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Converging Risks in South Asia: Is a Disruptive Transition on the Horizon?

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INTRODUCTION

South Asia spans multiple countries that were formerly either directly or effectively a component of British India. These include India, Pakistan, Bangladesh, Nepal, Sri Lanka, Bhutan, and the Maldives.¹ The subcontinent has had a traumatic history in modern times. Political partition in the wake of independence from colonial rule in 1947 left enormous death and destruction in its wake, particularly in the northwestern part of the region. Major conflicts such as the 1971 India-Pakistan war (which birthed the new state of Bangladesh) and bloody civil wars in Sri Lanka and Nepal added to suffering in the region. In addition, democracy has often been on the defensive in South Asia, with Pakistan experiencing multiple military coups and Bangladesh and India going through shorter authoritarian spells in the 1970s and 80s.

With a population of nearly 1.3 billion, India lies at the geographic and demographic core of South Asia. India's future, perhaps more than that of any other country in the region, is likely to affect the rest of South Asia. The other countries of the region are also critical for regional security. Pakistan and Bangladesh have a combined population of close to 400 million, but often get less attention, namely because of the presence of their massive neighbor, India. Sri Lanka, Nepal, Bhutan and the Maldives, though much smaller, impact the region in more subtle but important ways.

As we enter the third decade of the 21st century, the major historical challenges South Asia has faced are being magnified by a complex set of risks. These include earth systems risk (such as climate change and pandemics),² economic risk, governance risk, and inter-state conflict risk; the latter also with a dangerous nuclear dimension. Moreover, two external and competing major powers are playing a growing role in South Asia's future – the United States and China – with complex and uncertain impacts on security.

¹ Afghanistan is sometimes included in the definition of South Asia, and the country is a member of the regional organization South Asian Association for Regional Cooperation (SAARC). However, it is not included in this analysis.

² The classification of risk typologies into these four types originated in the Council on Strategic Risks' Converging Risks Working Group in the spring of 2020, with contributions from Francesco Femia, Caitlin Werrell, Andrea Rezzonico, Shiloh Fetzek, Kate Guy, Oliver-Leighton Barrett, and the author.

These risks are converging in unprecedented ways that could propel the region toward what is known in complexity theory as a “regime shift” - a highly disruptive transition from one state of security to another very different state. The international community should prepare for such a scenario.

EARTH SYSTEMS RISK

Earth systems risks are many in the region, but include significant challenges such as climate change and the COVID-19 pandemic (and the possibility of future pandemics). Climate change is a major threat to South Asia, with enhanced flooding, droughts, sea level rise and more intense cyclones as its visible faces. In the 1999-2018 period taken as a whole, Pakistan, Bangladesh, and Nepal were among the top ten countries in the world affected by climate-magnified events, according to the 2020 Climate Risk Index ranking from the developmental NGO Germanwatch. India was placed 5th in Germanwatch’s ranking for that year. The Maldives did not figure in the top ten rankings, but the small, island state in the Indian Ocean is existentially threatened with submersion toward the end of the century due to sea level rise.

Although India is responsible for only 3% of the world’s cumulative Greenhouse Gas (GHG) emissions,³ it is among those most vulnerable to climate change. As the Council on Strategic Risks highlighted in its detailed research earlier this year, climate change is stressing water and food security, magnifying natural disasters, and opening up potential pathways for conflict and unrest, even as it complicates India’s security rivalry with Pakistan and China. Pakistan is also already facing an acute water crisis, compounded by climate change, which threatens the Indus river delta and the adjacent megapolis of Karachi. Low-lying Bangladesh is severely threatened by climate change and extreme weather events, such as the recent Cyclone Amphan.

India’s COVID-19 case count continues to mount – the country now has the world’s third-largest number of cases. In early June, the government was forced to ease the harsh lockdown imposed in March due to the massive livelihood crisis it had generated among hundreds of millions of poorer citizens and migrant labor. Pakistan and Bangladesh are also suffering from major COVID-19 outbreaks, with no end in sight currently.

India, Pakistan, and Bangladesh all have poor public health systems with the number of hospital beds per 1000 population in the 0.6 – 0.8 range, according to data from the World Bank. This compares unfavorably to countries broadly at similar levels of economic development such as Indonesia (1.2) and Egypt (1.6). Sri Lanka’s remarkable success in containing the pandemic is credited partly to its excellent public health care system.

ECONOMIC RISK

The Indian economy was already going through a serious structural slowdown through 2019, and the COVID-19 pandemic has further hurt its prospects. The IMF projects a negative GDP growth rate this year, for the first time since it began tabulating data for India in 1961. The economic contraction will cause a major strain on the already difficult fiscal situation of Indian states and the central government, and limits India’s ability to cope with the impact of COVID-19 and other challenges. India is also turning more protectionist with its push for economic self-reliance – a move aimed to reduce dependence on Chinese imports. But it is unclear what this means in policy terms, and how it can be achieved. Pakistan’s economy has been in deep trouble for several years, with borrowings from the IMF and other sources keeping it barely afloat.

