

**INDIA AND PAKISTAN**  
**The Cost of Conflict – The Benefits of Peace**  
**By**  
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**Preface**

With effort and understanding a working relationship can be established between the people of the two nations. With sincere efforts and strong political will, Pakistan and India can learn to live in peace with each other.

Socially and culturally there is a lot in common between the people of India and Pakistan. India has a larger Muslim population than the total population of Pakistan. The ebb and flow of relations between India and Pakistan has a relative effect on the Muslim minority of India, which is looked at with suspicion in their own country.

**Introduction: South Asian Dilemma**

In fact, the state of confrontation and the mistrust between India and Pakistan also overshadows other national policy issues of the two nations. While the masses struggle to feed themselves, the policy makers are bent on further expanding an unaffordable defence establishment.

South Asia today is one of the most militarized regions in the world. In 1999 Pakistan had a \$30 billion foreign debt while India had a foreign debt of \$ 90 billion. For an accelerated pace of development, which is essential to catch up with other developing nations, funds being utilized for defence need to be redirected for nation building and improving the quality of life for the common man.

The existing bedrock of deep-rooted cultural and racial ties between the two nations can facilitate an honest effort to reduce the equally deep-rooted mistrust that has been created by certain historical experiences and misguided propaganda.

## **The Causes of Conflict**

The communal problem between the Hindu majority and the largest majority – the Muslims of India – is central to the causes of conflict between the two communities. The very reason for the creation of Pakistan is the inability of the Hindu and Muslim leaders to iron out their differences.

### **Military Expenditure and National Development**

It is true that military expenditure diverts resources from essential development and may cause distortions in the economy. A large defence burden superimposed on a small investment base can have severe detrimental effects. Arms imports compete with capital goods and machinery meant for greater productivity. In essence, they divert the limited foreign exchange away from the competing needs.

Today almost all the federal earnings of Pakistan are spent in debt servicing and meeting defence expenditures. Numerous studies have established beyond doubt that heavy defence expenditures, particularly for developing countries, are invariably incurred at the cost of economic development. All major national policy issues in India and Pakistan are deeply coloured by the conflict relationship.

## **Force Structure and Defence Spending**

### **Force Structure**

While the people of India and Pakistan were surviving in poverty, their military establishments continued to modernize and grow. The military manpower (minimal strength) of India and Pakistan are the fourth and the seventh largest in the world, respectively. The final crowning of their might was the explosion of nuclear devices by both countries in May 1998. According to one estimate the total cost of India's nuclear performance through 1998 has been in the region of \$ 15 billion while Pakistan is supposed to have spent \$ 4 to 5 billion. Today India has a defence establishment of over a million people, while Pakistan is close to 600,000.

### **Defence Spending**

According to a 1994 survey, India had 35 percent of its population below the poverty line and in Pakistan, according to a 1991 survey, its poverty line is 34 percent, while the size of their

armed forces rank amongst the largest in the world. Europe and North America accounted for three-quarters of the world defence expenditure. However, there has been an overall drop in world defence spending in the nineties of over 30 percent. But the defence spending has always remained high in Pakistan. A few years after partition, defence spending was equal to 85 % of central government revenues.

It is believed that some of the defence expenditure of India and Pakistan is hidden and not reflected in the budget, especially the expenditure incurred on the development of nuclear weapons and ballistic missiles. These are estimated at .5 to 1 percent above the announced defence expenditure.

### Consequences of a Nuclearized South Asia

It is fairly evident that the meaningless nuclear race will divert limited funds urgently required to improve the lot of the underfed and undereducated masses of the subcontinent. Avoidance of a nuclear war at all costs should be an essential issue for discussion.

Political leadership in both the countries has shown very little restraint in controlling the political temperature and the level of mistrust. With large groups of extremists in both countries, an unauthorized strike, though highly unlikely, cannot be ruled out.

Kashmir issue is the central issue and bitter bone of contention between the two countries, essentially an unfinished agenda of partition.

### Missile Defence System

A missile base defence system will be extremely expensive, which these two very poor nations can ill afford. In spite of their muscle, the per capita income of Pakistan is one of the lowest in the world and that of India is even lower than that of Pakistan.

### Managing Enhanced Instability

Today the most alarming aspect of the India and Pakistan relationship is not so much the Kashmir conflict itself but the instability brought about by the likely misreading of perceptions and intentions by one about the other, related to the

circumstances warranting the use of nuclear weapons. Logic and common sense take a back seat when emotions fueled by political rhetoric run high. Inflated egos, emotional rhetoric and deep-rooted mistrust are a common heritage of India and Pakistan, which predates their independence in 1947.

### **Trade and Economic Cooperation**

Economic reasons usually override political problems, as is evident from the present level of informal business between the two countries. Presently there are two types of trade between India and Pakistan: the formal and the informal. The informal trade, the more dynamic, is in the form of smuggling or trading through a third country. Total legal trade is in the order of \$ 100 million and limited to about 600 items, and a rough estimate of informal trade is in the region of \$ 1.5-2 billion.

### **Conflict Resolution : A Multidimensional Approach**

The people of the subcontinent, especially those of India and Pakistan, see the futility of a relationship of confrontation and are eager to turn a new page. The people of India and Pakistan continue to remain deprived and amongst the poorest in the world.

The destinies of India and Pakistan are linked. It will require great statesmanship on the part of political leadership of both countries to break from the past adversarial relationship of half a century with strong historical background.

