Defence-Development Dilemma: The Bangladesh Context

Abdur Rob Khan
Munim Kumar Barai

1. Introduction

The defence-development dilemma, also known as 'guns vs butter' debate, ensued in the realm of politics, ran into sociology, political economy and later into pure economics, yet the outcome has been far from being conclusive. That needs to be said to put the discussion of the present paper in proper perspective. We should expect to obtain a set of conclusive propositions. But even then the exercise is worthwhile to provide insights into defence-development relationship and draw a set of policy relevant propositions.

Several lines of arguments may be cited to put the debate of defence versus development in perspectives. One is the 'agent of development' theory of the 1950s which, however, has sufficiently been discredited. Focus shifted in the 1960s to defence as a sector and justification was made about allocation of budgetary resources to development. That debate continued throughout the 1970s. The debate somewhat faded in the 1980s. In the 1980s and 1990s, the issue has been looked at from the points of view of good governance and donors.

Yet another argument gives a disarmament perspective in the sense that some statesmen have been arguing that disarmament will slow down growth.

The debate becomes a pertinent one in the context of Bangladesh for a number of reasons. First, the historical context in which the armed forces of Bangladesh captured and wielded state power in the country for more than a decade. It is because of their close association with state power that brought issues such as civil-military relations and
Defence development dilemma to the forefront of national discourses. Second, the debate becomes relevant in the geopolitical and foreign policy contexts of Bangladesh. The proponents of the view argue that Bangladesh need not have a large standing army because, however large it may be, it will not be able to cope in the exigencies of a war with India. The opponents make the argument of a strong deterrent force out of the same contingent situation. Thirdly, there is the development discourse, particularly in the context of abject poverty of the major section of the populace, the question of opportunity cost of defence expenditure in terms of provision of basic nutrition, health and primary education comes to the forefront. The opposite view in this context is that so much wasteful expenditures are made, subsidies are paid to losing concerns like SOEs and that even budgetary allocations in the health, education sectors are not properly utilized.

2. **Nature of the Defence-Development Dilemma: Cross Country Evidence**

Since the early 1970s a good number of empirical studies have focused attention on the relationship between defence expenditure and performance of the economy, in particular, growth of GDP, savings/investment and fiscal or macro-economic behaviour. The outcome of the studies has, however, been, inconclusive and, most often, contradictory. In a major study, Fredericksen and Looney suggested that no significant relationship existed between defence expenditures and growth in resource-constrained countries but there was a strong positive correlation between the same in resource-abundant (middle-income) countries.¹

Defence spending does not add to the nation's productive capacity and hence it would constitute a waste on nation's precious resources, especially when basic needs - adequate nourishment, shelter and clothing - are simply unobtainable for the greater segment of the population.²

One may outline the types of linkages between defence and development. One is import of arms versus import of agricultural commodities, especially, food grains, (Renner, 1989: 39). A second linkage emanates from the perception that more investment is likely to lead to industrialization. Such planned allocation results in dual deprivation for
agriculture: first by lower investment and second by adverse terms of trade for agriculture. (Renner, 1989: 39)

The upshot of this review of cross-country evidence may be expressed in the words of Biswas and Ram who said, one can observe a positive or negative relationship by focusing on different time periods, limiting the sample of countries with certain characteristics, or adopting certain types of specification alternatives. Commenting on the statistical studies on the nature of relationship between the two sets of variables, another scholar cautions that these studies reflect “the ascendancy among economists of ... econometrics concentrating on the construction of quantitative models and superficially impressive theories, which are, however, divorced from political and institutional economics and, in other words, from the affairs of real life.”

It needs to be said that rise in defence expenditure may affect the economy in one way but cut in defence expenditure may not necessarily generate the logically reverse positive impact. Much would depend on the working of the socio-economic parameters and variables. A major determinant of defence expenditures is the prevailing and expected security environment. A review of the same is in order in what follows.

3. Bangladesh’s Security Environment in the Twenty First Century

Bangladesh’s security environment may be assessed at three levels of analysis: domestic, regional and global. To the regional environment, one may add a sub-regional level. We shall take on the regional and sub-regional levels first.

3.1 Regional/Sub-regional Milieu

3.1.1 Bangladesh-India Relations

A major determinant of the level of defence expenditure is a country’s security environment, especially the perceptions of the policy makers of the environment. With a land area of about 55 thousand square miles, Bangladesh is located in the southeastern part of South Asia. Bangladesh is bounded on three sides – north, east and west - by India with a common border of 2556 miles. In the southeast, she shares a common border of 176 miles with Myanmar. Bangladesh has a
coastline of 257 miles in the Bay of Bengal. The geopolitics of this immediate surrounding conditions the security environment of Bangladesh.