Bangladesh is set for a major economic hit with its garment industry, which accounts for a whopping 80% of its exports, on course for a severe contraction due to the pandemic leaving increased poverty and hunger in its wake. Though Sri Lanka has escaped much of the pandemic’s pain domestically, it is highly indebted, and therefore economically vulnerable.

³ Global temperature rise responds to cumulative, not annual, GHG levels in the atmosphere.

GOVERNANCE RISK

Governance is worsening across much of South Asia, fueled by increasing ethnic tensions and deteriorating democratic and other participatory institutions. India prides itself on its democracy, pluralism, and federalism, but all three are under stress, principally due to a hardline variety of Hindu nationalism currently ascendant. Multiple lynchings of minority Muslims, recent inter-religious riots in Delhi, and a discriminatory citizenship law that triggered mass protests (before the COVID-19 pandemic ended all public activity) have eroded India's claim to pluralism. Enhanced incidents of terrorism in Kashmir, some of which are carried out by Islamist militant groups based in Pakistan, have also added to the polarization.

Pakistan has had a long-standing problem of religious extremism in which religious minorities and secularists have been targets of harassment and murder. Though organized extremist militancy in the country's northwest has been largely curbed, militants focused on Kashmir and Afghanistan continue to use Pakistan as their base. Bangladesh and Sri Lanka have also seen increased incidents of majoritarian ethnic nationalism and narrowing spaces for dissent. Sri Lanka announced it will no longer abide by the 2015 UN Human Rights Council resolution on accountability for abuses carried out by its troops during the bloody war against a Tamil insurgency which ended in 2009.

Federalism is also under pressure in both India and Pakistan. Pakistan's landmark 18th Amendment to its constitution, passed in 2010, devolved key powers to its states. The national government, pushed by its military, is seeking to dilute it. In India, federal fiscal powers were curbed through a tax reform in 2018, in which more revenues were directly collected by the central government. Borrowing during the COVID-19 crisis has been allowed by the central government, but with stringent conditions that states may not be able to meet. The 2019 Elections in Sri Lanka returned a Sinhala nationalist government to power, which has resisted the devolution of powers to the country's provinces as required by the constitution's 13th amendment. All these trends contribute to declining quality of governance in India, Pakistan, and Bangladesh.

INTER-STATE CONFLICT RISK

As China rises and asserts itself in Asia, South Asia is becoming a theater of increased frictions pitting a Beijing-Islamabad alliance against New Delhi. The recent violent clashes between Indian and Chinese troops high in the Himalayas were the first military skirmishes with casualties involving Chinese armed forces in four decades, and the first such incidents along the India-China border since 1975. Nepal is caught up in the conflict, and tilting toward China in an intensifying territorial dispute with India. These incidents come just a little more than an year after the most serious military clashes between India and Pakistan in two decades.

The India-China clash is also playing out in the wider Asian theater. India is deepening its links with the China-balancing "Quad" partnership, which also includes the US, Japan, and Australia. India-Pakistan relations are also the worst in 20 years, even as a Eurasian compact gathers momentum. Current trends point to a long period of heightened tensions involving China, Pakistan, and India but also the wider Quad, given that US-China tensions are also ratcheting up. These contestations are particularly dangerous as India, Pakistan, China and the US are all nuclear powers.

TIME HORIZONS

In sum, there is plenty of bad news in South Asia. Four categories of risk – earth systems (climate change and the pandemic), economic risk, governance risk, and inter-state conflict risk with a nuclear dimension, all point to a worrying combination of adverse shocks and an impaired ability to counter them within the state and society.

These four types of risks interact differently depending on the time horizon. In shorter timescales (less than, say, 18 months), the strongest coupling is between earth systems (the major COVID-19 shock) and economic risks. Each compounds the other – the pandemic is damaging South Asian economies even as the economic slowdown constrains the fiscal capacity to contain COVID-19.

Over longer time horizons (say, 3-5 years), major power conflict and governance risks become more relevant. The tense India-Pakistan-China dynamic is extending into the Indo-Pacific and merging into the escalating US-China divergence, and Asia is witnessing a slow formation of military quasi-blocs – the US-led “Quad” coalition on one side and a Chinese-Russian entente on the other. Formal alliances are unlikely today, but this does not rule out coordinated security competition between like-minded groups of states.

Earth systems risk continues to grow through both timescales, thanks to climate change, the trajectory of which will not noticeably slow down during such a time frame, regardless of global mitigation actions that might be taken now. The COVID-19 pandemic’s future is also uncertain in South Asia, as the development of a vaccine in the near term, and its affordability, remain unknowns.