### **The Bilateral Initiative**

The present bilateral effort between India and Pakistan is dominated by the bureaucracy on both sides, and has mostly remained deadlocked. To break away from the present stalemate, political leadership will have to lead and take charge of attempts to improve relations.

Both our countries are conducting diplomacy of deception and do not speak the truth to each other. Unless we are honest with each other we will not make any headway.

### Track Two Efforts

There is a desire among a sizeable element of the people of India and Pakistan to bury the hatchet and move into the twenty-first century as partners. A constituency peace already exists among the people of the two countries.

### Conflict Resolution and the Benefits of Peace

The full benefits of peace can only be realized after the resolution of conflicts. Conflict resolution in the subcontinent will not be an easy endeavour, with religious, linguistic and racial sensitivities predating the creation of the major states of the subcontinent. The subcontinent is seriously lagging behind the world in almost all spheres of human development.

### Confidence Building Measures

In order to arrest and, indeed, remove the ground swell of intolerance and intolerance that currently exists between the leadership and the people of Pakistan and India, it is important to initiate a variety of Confidence Building Measures (CBMs). A list of some of the CBMs is given below:

#### Political

- Each country to appoint a "Political Emissary for Indo-Pak Affairs".
- Reaffirm the Lahore Declaration.
- Reduce the propaganda against each other in the media.
- Reduce the role of intelligence agencies acting against each other.
- Simplify the visa system.
- Energize the exchange of scholars and students.

#### Military

- Undertake military leadership interaction, and arrange a quarterly meeting of senior commanders deployed along the LOC for settlement of local disputes.

#### Economic

- Encourage interaction between the Chambers of Commerce and Industries of both countries.
- Exchange mutually beneficial trade on a formal basis.
- Arrange import of natural gas through Pakistan by a pipeline from the gulf, Iran or Central Asian countries.

### Lost Opportunities

The adversarial relationship and the cost of militarization have kept the people of both countries impoverished. In spite of their inherent advantage of productive population, the quality of the life of the people of India and Pakistan remains at the lowest levels. Leaders of both nations are in fact keeping their relative populations in perpetual bondage, depriving them of the fruits of freedom and benefits of independence.

The ASEAN region, with reduced emphasis on defence, has made enviable socioeconomic progress. There is a very strong correlation between low defence expenditure and rapid economic growth, as shown in the phenomenal growth of West Germany and Japan after the Second World War.

### **Journey of Healing – Re-engagement**

A hard-line attitude by India at this time will only strengthen the hard-liners in Pakistan. And similar will be the effect on hard-liners in India if the hard-line attitude by Pakistan continues.

Taking the issue of Kashmir head-on rather than shying away from this central issue would be in the interest of both India and Pakistan. It will necessarily lead to reengagement and healing of wounds.

### Peace Dividends

The majority of the people of the subcontinent seek peace; they have a lot in common; peaceful coexistence is in the supreme interest of both the people. Peace will redirect the energy and resources of the two establishments and the people toward human development.

### Redirecting Funds from Gun to People

The saving from defence would go a long way in improving the quality of life of the people of India and Pakistan and to their infrastructural development and make both great countries.

### Redirecting People from Defence to Development

A highly productive and qualified component of the population is employed in non-productive activity. In an

environment of peace, a large segment of this talent pool could be utilized to accelerate productivity and economic activity.

### Bilateral Trade

The multitude of stumbling blocks erected by India and Pakistan will have to be demolished for meaningful progress. The Confederation of Indian Industry (CII) and the Lahore Chamber of Commerce and Industry (LCCI) should constitute a joint task force to promote bilateral trade and economic cooperation. The scope for expanded economic relationship is unlimited.

### An Effective Regional Block

The ASEAN regional block is a classical example in our neighbourhood. This integrated South Asian economic vision is only possible with peace between Pakistan and India.

### Improved Investment Climate

In a region like South Asia, where the political temperatures are high, the threat of war looms large and with a nuclear dimension as well, major foreign investors will tread carefully before they commit large long-term investments, which it badly needs to bring itself to par with the developing world.

### Joint Economic/Industrial Projects

The most promising projects for India and Pakistan are in the areas of pharmaceutical manufacturing, light and medium engineering, agriculture, information technology and most importantly, the energy sector. Joint economic and industrial projects will give a boost to the development of the two economies.

### Energy – A Joint Gas Pipe Line

The energy needs of India and Pakistan are expected to double every 10-15 years. In case of a joint pipeline through Pakistan, not only will India receive the much needed gas for its industrial development, Pakistan will receive \$ 600 million per annum in transmission royalties alone.

## Conclusion

It is absolutely clear that both India and Pakistan, in spite of their great potential, have remained underdeveloped. Better management of the affairs of the nations, coupled with reduced defence expenditure, would have improved the lot of the people and placed India and Pakistan in the front rank of the Asian Tigers.

The continued heavy defence expenditure by India and Pakistan has not only retarded the pace of development but is the primary cause for incurring a large domestic and foreign debt. Moreover, the price paid has not brought security, and the presence of nuclear weapons has only added another dimension of insecurity.

The benefits of peace for India and Pakistan are overwhelming and numerous. There is a very small but vocal minority in each country, which postulates that a state of confrontation between the two is an essential ingredient for their respective national cohesion.

Under the prevailing environment, dialogue is the only rational option for India and Pakistan, a bilateral catharsis aimed at spitting out the venom of centuries and then a move towards reconciliation.

In order to break from the past, the current situation demands great statesmanship and bold initiatives from the leaders of India and Pakistan. Hopefully, they will not be found wanting.