

Statement
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**Jammu & Kashmir Resolution:
Context, Compulsions and Contours**

International Context

The world of the early 21st century displays three striking patterns. Increasing globalisation, whether defined as economic integration or more broadly to include trans-border politics and cultural exchange, appear to reduce the importance of conventional territorial boundaries created by the nation states.

Integration implies as its end-point an elimination of the significance of such boundaries for flow of goods, capital, and people. At the same time, citizens' territorial attachment to their home, regions and countries has shown few signs of weakening. Territory remains a powerful means for the mobilization of populations. That power lies at the heart of the third pattern: the persistence of violent conflicts fought over territorial stakes.

Territorial disputes continue to be the most common source of conflict between states, and territory has increasingly become the most frequent reason for violent conflict within states. Territorial boundaries may be less important as a barrier to the movement of capital, people, and goods, but control of these borders and the territory that they encompass often remains a central goal for nation states and citizens.

In many ways, globalisation — particularly global economic integration — has been eroding or "hollowing out" the role of the nation-state, as governance has moved to global and regional international institutions and devolved to sub-national units.

Globalisation also reduces the importance of territory as a tangible stake in conflict between states. Even as it reduces the importance of land it tends to increase the importance of certain tradable resources that are linked to territory; be this water, gas, oil et al.

Further, globalisation may also provide incentives and instruments for resolving territorial conflicts. Incorporating the links between globalisation and territorial conflict may force the adaptation of conventional instruments of conflict resolution. Perhaps the most important hypothesis that emerges regarding globalisation and the resolution of territorial disputes between states lies in the economic incentives for settled boundaries provided by economic integration.

The opportunity costs of trade and investment foregone become more apparent as economic exchange burgeons at the global level. Globalisation creates strong incentives for porous national boundaries leading to less conflict between states.

Jammu and Kashmir: From Resistance to Representation & Reconciliation

It is now a well-accepted fact that the peace process in the sub-continent is irreversible. It may move in fits and starts, but the direction is clear. There can be no denying the fact that during the last four years, political initiatives – local, domestic, bilateral and international – have all been moving in a positive direction, albeit at a slow pace.

There are a few remarkable features about this peace process, which have a bearing on its sustainability, that were not in evidence in the earlier initiatives. For the first time in the history J&K state and its government has initiated, catalysed and driven the peace process. From being a passive recipient of bilateral initiatives, the state, immediately after the assembly election of October 2002, took the centre-stage to facilitate and drive the peace process at the bilateral level.

In doing so, the government revived social collaboration, political reconciliation, and democratic participation, through innovations and indeed historic steps. Be it the healing-touch policy, opening of the Srinagar-Muzzaffarabad or the Poonch-Rawalakote roads, or allowing travel on permit and not passport basis, it all added up to a collective political

engagement and consequent reduction in the structural and individual alienation. These were not events but processes that catalysed the peace process.

This reversal of roles – the state government driving these steps and the Union government endorsing it ---- has meant a much wider grounds-feel of peace process in the state, which has been seen, felt and heard. The net result is that there have been growing local stake in the peace process. It has generated consensus among principal stakeholders -- the people of Jammu and Kashmir -- on the resolution of the Kashmir problem. It has created a new basis of legitimacy by the only and ultimate source of authority, which are the people of the State itself.

The earlier rounds of bilateral diplomacy over the years, many as these were, aimed at normalising relations and establishing peace in the region had either been futile or resulted in failure. Lately, a new initiative has been taken to promote fresh round of dialogue. However, given the previous failed attempts at the resolution there is some scepticism about the prospects of future dialogue. The challenge therefore is not only in sustaining this new round of dialogue but also ensuring that it is insulated from the day-to-day setbacks that have often derailed it in the past.

The major breakthrough in the recent past has been engagement of the civil society of J&K in the peace and reconciliation process. The cooperation between the civil society and the state increased and resolution of the problem is no longer only the responsibility of the state – be it the centre or the State. The involvement of the principal stakeholders – people of Jammu and Kashmir - is gaining ground. It is the greatest achievement of the peace process and should not be allowed to slip away.

To supplement the peace process, make it sustainable and catalyse its pace, the Government of J&K, in consultation with the Government of India, decided to proceed with economic reconstruction in a manner that is acceptable to all. The basic premise of the new strategy is peace through economic reconstruction.

The objective is rebuilding of the State's economic framework in a manner that supports and accelerates the transition from turmoil to peace. The reconstruction plan for J&K – which spans economic, social and human infrastructure -- is a set of structural economic initiatives aimed at expanding the resource base of the State's economy, rebuilding the physical infrastructural investments that will ensure delivery of basic services and restoration of livelihood through creation of time-bound employment programs.

The reconstruction of J&K's economy has been designed in a manner that supports the transition from conflict to peace through the rebuilding of the economic framework. Reconstruction here does not refer to the reconstruction of "physical infrastructure" alone. It signifies, reconstruction of the enabling conditions for a functioning peacetime economy. It is the process of transforming an economy ravaged by militancy into a self-sustaining market-oriented one, where normal economic processes work.