The security dimensions of Bangladesh's location in South Asia arise from the fact that there have been a number of outstanding problems with its immediate neighbours. Without going into details, because these have been and are being discussed profusely, we may outline the issues as: problem of sharing of waters of the common rivers, which, apart from the Ganges, run into as many as 53; demarcation of land and maritime boundaries and related issues; trade imbalance and smuggling; cross-border insurgency; and the issue of 'push-in' of the so-called illegal immigrants. A number of observations are in order on the status of these issues. First, these are not constant issues of irritants in Bangladesh-India bilateral relations. One or the other issue came to the fore in bilateral relations often generating tensions and demanding immediate attention, while others subside or get relegated only to resurface later. Second, because of the sprawling common land borders, frictions occur not infrequently between border security forces on localized issues and they are resolved also at local level but through institutionalized mechanism. Thirdly, a number of issues have already been resolved through bilateral negotiations. Mention may be made of the question of Tin Bigha Corridor, the Ganges water sharing issue and the resolution of the CHT issue including repatriation of the CHT Hill refugees. However, in each of the agreed areas, residual problems remain and they need to be attended to. Fourthly, new problems have cropped up, some interestingly arising out of (sub-) regional cooperation process. Among the new issues, the question of so-called illegal immigrants into India and India's push-in measures is a potent one. The question of mutual suspicion on harbouring of insurgents on each other's territories is also haunting bilateral relations.

By way of examining how the bilateral relations worked given the perceptions and attitudes, it may be said that in the final analysis both sides are guided by national interests. Regime compatibility factor has been there but amidst it where a space for accommodation could be worked out, agreements and accords were signed. Of course, the
atmosphere for accommodation was created by facilitating factors like change of regime in either or both countries and cordiality of relations. The 1977 Agreement on water sharing, the 1982 MOU and its subsequent renewal, 1992 agreement on the Tin Bigha Corridor and the tripartite understanding on the Chakma refugees are examples. Much depends on how one values its relationship with other. With a high and positive valuation, one would be prepared to accept a degree of non-compliance. The fact that Bangabandhu Sheikh Mujib’s government could put certain amount of resistance and displayed independence whenever he found expedient is an example where India was prepared to make the accommodation because it valued its relations with Bangladesh.

Judged in the light of the above discussion, the present happy note may be characterized as the advantage of new beginning with the possibility of beginning of an era of valued relationship. No less important, the coincidental changes have taken place in an altered scenario of geopolitics and geo-economics. It may be argued that the significance of Bangladesh, if not its strategic value, has gone up in the global, regional and sub-regional contexts. Global significance emanates from both market, investment and geopolitical location values of Bangladesh. From the point of view of New Delhi, it may be argued that, in its drive for economic power to back up its global political aspirations, India has no alternative than to be integrated with the emerging Asia-Pacific region including South East Asia. The value of Bangladesh in such inter-regional cooperation can hardly be ignored. The regional context comes very elatedly in the sense that in an era of market economy based order, an imperative of opening up new economic opportunities dictate that India expands economic relations with Bangladesh. The sub-regional context is created by India’s concern for the rising tide of insurgency in the North East. Then there is also the compulsion of tapping the vast natural and human resources for India’s national development. The larger geopolitical and strategic contexts of the NE together with Myanmar and Bangladesh’s location as a soft underbelly can hardly be ignored. The salience of Bangladesh is a new phenomenon since the beginning of the 1990s. Given this mixed scenario,
Defence-Development Dilemma

one may argue that there is little scope of a euphoric reduction in defence expenditure.

3.1.2 The Rohingya Issue in Bangladesh-Myanmar Relations:

The fissure between Yangon and the state of Arakan, especially with the Muslim population, is a historical one. Several rounds of persecution of the Muslims from the middle ages were carried out by the Buddhists. The British policy of annexing Burma and Arakan complicated the scenario because of population movement into Arakan. It is said that the Northern Arakan Muslim League demanded merger of Arakan with (East) Pakistan but Muhammad Ali Jinnah is said to have advised the Arakanese Muslims to reconcile their lots with Burma. After the partition of British India, several rounds of Rohingya refugees entered (East) Pakistan, following riots and repression in Burma. The Burmese Government alleged that Pakistan Government assisted the Muslim Mujahids in Arakan in their quest for autonomy. The sore point on Rohingya refugees in Bangladesh-Myanmar relations is, therefore, an inheritance from the Pakistan period.

In the wake of the alleged coup plot against the government, the ruling regime in Yangon began search for citizenship documents among the Rohingyas and those found without such documents were driven out and forced into Bangladesh. There was another point. The Yangon government argued that inter-sensual population growth over the period 1963-74 at an alarming rate proved that there was influx of Bengalees from Bangladesh, particularly in 1971. As a result, the Rohingyas were moving to the east in Burmese majority areas. So there was a need to make rooms for the Rohingyas who had moved to the east. Thus, the number of refugees crossed over 1,30,000 by the end of June 1978. However, through persuasion of international agencies like OIC and UNHCR, Myanmar agreed to take the refugees back.

