the end and the means) of managing development processes.

### **A Vision for South Asia in the 21st century**

(Mrs. Haq: This section draws on extensive notes from SACAC preparations. While I have edited and tightened this section, I have not made any major changes as requested.)

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<sup>12</sup>*Human Development in South Asia 1999*, Ch. 2 meeting (April 1998)

In contrast to South Asia's grim situation, Mahbub ul Haq firmly believed the region could become the next economic frontier of Asia if acute differences were settled and a free flow of rich customs, commerce, and ideas encouraged. During his final years, Mahbub ul Haq conveyed an eagerness to define, along with members of the *South Asian Commission on the Asian Challenge* which he chaired, a robust vision and concrete plan of action for human development and greater unity among South Asians in the next century. Inspired by Gunnar Myrdal's seminal work *An Asian Drama* in the 1960s, elements of his South Asian Commission agenda for progress include:

- *A lasting détente between India and Pakistan*

On the pressing issue of peace in the subcontinent, Mahbub ul Haq's message was one of faith and perseverance against the odds. He felt that political and intellectual courage are necessary to discuss sensitive issues openly and honestly. Perhaps by sailing against the prevailing winds his generation may fail. But after all, as he so often remarked, human destiny is a choice, not a chance; by not choosing to genuinely try to resolve India and Pakistan's perennial differences (see box on Kashmir), the current leadership in the two countries may never forgive themselves.

The challenges to human development in South Asia acquire even greater significance in the aftermath of the nuclear tests undertaken by India and Pakistan. The dangerous race for nuclear and conventional military security must be replaced by a co-operative race for human security among the people of South Asia. In this regard, all South Asian countries should mutually and voluntarily agree to reduce their existing levels of military spending by at least 3% a year in real terms and to earmark the potential savings to accelerate the pace of their economic growth and human development. Peace between India and Pakistan are a prerequisite to economic and social progress in the subcontinent. For peace to succeed, the concept of security must be linked increasingly with the enrichment of human lives, not with the acquisition of modern weapons.

Peace can never be achieved through nuclear or conventional force superiority. Building up large nuclear arsenals is not so much a threat to other countries as it is to the human security of the people of the nuclear state. Though others may argue that such measures are essential for national security, this is a false notion. The collapse of the Soviet Union bears testament: despite having enough nuclear weapons to destroy the world, the Soviet government could not feed its people or provide them with productive jobs or decent social services. Conversely, Costa Rica chooses not to maintain a military, while spending one-third of its national income on education, nutrition, and health. Costa Rica is the only prosperous democracy in troubled Central America. Long-term peace and human development are therefore inextricably linked and complimentary.

### **Towards a peaceful settlement in Kashmir**

In a speech delivered at the Rajiv Gandhi Foundation in February 1996, Mahbub ul Haq sent shock waves through the region with his innovative six-point agenda for a new détente between Pakistan and India. First, he called for both India and Pakistan to withdraw their forces from Kashmir towards a defined border belt as an initial step towards the complete demilitarisation of Kashmir. Second, the present border demarcated by the Line of Control between the two parts of Kashmir should be completely opened to enable Kashmiris to live together in peace. Third, full control of the political and economic administration should be transferred to the Kashmiri people through a programme of self-governance in a step-by-step process.

Fourth, Mahbub ul Haq suggested that for a period of ten years, Kashmir should be placed under the administration or ‘trusteeship’ of the United Nations to ensure that current passions cool down, the present violations of human rights cease, and the Kashmiri people get a real chance for determining their own fate at the end of this process. Fifth, the Kashmiri leaders should be allowed to assemble freely and discuss among themselves the form and shape of the future of Kashmir. Both India and Pakistan should tacitly accept not to ‘bilateralise’ the Kashmir issue but to leave it increasingly for discussion among Kashmiri leaders. Finally, he proposed that after a temporary period of UN trusteeship, a plebiscite should be held under the supervision of the United Nations to determine the free will of the Kashmiri people - whether they desire accession with India or with Pakistan or to remain independent.

Would such a plan be considered in today’s political climate? Does South Asia have the luxury of further delaying these vital choices? With the overt nuclearisation of the subcontinent, it is still disturbingly unclear whether peace and sanity will prevail in the race between military and human security.

- *Seven polities but a single integrated economy*

Another passion of Mahbub ul Haq was to transform the South Asian Association for Regional Co-operation (SAARC) into a true “partnership for progress”. At a time when countries throughout the world are regrouping on the basis of economic blocs, South Asia could ill-afford remaining immobilized in political discord. The potential for co-operation between the SAARC countries is enormous. The region has a potential market of 1.2 billion

consumers; the largest middle class in the world; hard-working low-wage labour; and tremendous potential to unleash creative energies of chained economies.