This requires structural interventions and strategic investments which have a bearing on the way we garner monetary and non-monetary resources, the way we spend money and the way in which we define the objectives of our short/medium term economic policy and design the macroeconomic strategy for growth.

In the last four years, we have build capacity to promote economic adjustment and recovery, and address social sector needs. The process of reconstruction operations has unique post-conflict elements, including demobilization and reintegration of militants, as well as reintegration of the displaced populations. The entire gamut of reconstruction is a comprehensive and interrelated package of interventions designed to facilitate the transition from conflict to peace.

Already, to jump-start the economy, "trigger-off" investments have been made by the government and created the conditions for resumption of trade, savings, and domestic and foreign investment; and promote macroeconomic stabilization, rehabilitation of financial institutions, and restoration of appropriate legal and regulatory frameworks.

Already the turnaround in the economy is visible. On the ground, the availability of infrastructure has improved substantially. The state income is growing at a faster pace than the national income.

The State and the Central Government have been targeting assistance to those affected by militancy through reintegration of displaced populations, revitalization of the local communities disrupted by conflict through such means as credit lines to subsistence agriculture and micro-enterprises, and support for vulnerable groups.

All these interventions have gone a long way to help build a firmer base for socially sustainable development. To take this further, the government is in the process of establishing clear criteria for international support, which have the central government's concurrence and which are then adhered to as a prerequisite for funding. The state has already started the process of getting assistance from international agencies and multilateral development banks, like the Asian Development Bank.

Contours of J&K Resolution

There is no denying the fact that there are a lot of complexities in the J&K issue with the intra-state relationship between Delhi and Srinagar and between Islamabad and Muzaffarabad. These intra-state relationships are further compounded by the emergence of a host of political parties and militant groups on all sides of the conflict. Yet another factor in the mix is the Kashmiri diaspora, whose involvement has witnessed noticeable ascendancy in the recent past.

In all these discourses – Indian, Pakistani, international – the only viewpoint that has not unfortunately been adequately highlighted is that of the people of Jammu and Kashmir. There, of course, is the argument for the inclusion of the people of Jammu and Kashmir into the resolution process to ensure that India and Pakistan do not walk away from the

negotiating table too easily in bilateral talks. The problem is that the heterogeneity of views from within Jammu and Kashmir has become an easy excuse for their exclusion.

As such there is need for a well-articulated set of views to emerge from the state that can form the basis of fruitful dialogue. We are making an effort to fill this most critical gap to have convergence of views within the State.

Conceptually, the challenge in J&K is to integrate the region without disturbing the extant sovereign authority over delimited territorial space. There is no need to negate the significance of the LOC as territorial divisions but it is imperative to negate its acquired and imputed manifestation of state competition for power, prestige, or an imagined historical identity. The idea is to retain the former and change the latter. Therein lies the key to the solution of J&K dispute. And one way to do so is through economic integration.

The operational challenge in J&K is to establish innovative institutional arrangements that have a political, economic and security character. The two countries - India & Pakistan - have to resolve the very difficult problem of "domestic" integration within a split international political and economic structure. Our basic premise is that the search for solution to the issue of Jammu & Kashmir is a search for an inter-nation state institutional arrangement that preserves sovereignty of the two nation-states but still has a supranational basis. This is possible by giving the institutional arrangement an economic basis. To redefine the concept, in addition to defining the territorial limits, a border or an LOC is a barrier to people, commodities and capital. The idea is to remove the barrier – or to put it more accurately – let markets override these dividing lines.

This approach of according primacy to the economy over politics, in some ways, turns the current paradigm on its head. Due to historical reasons the entire state of J&K remains an important political, though not an economic, partner of both India and Pakistan. This fact can be attributed mostly to the legacy of partition. Even as political significance is paramount for both, economic links between India and J&K and Pakistan and Pakistan Administered Kashmir are limited. The political significance of two parts of Kashmir to their respective mainlands is disproportionate to their economic significance.

Our basic premise is that the time has come to work out some form of integration and move forward. Even though the integration design may appear to be constitutionally and legally incomplete and politically premature, a start has to be made simply because the cost of not doing it will be much higher than the cost of implementing it.

It is not necessary to work out a full architecture of integration. It has to start with some critical steps. For instance, the Euronations are being forced to achieve more and more integration because the single currency management requires a growing degree of political and economic harmonization. At the same time, such a "convergence by necessity" does not imply that a real "Political Union" will be automatically born.

To put the issue in analytical terms, we have to find ways and means of "sharing sovereignty". This makes it "more than an alliance" (where "alliance" means that a group of nations forms a selective agreement without the need of giving up relevant pieces of sovereignty). Yet there is no need or commitment to develop a common plan of political merging.

