

A Charter for Change

Security without starving

(Dr. Mahbub ul Haq)

Balancing the claims of defence and development is one of the most difficult dilemmas that any nation faces. The basic challenge is to ensure effective security without starving the nation. No universal formula can be designed to determine appropriate expenditure on defence, either in the aggregate or on a per capita basis. But pragmatism and simple logic dictate that this expenditure should be well within a state's economic capability, without unbearable penalties for its social and economic progress.

How does Pakistan fare on this scale? On the face of it, the burden of defence is quite heavy. Defence expenditure consumes nearly 6% of our GNP. On a per capita basis, it costs \$ 28 a year. The military spending is 125% of social spending on education and health. Compared to India, Pakistan carries a heavier defence burden. India spends only 3% of its GNP on defence, or \$ 10 per capita, with a military to social spending ratio of 65%.

But such a comparison is neither accurate nor helpful. Wars are total wars : they are not fought on a per capita basis. In aggregate terms, annual military expenditure of India is at least three times that of Pakistan. Pakistan's military spending is only a reaction to the sheer size of India, its high military potential, and Pakistan's persistent sense of insecurity born out of three lost wars and the loss of half of the country.

Any objective observer will argue that both India and Pakistan are spending far too much on military and far too little on education and health, which has made them

slip behind many African countries in their levels of human development. The human costs of arms acquisition are extremely high. Mutually agreed reduction in military spending can release large sums for implementing the neglected social agenda in both the countries.

But it would be unrealistic to expect that Pakistan can take a unilateral initiative to de-escalate military spending. Pakistan's defence spending has always been reactive, not proactive. India was the first to explode the nuclear bomb, first to develop long-range missiles, first to acquire sophisticated sub-marines. India has recently started a new phase of escalation in missile technology, which will cost India a lot and which will inevitably lead to rising costs for Pakistan. And it is India which is occupying Kashmir, not allowing the right of self-determination to its people, and insisting on holding farcical elections which are an insult to its own freedom struggle of the past and certainly an insult to the intelligence of the international community. In the military field, Pakistan has often reacted and, because of paucity of resources, reacted quite inadequately. If India spends \$ 1 per capita on defence, Pakistan needs to spend at least \$ 7 to match India's military capability. Since it cannot finance such high military spending, the defence burden on Pakistan becomes quite heavy and yet it remains totally inadequate to match India's military potential.

The only way to end this unproductive escalation is for India to take the first step in reducing military spending, either unilaterally or through the SAARC forum. Of course, it will greatly help if the underlying tensions are eased, particularly on Kashmir. Pakistan can, and must, respond. In fact, Pakistan has even a greater economic stake in reduced military spending. But it cannot gamble with its national security. It simply cannot take the first step.

Without India realizing the need for a detente and taking some concrete initiatives for this purpose, defence spending in the sub-continent may keep on increasing, with Pakistan sustaining a much heavier burden. The recent assumption of power by a BJP - led government in India, if it lasts, will only add to Pakistan's anxieties. How can we finance this heavy defence burden without starving our legitimate social needs?

It is my firm conviction that we do not lack sufficient resources for meeting both our defence and development requirements : we are only managing these resources very poorly.

Pakistan can raise another Rs.100 billion (about 5% of GNP) a year through a meaningful tax on agricultural incomes, plugging of extensive tax evasion, swapping expensive domestic debt against sale of public assets, better expenditure control and strict checks against corruption and embezzlement of public funds. In fact, the estimate of an additional Rs.100 billion is as conservative as one can make it. But if realized, it can help reduce our budget deficit, finance our neglected social agenda and yet carry our present defence burden. Till there is a mutual de-escalation in Indo-Pakistan tensions and an enlightened move towards a new detente -- for which we all must make a vigorous effort -- there is no other option to combine our present defence spending with the requirement of expanding social services for our people.

This means that in, our circumstances, defence spending cannot be independent of a concern for economic management. Every rupee that is evaded from tax payments, all the millions that are stolen from the banks, all the billions that are embezzled in corruption are also stolen from our defence, not just from our development. If we want

a credible defence capability, we cannot be indifferent to the state of our economic management. Indeed, sound economic progress and well-fed and well-educated people constitute in themselves the first line of defence in any country. If we manage our resources well, we need not deny either the claims of our defence or development.

In other words, a heavy defence spending combined with inept, corrupt economic management can only lead to a national disaster. There are too many sad precedents. If we must carry a heavy defence burden till we, and the entire international community, can convince India of the benefits of a mutual detente, then let us focus on clean, honest governance and a much more efficient management of our national resources -- which we need in any case, and which is needed all the more given the heavy claims of our defence and development. That is the only strategy to ensure our legitimate national security needs without starving the socio-economic needs of our people.

Even if we manage to raise enough resources to finance our security needs without starving our people, let us remind ourselves that there is considerable scope for greater efficiency in the implementation of our development and defence projects. When resources are so tight, we need to be more cost-effective. We must get the maximum mileage out of every rupee that is spent. If we carefully re-examine the efficiency of our current spending patterns, we shall discover how much more can be done by the same resources.

At the same time, the need for a detente between India and Pakistan remains paramount. The real question is whether the new government in India recognises this need and takes the first steps. In fact, a BJP - led government has more room for manoeuvre in this field. Like the confirmed anti-communist President Nixon went to China

and opened up a whole new era, Prime Minister Vajpayee has a unique opportunity to reach across the border with some concrete proposals for a more peaceful era between India and Pakistan. The real question is whether Vajpayee, if he continues in power, will defy all predictions and surprise history. Or will he continue to impose heavy costs on his own people -- and on us in Pakistan as well?

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