TOWARD A REGIME SHIFT?

Converging risks are best described as complex systems, which are inherently marked by strong non-linear dynamics and the sudden and disruptive “emergence” of unusual properties and states.⁴ Non-linearity and emergence mean that the net impact of converging risks can be, and usually is, far different from the summation of each taken individually.

Complex systems may also appear to be stable for long periods of time even after being subject to multiple and major risks. But a small additional perturbation can very rapidly cause the complex system to undergo a “regime shift” – a highly disruptive transition to an entirely different state of self-organization and being. This sort of phenomenon is often observed in the rapid collapse of a society and its transition to a different political configuration or (less commonly) its meteoric rise, apparently against the odds and defying all conventional, linear projections.

It is practically impossible to predict the timing of the tipping point for a regime shift, if it does come, for South Asia. There is also the presence of mitigating factors that may dampen or prevent the shift. India is no stranger to adversity, having experienced genocidal depredations of colonial rule and partition over the last century. Yet it survived and later even flourished thanks to what many observers see as an inherent resilience built within its social relations. The same is true for other countries in the subcontinent.

Social and cultural diversity – which South Asia is enormously rich in – can also act as a mitigating factor, placing limits to ethnic nationalism and majoritarian extremism and its minoritarian counterpart, insurgency and terrorism. Increasing ethnic nationalism, cultural homogenization, and suppression of dissent, however, weakens diversity and will tend to reduce societal resilience.

Mechanisms such as nuclear deterrence may have also kept India and Pakistan from a full-scale war since the two countries officially nuclearized in 1998.⁵ This could also apply to the India-China dynamic going forward. However, nuclear deterrence only needs to fail once for a catastrophic consequence to occur. Also, strategic restraint that many observers have seen India practicing with respect to Pakistan has greatly weakened in recent years, even as Pakistan has resorted to actions such as embracing tactical nuclear weapons. Both lead to degraded deterrence stability in South Asia.⁶

⁴ For a relatively accessible introduction to complexity theory in science see Mitchell, Melanie (2009), *Complexity: A Guided Tour* (Oxford: Oxford university Press)

⁵ For a robust debate on the efficacy of nuclear deterrence in the South Asian context see - Ganguly, Sumit and Kapur, S. Paul (2010), *India, Pakistan, and the Bomb: Debating Nuclear Stability in South Asia* (New Delhi: Penguin Books, 2010).

⁶ See essays in Krepon, Michael et al. ed. (2015), *Deterrence Instability & Nuclear Weapons in South Asia* (Washington DC: The Stimson Center), particularly – Shidore, Sarang, “India’s Strategic Culture and Deterrence Stability on the Subcontinent,” and Rais, Rasul Baksh, “Pakistan’s Strategic Culture and Deterrence Stability on the Subcontinent.”

Finally, the possibility of innovative responses to deepening environmental and economic damage due to converging risks cannot be ruled out in South Asia. One example of this is India's turn toward greater renewable energy.⁷ An equitable transition toward renewables and sustainability could lead South Asia in a more hopeful direction. However, the most urgent innovation that is needed to combat converging risks lies in the domain of re-imagining South Asia's deteriorating institutions. As yet, such a transformation is not in sight.

TWO SCENARIOS AND A SPILLOVER

A worst-case long-term scenario involves an ever more authoritarian South Asia with atrophied institutions, as economic growth stalls or reverses and security crises with nuclear sabre-rattling escalate between India, Pakistan, and China – all under conditions of worsening impacts of climate change and a slow, fitful recovery from COVID-19.

In a best-case scenario, South Asian countries find ways to reverse their decline in democratic governance and repair their institutions, economic growth returns, and inter-state tensions shift from a military plane to a more manageable diplomatic one aided by lessening tensions in the wider Indo-Pacific. Given current trends, however, there are more reasons to be pessimistic than optimistic about the trajectory of converging risks in South Asia.

A regime shift in South Asia would present major spillover risks well beyond the region. As we have seen with the COVID-19 pandemic, deep global interdependence implies that a crisis in one part of the world can very quickly become a crisis of the entire international system. The world is today, more than ever, a “single, tightly coupled human social-ecological system of planetary scope.”⁸ Therefore pessimistic scenarios for South Asia, though by no means locked in, should be of concern for the entire international community.

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⁷ Shidore, Sarang and Busby, Joshua (2019), “What Explains India's Embrace of Solar? State-led Energy Transition in a Developmental Polity,” *Energy Policy* 129, 1179-1189.

⁸ Homer-Dixon, Thomas et al. (2015), “Synchronous Failure: The Emerging Causal Architecture of Global Crisis,” *Ecology and Society* 20(3): 6. <http://dx.doi.org/10.5751/ES-07681-200306>