The second push-in occurred against the backdrop of a more belligerent regime, namely, SLORC's taking over power in Yangon and of a ruthless suppression of democratically elected National League for Democracy led by Aung Shu Chi. The second persecution started in 1991. This time, there were two major differences. Firstly, along with the Muslims, there
were sizable Rakhaine Buddhist refugees as well. Secondly, the military regime displayed preparedness to use force and there were indeed some incidents of the use of force by Myanmar. The number of refugees at the end of 1991 stood at about 2,70,000. The third difference in 1991-92 has been the reluctance of the refugees to go back, resistance of the SLORC to take back the refugees, and some procedural complexities between Bangladesh and the UNHCR. However, it is because of the reluctance of the Yangon government and recurrence of violence in Arakan that the progress in repatriation has been painfully slow. About 20,000 refugees, whose rank swells from time to time, still await repatriation. Yangon is unwilling to take those back who do not have valid citizenship documents. They claim that the Rohingyas are mostly illegal migrants from Bangladesh.

The other complicating factor is the role of the refugees themselves and the position UNHCR has taken in response. The refugees have been resisting repatriation on the plea that they would be persecuted and UNHCR has also been against forced repatriation. In recent months, the remaining refugees have become more assertive and resistant. They resorted to violence and seized several camps. But Bangladesh, beset as it is with its own problems, is unwilling to bear the burden of the refugees, who also display some activism that smacks of a nascent insurgency movement. Bangladesh’s apprehension is not without foundation, because the Nasakas (Myanmarese border security forces) frequently resort to incursions into Bangladesh territory and abduct farmers, fishermen and other villagers. To be precise, there has been some rudimentary organizational bases of the Rohingyas and they compare themselves with the Palestinians and the Kashmiris. If their activism increases in future, Bangladesh will be confronted with more violence on her south-eastern borders. Media reports of the activities of the Nasaka forces as well as the disgruntled Arakanese forces in the bordering hills and jungles within Bangladesh’s territories are portraying disturbing pictures. Linkage of arms, drugs and these Arakanese and Myanmarese elements in these volatile zone of Bangladesh does not bode well for the security of Bangladesh.
3.2 Domestic Milieu – Ethnic Insurgency in CHT

In outlining the conflict history of ethnic insurgency in the Chittagong Hill Tracts (CHT) of Bangladesh an attempt will be made to outline the major phases of the conflict and the transition from one phase to the other. The conflict has been considered as an intermeshing one – combination of both domestic and international – because conflict between primordial ethnic identity of the Hill people, on the one hand, and modern integrationist (or exclusionist?) nationalism of the Bengalees, on the other, has been conjoined with involvement of an external actor.

A key element in the ethnic conflict in CHT has been the growth of a distinct identity consciousness among the Hill people, who according to the 1991 census, numbered 498,595 inhabiting an area of about 9% of Bangladesh. Although at a closer look, the degree of differentiation among about 14 tribes of the Hill people in terms of religion, community identity, social customs etc. is quite marked, in general, they have a distinctive ethno-linguistic identity – Mongoloid in character – which is different from the plainsmen, e.g., the Bengalees. Accounts of different authoritative sources suggest that after migrating from different parts of Southeast Asia and Indochina, the Chakmas who were numerically stronger and culturally advanced of the lot, gradually established their hegemony over the other ethnic groups.

As the British policy of direct subjugation was resisted, tactically a different administrative policy of recognizing the area as excluded was followed. Under the Government of India Act of 1935, CHT was declared a ‘Totally Excluded Area’ as a formalization of the status conferred through the CHT Regulation 1900. If the British policy was aimed at preserving the distinctive identity of the Hill people, their experiences during and in the immediate aftermath of decolonization only sharpened it through a policy of denial on the part of the Pakistan Government. They not only abortively lobbied with the British government to join with India in 1947, the Indian flag was kept hoisted for three days in Rangamati, which had to be brought down forcibly by Pakistani army. In the early 1950s, the Pakistan government took up a plan to resettle Muslim refugees from India but the plan was dropped in the face of strong opposition from the Hill people. But influx of
Bengalee tradesmen and farmers continued. In the meantime, abolition of the Excluded Status from the Pakistan Constitution in 1964 and before that, construction of the Kaptai hydro-electricity dam leading to the displacement of 18000 families and submergence of about 40% of the cultivable lands of Rangamati constituted two major shocks to the tribal people. As a consequence of the construction of the Kaptai hydel project itself, 40,000 Chakmas left home and went to neighbouring Indian states of Mizoram and Assam and eventually, they were resettled in Arunachal Pradesh. Major industrialization ventures like Karnaphuli Paper Mills and Karnaphuli Rayon Mills etc. not only intruded with the life style of the Hill people but also brought in large number of non-tribal people from different areas of the then East Pakistan (Bangladesh). Insecurity perceptions of the Hill People deepened.

