

It is obvious that the allocation of such a high proportion of government expenditure to defence limits the resources available for welfare activities. A reduction in the military expenditure in the region is clearly desirable. The rest of the paper examines this possibility.

Strategic Environment and Defence Expenditure in south Asia

The strategic environment in south Asia (especially relating to India and Pakistan) and its implications for military expenditure in the region are discussed in the following paragraphs.

Indo-Pak relations are going through one of their worst periods. While the threat of conventional war between the two countries has receded in recent years, the mutual hostility has not. In fact, the situation has been worsening throughout the 1990s. As in the past, Kashmir is the major area of conflict between the two countries. As far as India is concerned, Pakistan's support to Kashmiri separatists is the main obstacle to improvement in relations between the two countries. The Kashmir conflict is unlikely to be resolved in the near future. Although the political parties constituting the new government in India have a comparatively open mind on the question of relations with neighbours (the foreign Minister Mr. Gujral, in particular, is known for his conciliatory views), the government's ability to introduce major changes in defence and foreign policies is limited. In addition to Pakistan, India considers China to be an important factor in its defence strategy. Although India's relations with China have improved in recent years, the border dispute is yet to be resolved. Also, India is concerned about the friendly relations between China and Pakistan. It is especially worried about China's support to Pakistan in the field of nuclear and missile technologies. In fact, China's nuclear weapons, and its support to Pakistan in the development of nuclear weapons, are being increasingly cited by Indian analysts as a reason for maintaining the nuclear option.⁶

Public opinion in India (as in Pakistan) is in favour of strong defence. No political party, therefore, is prepared to take the risk of reducing the military expenditure significantly. With the

⁶ Subrahmanian, K., "Nuclear Realities: Coming to Terms", *Economic Times*, New Delhi, May 12, 1993 and India, Government of, "Annual Report", various, New Delhi.