With only 13.3 percent of South Asia's total trade exercised within the region, compared to over 55 percent for ASEAN countries, the benefits of trade creation, product diversification, and economies of scale have been lost to South Asian producers and consumers. The failure to take advantage of the region's huge domestic markets has led to vast economic costs. Consequently, Mahbub ul Haq advocated many steps for greater economic integration and development co-operation within South Asia that respect the political independence of the seven SAARC countries. Extending far beyond SAARC's current limitations, the framework proposed gives special emphasis to collaboration in the areas of trade (strengthening the SAPTA process), energy consumption, drug and small arms control, tourism, labor migration, population planning, environmental improvement, and other regional programmes to enhance the frontiers of human security and human development for all South Asians. The benefits of these regional initiatives and policies in ending human deprivation and raising economic growth could be immense.

- *Empower civil society to serve as a catalyst for social change*

A co-operative South Asian civil society requires major strengthening of the institutions of civil society at all levels - local, national, regional and global. As an integral component of this framework, Mahbub ul Haq felt it would be essential to create a consultative Peoples Assembly in the SAARC. The Peoples Assembly would regularly advise SAARC inter-governmental activities and be constituted of elected representatives of the people - so that the voices of the people are heard, not intermittently but all the time and at all levels, on all decisions that shape the lives of South Asian citizens. At the same time, ethnic, religious, and political differences within South Asia should be bridged through inter-cultural civil society activities, including annual South Asian festivals for musical performance, film, dance, drama, singing, the culinary arts, fashion, handicrafts, and the visual arts.

Given that a growing number of civil society initiatives in South Asia serve as important intermediaries between citizens and the state, help citizens empower and mobilize themselves, and provide social services to the poor when governments fail, efforts should be made to increase the level of access to governments, the resource-base, and other incentives too those civic organizations seeking to enhance the livelihoods of communities. Mahbub ul Haq felt this could be achieved, in part, by periodic in-depth, systemic evaluations of civil society organization (CSO) activities in all South Asian countries conducted by independent research institutes. Besides measuring the total number and types of civil society organizations, a key objective would be to examine the composition, level and effective use of resources by civic groups in accordance with a performance-based criteria involving

quantitative and qualitative indices. By sharing best practices among South Asian CSOs about ways, for example, to operate successful non-formal education and micro-credit programmes for the poor, civil society initiatives could also gain impetus from greater regional co-operation.

- *Massive investments in human development*

In his writings, Mahbub ul Haq was keen to contrast the sharp differences in investment priorities among the East Asian industrializing tigers and South Asia's economies. He noted with amazement that annual per capita expenditure on human priority areas of basic education, primary health care, family planning, safe drinking water and nutritional programmes is \$2 in Bangladesh, \$3 in Pakistan and \$9 in India; whereas the Republic of Korea and Malaysia each invest \$133 and \$123, respectively. At the heart of the East Asian economies' development strategies is a massive investment in people and technology - a strategy still missing in many countries of South Asia. With adequate political leadership and sound governing institutions, the requisite resources can be mobilized to accelerate human development.

Another concern of his was the complementary role played by the international donor community. South Asia continues to receive relatively little financial support or political policy attention from the industrial nations. While Sub-Saharan Africa receives around \$30 per capita per annum of official development assistance, the much poorer South Asian region receive an average of only \$5. Whereas debt relief schemes are being designed for many other regions, particularly Africa, there have been no serious proposals for debt rescheduling in the more heavily indebted region of South Asia. Admittedly, the challenge of human development must, first and foremost, be tackled by the South Asian societies themselves, but through carefully targeted financial and technical assistance, the international donor community can be of critical assistance.

Mahbub ul Haq firmly advocated that each South Asian country prepare a concrete human development plan of action for the provision of basic education for all children, including compulsory primary education; provision of primary health care for all people, including universal immunization coverage for all children; extension of safe drinking water to all people, particularly in rural and peri-urban areas, through low-cost, mass coverage programmes; provision of family planning services to all willing couples; the creation of new institutions to provide credit to the poor and to create self-employment opportunities; and the elimination of severe malnutrition. Moreover, children and women must be accorded the first claim on new resources for human development. While a formidable challenge, it is possible to overcome some of the worst human deprivations in the next 10-15 years, provided determined policy action is taken by South Asia's leaders.