In any case, before the Hill people could adapt themselves to the reality of Pakistan, Bangladesh came into being in 1971. The nationalistic movements that swept Bangladesh in the late 1960s did not convey any positive message to the Hill people so that by and large they remained passive. On the contrary, the passivity in many cases, especially among the influential Chakmas, turned into a peculiar antipathy and hatred towards the Bengalees. Many sided with Pakistan and fought against the freedom fighters along side the Pakistan army. A number of factors may be held responsible for this behaviour. Between the two unacceptables, the exclusionist Bengalee nationalism seemed to be worse than the state of Pakistan which by then they got prepared to accept as a reality. Secondly, a disliking toward India, possibly because India was fighting insurgents with whom they had ethnic affinity while Pakistan was harbouring them across the border, led them to side with the Pakistani forces. Such dispositions created a psychological fissure between the tribal leadership and the political elite of Bangladesh. There was a mini-explosion in the fissure when Bangladesh and India carried out a joint mopping up operation in the jungles of CHT - India in search of northeast insurgents while Bangladesh in search of Razakars, meaning collaborators of the Pakistani army. So the tensing phase with a pre-existing fissure has already started.
Against this backdrop, the tribal leadership sought constitutional guarantee of ethnic distinctiveness and an excluded status for the region but the move met with strong rebuff from the ruling regime to the extent of being advised to 'forget your ethnic identity, be Bengalees'. The formation of the Parbatya Chattogram Jana Sanghati Samity (PCJSS - Chittagong Hill Tracts People's Solidarity Association) on 18 March 1972 and its armed wing, known as Shantibahini (meaning, peace force) early 1973 added a step on the escalatory path. Although armed violence started a few years later, the battle line was soon drawn. Regimes changed in Bangladesh in the meantime. Two-pronged policies of the military regime - military solutions and settlement of Bengalee population in CHT - exacerbated the threat perception of the Hill people and a full-fledged insurgency started in the latter part of 1970s.

The policy of the successor military regime was one of carrot and stick in the sense counter-insurgency operation continued side by side with peace process. Another plank of counter-insurgency policy in the late 1970s and 1980s was a policy of development to neutralize insurgency. But the peace building and development efforts were practically sucked into the vortex of hostilities that neither side was prepared to relent. The hit and run tactics of the Shanti Bahini and combing operations by the security forces interspersed by a number of major massacres displayed a pattern of increasing frequency since 1976. Both insurgency by the Shantibahini numbering about 2,000 to 15,000, and counter-insurgency by the military created refugees who fled across the borders. The Shantibahini operations targetted not only the members of the Bangladesh security forces but also against the Bengali settlers, members of foreign oil companies and other developmental agencies. With more than 50,000 refugees in the northeastern state of Tripura, the role of India as an external actor became prominent. In particular, the Shantibahini members took shelters, got trained and armed on, and carried operation from, the Indian soil. As indicated earlier, prelude to a role for India had also already been set perhaps during the Pakistan days when involvement in each other's dissidence and insurgency was almost a routine affair and an open secret.
The issues that are at stake for the government are: repatriation of the refugees and halt in the armed incursions across the borders. The issues that are at stake for the Hill people are: regional autonomy, return of lands allegedly grabbed by the settlers, removal of the settlers from the areas, guarantee of security for repatriation and proper resettlement on repatriation. Over the years several rounds of talks have taken place both bilateral and trilateral. Intermittent violence has been going on. Earlier, the Hill people were not happy with the three elected district councils constituted in 1989, nor were they, it seemed, confident about and satisfied with arrangements made for their repatriation. However, after the first phase of repatriation of refugees from Tripura during the BNP rule and another phase after the AL government came to power, several rounds of peace talks in Dhaka in late 1997 led to agreement about a regional council in addition to the three district councils. An agreement was signed on December 2, 1997. By now, repatriation of the refugees from camps in Tripura has been completed. A tribal affairs ministry is in place and legislative and administrative measures are being taken to form the much awaited Regional Council.

The CHT Accord is indeed a breakthrough in the security scenario of Bangladesh. But building peace on the foundation of a peace accord is indeed an arduous task. A section of the Shanti Bahini and the Bengali settlers remain disgruntled. It is believed that a sizable proportion of the Shantibahini members has not surrendered arms. So a cautious optimism may be expressed that the conflict has passed through de-escalatory phase and entered peace settlement phase. A consequent soothing influence on defence spending may, therefore, be expected on this count.