In view of the past history, the stated positions and the emotional surcharge a one-point-one-time solution for resolution of the conflict is a near impossibility. What is required is a sequence of measures, which would resolve the situation. These initiatives need to be less dramatic and insightful. What is needed is a practical, step-by-step extrication of the state from a tragic muddle. But it should not be a matter merely of atmospherics, either.

In this context, it is proposed to move step-by-step, taking the path of least resistance and build confidence as we go along. Each move, small or insignificant as it may sound, will have to be a part of a larger resolution design with a broad end-result in view. Depending on the nature of successes, the course can be modified and calibrated depending on the emerging political situation.

At a practical level, it should be obvious that the J&K issue cannot be solved exclusively on an intra-state level (i.e within India or within Pakistan). It requires a combination of intra-state (across India and Pakistan) and inter-state (within J&K and cross-LoC) measures. Thus, it would seem prudent to advocate a three-step approach to resolution of the issue – introducing fundamental principles of a solution, which would reduce uncertainty and provide a 'road map'; creating a dual power-sharing arrangement, which would be based on equal relationships between people of J&K across the border at both sub-state and national levels; and combining this power-sharing arrangement with regional and national integration.

Our aim is not to discuss the complexities of history and geopolitics, but instead, to shift the focus to more practical policy-oriented discussion of a possible solution to the J&K issue. It is argued that solution of the J&K issue must be built on three essential elements: 1) introduction of clearly defined fundamental principles on which the solution must be based; 2) creation of a proper system of integration between the state across the borders backed by institutional arrangements; and 3) combining of this arrangement into the framework of Indian and Pakistan polity.

Being fully conscious of the shortcomings of exclusive reliance on intra-state solutions, it can be argued that in order to achieve a stable, sustainable and just solution to the J&K issue, we should combine intra-state measures (decentralisation and power-sharing) with inter-state and supra-state measures. This approach, which is underlying the concept of Self-Rule is the only way that would eliminate the sources of ethno-territorial conflicts, entrenched in the traditional notions of sovereignty, self-determination, national and ethnic borders.

This comprehensive solution can be accomplished through economic integration and sharing of sovereignty without compromising sovereignty of either nation state. The key

lies in institutionalised problem-solving mechanism, which would allow constantly transforming conflicts in a positive, non-violent and imaginative ways.

For a variety of reasons it often makes sense for the two parts of Jammu and Kashmir to coordinate their economic policies. Coordination can generate benefits across different segments of the economy. If the two parts of Jammu and Kashmir cooperate and set zero tariffs against each other, then both parts are likely to benefit relative to the case when both countries attempt to secure short-term advantages by setting optimal tariffs. This is just one advantage of cooperation. Benefits will also accrue if labour and capital movement across borders is liberalized, fiscal, financial sector policies and sectoral resource allocation especially towards agriculture were coordinated. Any such type of an arrangement will result in economic integration.

Depending on the political will, economic integration can be pursued in different degrees, deepening the process as we go along and as the system adapts to change. The process can be started by declaring the intention to establish common economic space and sign an agreement with a roadmap, which envisages:

Establishing common economic space

Establishing single regulatory interstate independent commission on trade and tariffs

Coordinating economic policy in defined sectors and fields and

And harmonizing economic legislation.

The process of economic integration of the two parts of Jammu and Kashmir can start with the weakest form of economic integration – a "Preferential Trade Agreement". In PTA the two countries, India and Pakistan would offer tariff reductions, though perhaps not eliminations, confined to the geographical boundaries of Jammu & Kashmir on both sides of LoC.

This can be followed by a common market with free trade in goods and services, set common external tariffs and also free mobility of capital and labour across the countries with Jammu & Kashmir being the hub of this activity.

The important point is not about the detailing of the economic integration; indeed there can be many models for this. Instead, the main point to be brought home is the compatibility of the economic initiatives and their perceived end-results with all forms of political superstructure. In other words, the well-integrated economic base is same for all types of political superstructures, be it autonomy, integration or independence.

To be clear, the idea is to use the economic domain to initiate and catalyse, but not substitute or replace the political process of resolution. Given that the stated political positions have now become ossified over the last 15 to 50 years, and are constraining the future process of peace, this may be only way forward.

To my mind, the transition from economic initiatives to political resolutions will be led through supranational institutions in which all the players will pool their sovereignty. In this manner, instead of using sovereignty as a cognitive construct to frame the power struggle between India, Pakistan and spectrum of Kashmiri political viewpoints, the language of sovereignty can be used to forge alliances with all the players. This can pave the way for a totally different end-result, which in no way can either plan or predict in the sense of a solution.

It will take course depending on how every initiative takes root in the political economy of the sub-continent and furthers the matrix of relationships amongst the principal participants.

My vision of a South Asian region free from friction and feud emanates from the basic oneness of its people that can dominate all other considerations in an atmosphere of goodwill. I visualize a space of dignity and opportunity for Jammu & Kashmir in that paradigm of friendship between India and Pakistan.

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