## The future of human development in South Asia

After fifty years, South Asia is ready for yet another profound transition. There are some promising developments in South Asia: established in 1985, SAARC is slowly beginning to consider issues beyond its previously restricted agenda and modest targets; new levels of cooperation on water and energy sharing, labor migration and the drug trade have been achieved; and for the first time in the life of the present generation, genuine steps toward opening economies and societies, fueled by the dramatic revolution in information, transport, and communications, are strengthening the prospects for peace in the region. At the same time, there are disturbing signs of growing poverty, heightened risks of a devastating nuclear exchange, rising social tensions, increasing environmental degradation, spreading ethnic violence and disintegrating systems of political, economic and civic governance. All South Asians now face the question: shall the region build on sustainable actions for a better future or continue to be paralyzed by age-old feuds and the perennial crises of governance and maldevelopment?

Capturing the imagination of Europeans in the late 1940s, Jean Monnet helped provide a road map towards the affluent and highly integrated Europe of today. With a similar spirit, Mahbub ul Haq challenged the leaders of South Asia with a vision to engineer a breakthrough in the region's development prospects and, in the process, nurture a shared South Asian ethos. The key to this transformation is generous and targeted investments in people, as well as new levels of co-operation among South Asians. The next millennium could then begin with the South Asian century.

The inherent structural changes associated with rapid growth in East Asia, combined with changing demographic profiles, are shifting the development frontier toward South Asia. The region is well-positioned to assume leadership in the next phase for a development model based on relatively lower wages, high labour productivity, and massive export of low-tech goods. This would require South Asia's leaders: i) to focus more attention towards basic and technical education, ii) to adopt an outward-looking trade strategy, iii) to distribute the benefits of growth equitably, through credit and land reforms, iv) to promote both domestic savings and the transfer of these savings to internationally competitive global firms, and v) to improve governance so as to develop co-operative and transparent relationships between the public and private sectors.<sup>13</sup> Through carefully executing such a programme, South Asia would be poised to lead the *fourth wave* of investment and export-oriented growth in Asia (after Japan, the East Asian "tigers", and the South-East Asian countries & China).

(Mrs. Haq: should the following part on future HDSAs be omitted?)

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<sup>13</sup>Haq and Haq, *Human Development in South Asia 1998*, 21.

Besides laying the foundations for the work of the South Asia Commission, Mahbub ul Haq had envisioned, in his final months, the following areas of policy analysis for future reports on *Human Development in South Asia*:

- *South Asia's Gender Shock*: a five year review of progress made in South Asia toward the 1995 Beijing women's conference programme of action objectives. Drawing on intellectual breakthroughs from the *Human Development Report 1999* - including the gender-related development index (GDI) and gender empower measure (GEM) - HDSA '2000 will examine many facets of women's status in South Asia, including unrecognized work in the household and informal sector and the failure to enforce laws protecting women.
- *Globalization: Threat or Opportunity?* Drawing on insights concerning access to global markets and economic growth from earlier *Human Development Reports*, particularly *HDR '92 and '96, HDSA '2001* will relate processes of globalization (cultural, social, economic, political, and technological) to the lives of ordinary people. The report will explore concrete strategies, including the role of SAARC, for positioning the people of South Asia to harvest the potential benefits from globalization, while preserving the region's cultural diversity.

In the wake of India and Pakistan's nuclear tests in May 1998, Mahbub ul Haq was also eager to expand national dialogues in South Asia on the dangers and human & economic costs associated with full-scale nuclear programmes. In addition to articulating the case for greater transparency in military budget decision-making and enlarging the development role of the armed forces, he recognized the need for comprehensive military conversion strategies to 'demilitarize' South Asian societies and free resources for better governance and human development. Through collaboration with institutes within and beyond South Asia, the Mahbub ul Haq Human Development Centre will continue to consider the latest trends in the military-human security nexus.

Foremost to thinking on human development in South Asia is that people, from all walks of life, are placed at the centre of actions for positive change. In a world where the most urgent issues are delicately woven across national frontiers, the people of South Asia must together determine why and how they must unite for peace, justice and human development for all South Asians. Shortly before his death, Mahbub ul Haq declared that 'the *people* should take the lead, through energetic advocacy and use of the increasingly powerful and borderless media. ... A movement of civil society is not possible without information, which must be

generated by researchers and scholars and disseminated by journalists and activists. Only the people of South Asia have the potential to change the complexion of South Asia.’<sup>14</sup> Let us hope the vision and convictions Mahbub ul Haq held will be carried forward in the years ahead to prepare South Asia for the challenges of the 21st century.

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<sup>14</sup>Mahbub ul Haq, “The Subcontinent of Sub-Saharan Asia”, *HIMAL South Asia*, March 1996, 16.