3.3 Global Milieu

The global milieu in the post-Cold war era has brought enormous opportunities as well as formidable challenges for the security of Bangladesh. Because of Bangladesh’s dependence on aid, trade and investment, the global milieu may be considered as an important determinant of its security. Globalization of economic relations and information flow have made security concerns of nation states transboundary and today we hear of cooperative security and development the hallmark of which is mutual
interdependence and joint harnessing of available resources for mutual development. However, state remains and will remain the central actor in a system or sub-system and hence the moot point is: how will individual states adjust to the notion of cooperative security? Besides, it should be mentioned that while globalization bolsters security in some sense, it raises security concerns in many other ways. Erosion of sovereignty is no abstract and remote possibility when a state is confronted with lack of autonomy in decision making, control over resources, planning development and allocation of resources. These are, of course, matters of security enmeshed with issues of good governance. In some sense, one may argue that the burden of defence has to be reduced to contribute to good governance. But then to the extent state power is needed to bolster bargaining power and in some cases protect national resources from predators, defence forces provide the essential backup.

Beyond the regional milieu, one area where the global milieu blurs the debate on defence vs development is Bangladesh’s role in UN peacekeeping. It is not the monetary gains but the image and international standing that needs to be highlighted in the context of security. But then, in the domestic context also, such international role creates favourable disposition in civil-military relations and indirectly contributes to lessening of intensity of the defence-development debate.

What kind of conclusions we may reach about Bangladesh’s defence requirement in the coming decades and beyond? Taking a global view of the issue, one may argue that coming decades will witness a mix of conflict and cooperation, perhaps the balance will be more and more on the side of cooperation. In the sub-regional and regional arena, an incipient cooperation process at bilateral and multilateral level is in the offing. But then traditional mindset of being guided by domestic considerations in foreign policy postures on the part of the ruling regimes in South Asia, and regime sensitivity in inter-state relations are yet to go. Secondly, we are also possibly in a long haul as far as being at the recipient end of the autocratic repression in Myanmar – both in terms of refugee creation and direct brinkmanship. Thirdly, we are likely to witness increased dosages of ethnic and communal
insurgency very often with cross-border dimensions. So the requirement of a standing professional army can hardly be overemphasized. That means we must continue to allocate resources for the maintenance of a professional standing armed force. The question is: what should be the size of the armed forces in Bangladesh? When is not the defence expenditure a burden on the economy?

4. Defence-Development Relationship in the Context of Bangladesh: Sectoral Allocations in Comparative Perspective

Setting up of links between defence spending and economic growth is a tenuous job at best. There are structural incompatibilities between defence sector and the civilian sector and the input-output relationship is not clear as well. Many have tried to establish the relationship by deriving the coefficient of one on the other. This sometime ends with some conclusions which might not be closer to the reality and even can be misleading. So in our study we like to look at the issue in a bit different way where the various sectoral allocations are being put in a comparative perspective and conclusions are being drawn from there. To do that we have chosen some important sectors of the economy of Bangladesh and tried to look into the aspect of elasticity of the variables vis-a-vis the overall percentage growth of GNP. As defence is an import-intensive sector of the economy, GNP is seen to be the better fit in the elasticity measurement for this sector along with the other sectors, which are deemed to be development sectors of the economic.

A data-period of 15 years from 1980-81 to 1994-95 has been taken for the purpose of the analysis. In all 8 variables have been taken into account to see a trend in the growth of the economy and the subsequent relationship in the growth of expenditures in selected sectors.

The methodology that has been followed for the presentation of data for the variables DFN (Defence), GNP (Gross National Product), AWR (Agriculture, Water and Rural Development) IND (Industry), PEN (Power and Energy), EDN (Education), HEL (Health) and TC (Transportation and Communication) here is that their current price of annual expenditures is converted into dollar by dividing the amount
Table 1: GNP and Estimated Expenditure on Selected Development Sectors of the Economy (1980-81 to 1994-95)

<table>
<thead>
<tr>
<th>Year</th>
<th>DFN</th>
<th>GNP</th>
<th>AWR</th>
<th>IND</th>
<th>PEN</th>
<th>TC</th>
<th>EDN</th>
<th>HEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>153.00</td>
<td>10400</td>
<td>506.86</td>
<td>217.87</td>
<td>244.47</td>
<td>288.86</td>
<td>69.82</td>
<td>87.61</td>
</tr>
<tr>
<td>1981-82</td>
<td>177.00</td>
<td>13223</td>
<td>409.35</td>
<td>204.43</td>
<td>241.67</td>
<td>261.41</td>
<td>71.77</td>
<td>89.23</td>
</tr>
<tr>
<td>1982-83</td>
<td>190.00</td>
<td>11999</td>
<td>486.71</td>
<td>142.20</td>
<td>284.62</td>
<td>255.58</td>
<td>54.44</td>
<td>75.23</td>
</tr>
<tr>
<td>1983-84</td>
<td>234.00</td>
<td>12380</td>
<td>566.48</td>
<td>135.12</td>
<td>333.54</td>
<td>128.66</td>
<td>61.95</td>
<td>75.52</td>
</tr>
<tr>
<td>1984-85</td>
<td>231.00</td>
<td>13310</td>
<td>560.62</td>
<td>94.23</td>
<td>333.60</td>
<td>117.18</td>
<td>62.08</td>
<td>82.91</td>
</tr>
<tr>
<td>1985-86</td>
<td>242.00</td>
<td>14230</td>
<td>428.61</td>
<td>210.68</td>
<td>334.99</td>
<td>112.66</td>
<td>64.37</td>
<td>71.59</td>
</tr>
<tr>
<td>1986-87</td>
<td>281.00</td>
<td>15320</td>
<td>385.77</td>
<td>229.65</td>
<td>244.47</td>
<td>161.77</td>
<td>77.19</td>
<td>80.15</td>
</tr>
<tr>
<td>1987-88</td>
<td>274.00</td>
<td>16360</td>
<td>332.82</td>
<td>207.21</td>
<td>241.67</td>
<td>182.36</td>
<td>97.61</td>
<td>83.13</td>
</tr>
<tr>
<td>1988-89</td>
<td>279.00</td>
<td>17560</td>
<td>364.29</td>
<td>137.40</td>
<td>284.62</td>
<td>230.74</td>
<td>91.15</td>
<td>32.46</td>
</tr>
<tr>
<td>1989-90</td>
<td>301.00</td>
<td>19540</td>
<td>408.00</td>
<td>143.26</td>
<td>333.54</td>
<td>218.44</td>
<td>94.17</td>
<td>39.60</td>
</tr>
<tr>
<td>1990-91</td>
<td>288.00</td>
<td>20990</td>
<td>409.15</td>
<td>173.05</td>
<td>186.38</td>
<td>206.83</td>
<td>88.84</td>
<td>47.73</td>
</tr>
<tr>
<td>1991-92</td>
<td>327.00</td>
<td>22430</td>
<td>443.90</td>
<td>175.78</td>
<td>221.04</td>
<td>281.95</td>
<td>142.15</td>
<td>56.45</td>
</tr>
<tr>
<td>1992-93</td>
<td>410.00</td>
<td>24050</td>
<td>465.95</td>
<td>163.54</td>
<td>321.30</td>
<td>337.55</td>
<td>151.91</td>
<td>67.26</td>
</tr>
<tr>
<td>1993-94</td>
<td>448.00</td>
<td>25730</td>
<td>438.80</td>
<td>121.31</td>
<td>290.95</td>
<td>537.16</td>
<td>241.41</td>
<td>76.85</td>
</tr>
<tr>
<td>1994-95</td>
<td>500.00</td>
<td>29000</td>
<td>425.21</td>
<td>54.54</td>
<td>191.41</td>
<td>346.49</td>
<td>153.83</td>
<td>45.68</td>
</tr>
</tbody>
</table>


The analysis of data presented in Table 1 needs to be done with due care and understanding. As the debate of defence versus development remains an ongoing and unsettled issue so far, the objective neutrality in analysis hence becomes more important.

Now let us look at Table 1 in a more analytical way. Actually, we observe that GNP at current price registered a continuous growth during the period of our discussion, excepting the year of 1982-83 when it dived by $1.2 billion from the previous year. While the GNP was $10,400 million in 1981-82, the same reached to $29,000 million in 1994-95. This means, during the period, the size of the economy of Bangladesh has nearly tripled. We also follow that the growth of GDP in 1994-95 registered a very high level.

If we look at the expenditures on the selected variables, we find the growth in GNP has only been matched by growth in defence expenditure from $153 million to $500 million in 1980-81 and 1994-95 respectively. There are few ups and downs in the allocation of defence but the margin was not that big enough except in the year of 1992-93 when the allocation jumped by an amount of $83 million, which was the highest in a single year. Education (EDN) is the other sector which has also experienced a growth in budget allocation during the period excepting the year of 1994-95 when it registered a decline. Excepting these two, sector TC has seen a marginal growth. The annual allocation for the other sectors in our consideration actually have experienced a gradual fall and the health and the industry sectors are the most affected in this regard.

Now, we can apply two mathematical models; one to test the responsiveness or the elasticity of the variables in respect to the growth of GNP and the other to measure the annual average growth of expenditures in the parameter of time (as the independent variable).

To test the elasticity we apply the following formula where GNP has been taken as the independent variable:

\[ \log Y_i = a + b \log X + e \]

where \( Y_i \) = dependent variable, which are DFN, AWR, IND, PEN, TC, EDN and HEL for each of which equation is run, \( X = GNP \), and \( e \) = error terms.
Table 2:
Elasticity of Development Variables in Respect of GNP

<table>
<thead>
<tr>
<th>Variables</th>
<th>Constant</th>
<th>b-value</th>
<th>R²</th>
<th>F-value</th>
<th>(e=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEN</td>
<td>-4.3</td>
<td>1.02***</td>
<td>0.91</td>
<td>124.01</td>
<td>0.091</td>
</tr>
<tr>
<td>AWR</td>
<td>10.13</td>
<td>-0.42**</td>
<td>0.33</td>
<td>6.42</td>
<td>0.165</td>
</tr>
<tr>
<td>EDN</td>
<td>-7.34</td>
<td>1.22***</td>
<td>0.79</td>
<td>48.18</td>
<td>0.175</td>
</tr>
<tr>
<td>HEL</td>
<td>9.48</td>
<td>-0.55**</td>
<td>0.29</td>
<td>5.21</td>
<td>0.239</td>
</tr>
<tr>
<td>IND</td>
<td>10.37</td>
<td>-0.55*</td>
<td>0.21</td>
<td>3.41</td>
<td>0.298</td>
</tr>
<tr>
<td>PEN</td>
<td>7.61</td>
<td>-0.21</td>
<td>0.10</td>
<td>1.49</td>
<td>0.169</td>
</tr>
<tr>
<td>TC</td>
<td>-2.31</td>
<td>0.79**</td>
<td>0.32</td>
<td>6.17</td>
<td>0.319</td>
</tr>
</tbody>
</table>

Source: Computed from Table - 1.

*** Significant at 1% level
**  Significant at 5% level
*   Significant at 10% level

Table 2 depicts a very important trend of elasticity of the variables in respect of the growth of GNP. Against 1 percent growth in GNP, DFN expenditure grew by 1.02 percent, EDN by 1.22 percent and TC by .79 percent in an overall pattern of expenditure development. They are having values at higher level of significance. While this was on the positive side, the other side of the picture is that against 1 percent growth of GNP, expenditure on AWR registered 0.42 percent decline, HEL 0.55 percent decline, IND 0.55 percent decline. The decline in the elasticity of PEN 0.21 percent cannot be supported by the comparison with the elasticity of GNP, as the value does not maintain any significance level.

If we try to look at the entire aspect from the expenditure growth angle, we can again construct a table where time is taken as an independent variable and then the values of other variables are regressed upon. That is -
Let us have the table (Table 3) constructed upon the formula set above.

**Table 3 : Growth of Expenditure on Development Variables (b-values in Million US $)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Constant</th>
<th>b-value</th>
<th>( R^2 )</th>
<th>e</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNP</td>
<td>8008.21</td>
<td>1219.99***</td>
<td>0.94</td>
<td>e=83.19</td>
</tr>
<tr>
<td>( Y_{DPN} )</td>
<td>122.89</td>
<td>20.76***</td>
<td>0.89</td>
<td>e=2.039</td>
</tr>
<tr>
<td>( Y_{AWR} )</td>
<td>511.87</td>
<td>-10.38**</td>
<td>0.27</td>
<td>e=4.545</td>
</tr>
<tr>
<td>( Y_{EDN} )</td>
<td>27.76</td>
<td>9.14***</td>
<td>0.64</td>
<td>e=1.887</td>
</tr>
<tr>
<td>( Y_{HEL} )</td>
<td>87.47</td>
<td>-2.50**</td>
<td>0.37</td>
<td>e=0.906</td>
</tr>
<tr>
<td>( Y_{IND} )</td>
<td>198.68</td>
<td>-4.83</td>
<td>0.20</td>
<td>e=2.684</td>
</tr>
<tr>
<td>( Y_{PEN} )</td>
<td>293.88</td>
<td>-2.67</td>
<td>0.05</td>
<td>e=3.155</td>
</tr>
<tr>
<td>( Y_{TC} )</td>
<td>140.82</td>
<td>12.96**</td>
<td>0.28</td>
<td>e=5.775</td>
</tr>
</tbody>
</table>

Source: Computed from Table - 1.

**Significant at 1% level**

**Significant at 5% level**

*Significant at 10% level*

Here in the Table 3, \( Y_{DEN}, Y_{AWR}, Y_{EDN}, Y_{HEL}, Y_{IND}, Y_{PEN} \) and \( Y_{TC} \) are the expenditures on defence, agriculture, water and rural development, education, health, industry, power and energy, and transportation and communication respectively in current prices. The figures in Table 3 show that from 1980-81 to 1994-95 GNP registered on an average an annual growth of about $1220 million. The defence expenditure increased by $20.76 million in current price annually, while the figures for AWR, HEL, IND and PEN declined by $10.38 million, $2.50 million, $4.83 million and $2.67 million respectively per year during the same period. But the decline in the growth
expenditure of IND and PEN cannot be explained on the same basis, as the values do not have any significance at even 10 percent level. EDN and TC sectors got a better deal which increased by $9.14 million and $12.96 million respectively in current price annually during that period.

Now the question comes - was this average annual growth of defence expenditure at the cost of other social and development sectors? Apparently, negative growth (decline) of expenditure on the sectors of AWR, IND, HEL and PEN could have been avoided if defence expenditure had not been increased or for that matter kept at a constant level during the period. Again we are short of evidence that the decline in expenditure on those sectors could be attributed to the rise in expenditure in the defence sector. But the fact that needs to be highlighted is that the external and internal security environment during the period of our focus did not seem to have demanded such a rise on an annual basis. In the same breath, if we look at the figures of men in the armed forces, we find that they have gone up from 77,000 to 117,000 during the period of 1980-81 to 1994-1995. This increase could partially explain the rise in expenditure in the defence sector.

Another line of argument could be brought forward on the line of macro-level maladjustment that gives rise to the balance of payment (BOP) problem. It is a well-known fact that Bangladesh has the problem of deficit BOP for a long period of time. This is because of the fact that we import more than we export. Now the question that is relevant to us is how far of this problem could be attributable to the import of defence equipment. There is no denying that the larger part of the defence equipment for the defence forces is being procured from abroad. As this sector does not produce any mentionable item that is being exported, overall the sector could be termed as a deficit sector in pure economic terms. So financing this deficit sector has some macroeconomic, fiscal and monetary effects.

5. Conclusions and Recommendations

Links between defence spending and economic growth are tenuous at best. There are structural incompatibilities between defence sector and the civilian sector and the input-
output relationship is not clear as well. If anything, so much of scholarly resources have been devoted to defence-development relationship because of value position. Otherwise, defence spending stands on its own right to provide a very important public good, that is, security. One clear-cut case is allocational or diversionary effect. The other aspects are looking for multiplier effect, demand creation, contribution to supply side effect.

Under both optimistic and pessimistic security scenarios in the twenty-first century, the need for a good, professional standing army cannot be overemphasized.

A major cut back in defence expenditure is possible in the field of transarmament, that is, replacing offensive weapons with defensive ones. Second area where emphasis should be put on is training and skill development. Thirdly, the present authors would argue that great circumspection has to be used in peaceful use of military forces (PUMF). Definitely, the idle capacity utilization is a persuasive argument. But the service and production capacities should be utilized by taking those activities within the ambit of the armed forces, as if those are mandates rather than additional civilian works. Fourthly, hidden fund transfers should be stopped. Finally, a plea to those who argue that we do not need standing armed forces, please do not use argument that goes against the very interests of our existence as a sovereign nation.
Endnotes


6. Any private interaction with scholars and opinion making elites of New Delhi would confirm that while Pakistan is India's traditional priority, Bangladesh has attained that status of 'top spot', to quote the Indian External Affairs Minister, in recent times.

7. Arakan has a population of five million 40% of whom are Muslims. For some details of the Rohingya problem see, Ganganath Jha, "Rohingya Imbroglio: The Implications for Bangladesh" in S. R. Chakravarty (ed.), *Foreign Policy of Bangladesh*. (New Delhi: Har-Anand Publications) 1994, p. 293.


9. For some details, see, *ibid*. See also, Ganganath Jha, *op.cit.* pp. 294-95.


11. An account of military atrocities afflicted in Arakan would show that between 1978 and 1983, 1725 Buddhist Arakanese were killed compared to 437 Muslims, a total of 2715 Buddhist women were raped compared to 1681 Muslims. Quoted in *ibid*. p. 138-39.


This section draws on the Case Study by Aftab Ahmed, “Ethnic Turmoil in the Chittagong Hill Tracts Region of Bangladesh: Modalities for the Resolution of a Conflict” prepared during the first phase of a regional research project titled *Conflicts and Conflict Resolution in South Asia* conducted by International Centre for Ethnic Studies, Kandy, during 1997-98. However, the present researcher also makes his own review and analysis. See, also, Mizanur Rahman Shelley (ed.), *The Chittagong Hill Tracts of Bangladesh: The Untold Story* (Dhaka: Centre for Development Research, Bangladesh) 1992; Syed Aziz-ul Ahsan and Bhumitra Chakma, “Problems of National Integration in Bangladesh”, *Asian Survey*, Vol. 29, No. 10, October 1989, p. 967-


Defence-Development Dilemma

References:


