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BANGLADESH

NOTE

This is the first National Intelligence Estimate on Bangladesh. Hence, more background data than usual on social, economic, and political conditions are included. Though the statistics are the best available, most should be regarded as rough general indicators.

There are other peculiar problems in estimating about the country. These include its newness, the untested nature of its institutions, the lack or limited relevance of historical precedents as criteria for estimative judgments. There is also the uniqueness of an independent country suddenly facing problems of population and poverty on the scale involved here—a matter previously obscured by the area's incorporation into a larger entity. These problems are especially acute in relation to long-term political assessments, which is uncharted territory. Fundamental aspects of the economy are more familiar, but new uncertainties have been introduced here as well—particularly as regards relationships between the course of economic developments and related political or social questions. This Estimate should be read with these caveats in mind.

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SUMMARY

A. With about 75 million people living in a small, predominantly rural area, Bangladesh is the world's most overcrowded country, and one of the poorest. In contrast to the peoples of the other states of the subcontinent, Bengalees are for the most part ethnically and linguistically homogeneous, and live in a fairly egalitarian society. There are some tensions, however, between the predominantly Muslim majority and the Hindus who make up about 15 percent of the population.

B. Bangladesh's population, growing at a rate of between 2.5 and 3.5 percent a year (statistics are unreliable), could double in 20-25 years. Population control efforts have so far not been effective and are not likely to have much impact for many years, if ever.

C. The Bengalee economy is primarily agricultural, with most farmers living at the subsistence level. Prospects for large-scale industrialization are poor. Until the mid-1960s, the area enjoyed a trade surplus, exporting such products as jute, paper products, and tea. In recent years, changing export markets and increasing imports of food have given it a trade deficit. The government is now seeking to increase the production of export commodities and of food.

D. The 1971 war inflicted serious damage on some sectors of the economy, particularly on transportation facilities. Relief and reconstruction efforts, both by the Bangladesh Government and by outside sources have been fairly successful.

E. Foreign aid is playing a critical role both in rehabilitation efforts and in financing agrarian development. To date, Bangladesh has received about \$1 billion in pledges of aid (about a third from the US); it plans to have spent about half that by mid-1973.

F. Bangladesh's economic prospects are unpromising. It will need substantial foreign aid in the next few years, but cannot be sure that it will get it. It will probably be able to maintain sales of jute, the principal export, but will find it difficult to expand them appreciably. The rice harvest in the current crop year (July 1972-June 1973) will be disappointing, but production may rise in later years. The government plans to increase the production of rice so as to be self-sufficient

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in food by 1975. To do so will require heavy and successful application of the inputs of the Green Revolution and the prospects for success must be considered uncertain. At best, Bangladesh will see a constant race between an exploding population and efforts to feed itself.

G. The new Bangladesh administrative apparatus, despite considerable ineptitude, is in control of the country. Now a functioning and accepted institution, it could probably survive any but the most critical challenge. Serious law and order problems which existed in early 1972 have been alleviated, though not fully solved, by the recruitment of a new police force and army. We judge that these services can maintain an acceptable level of public security against the kinds of threats they are likely to be faced with.

H. Prime Minister Sheikh Mujibur Rahman (Mujib) and his party, the Awami League, dominate Bangladesh's political life. Barring an electoral upset in March 1973, they will continue to do so. Mujib will continue a moderate posture at home, and a non-aligned one abroad.

I. Mujib is so important to the political system that his departure would be a traumatic event, though chaos would not automatically ensue. His successor would come from his political party, and might be forced to rely on the new armed forces to remain in power.

J. The country's enduring economic troubles will assure continued political difficulties—though not necessarily calamity. Even with Mujib in office, Bengalee politics are likely to see a process of radicalization, though perhaps not as severe as that in the neighboring Indian state of West Bengal. Pan-Bengalism may become a rallying cry for some elements in Bangladesh, but a union of Bangladesh with West Bengal will be highly unlikely.

K. Bangladesh's poverty and weakness set severe limits on the role it will play in the subcontinent and on the world scene. It will seek amicable relations with neighboring South Asian and Southeast Asian states, and will hope to get as much economic assistance as it can from the world's principal powers. Consistent with its relations with India, it will play a generally passive role on the world scene and will try to avoid offending most outside states.

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L. The USSR's efforts to cultivate Bangladesh have been quite extensive. The Soviets are probably seeking to ensure that the Bengalees will continue to work with them and the Indians in preference to establishing working relations with China. They may hope to gain access to repair or supply facilities in Bangladesh's ports in connection with their Indian Ocean naval presence; but there is no evidence that they have asked for such access, and Mujib has repeatedly said that he has no intention of granting such privileges to any foreign power.

M. India is and will probably remain the most influential external power in Bangladesh, and both states will likely find it advantageous to continue close relations. But Bangladesh is not a satellite. It will take Indian interests into account and will be inclined to avoid major actions repugnant to New Delhi, but within these limits, Bangladesh will act independently.

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THE ESTIMATE

I. THE COUNTRY AND ITS PEOPLE

1. In December 1972, Bangladesh celebrates its first anniversary as an independent state. It faces difficulties of staggering dimensions—a huge population, widespread poverty, inadequate food production, serious war damage, uncertain trade prospects, internal disension, and a none too competent bureaucracy saddled with major new responsibilities. A case can be made that its prospects are hopeless.

2. But such gloomy prognoses do not necessarily apply to this unique country. Most of its grave troubles have existed for some time, more or less hidden because the area was usually considered as a component part of larger Pakistan. (When East Pakistan was aggregated with the relatively prosperous, uncrowded west wing, more comforting statistics resulted—the reality being apparent only when a separate Bangladesh is analyzed.) And the new state can count on some assets. Its people are industrious; they are inured to hardship and privation; they are enthusiastic about their independence. The breakup of Pakistan has meant, overall, an end to ex-

plorative foreign rule of East Bengal, giving it the chance to use its resources for itself.¹

3. Geographically, Bangladesh is small; with 53,000 square miles, it is roughly the size of Arkansas or Louisiana. Aside from the sparse population of the hill tracts, most of the 75 million Bengalees live in a waterlogged lowland of floodplains and delta formations—the product of three major rivers. The alluvium formed by them and their numerous tributaries and distributaries has formed an almost perfectly flat landscape whose elevations range from the sea up to 200 feet above sea level in the far north. The rivers serve as major means of transport and communication, provide abundant supplies of fish, and deposit silt which maintains enough fertility to permit farming. The rivers rise and fall,

¹A detailed assessment of the overall costs and benefits of the former Pakistani union is outside the scope of this paper. The economic exploitation of the east wing by the west was probably not as bad as the Bengalis thought it was; indeed they did derive advantages from the old arrangement. The fact remains, however, that from 1947 on, East Pakistan provided a disproportionate share of its own resources for the west wing's benefit, without profiting equally in return.

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and their flooding during the May-October monsoon season are major determinants of agricultural output. Too much or too little water, or proper amounts coming too soon or too late can mean major crop failures.

4. Bangladesh is overwhelmingly agricultural. Rice, the dietary staple, is grown on 80 percent of the cultivated area. It and jute, the principal cash crop, dominate the rural scene. The two often compete for the same acreage. Yields of rice are comparatively low. Most farming is of a subsistence nature. Transportation facilities, particularly railroads, are limited. Energy sources are scarce. There is some natural gas, but deposits are localized and distribution through the country difficult. Other exploitable minerals have so far been found only in marginal quantities. There is substantial timber in the 15 percent of the country not a part of the deltaic plain.

5. Barring a few city-states such as Hong Kong, Bangladesh—with nearly 1,400 people per square mile—is the most densely populated country in the world. (Were the US as crowded, it would have some 4.5 billion residents.) The population appears to be growing at a rate of from 2.5-3.5 percent a year, possibly even higher (statistics are not reliable). If the rate is 3.5 percent, the present population of 75 million or so would double in 20 years.

6. The Bangladesh Government, like its predecessor, has acknowledged the need to check the population explosion, but its efforts in this regard remain comparatively ineffective. That element of the regime now charged with family planning is apparently one of the more inept of official departments in a government not noted for competence. Its efforts achieved relatively little in the Pakistani era, even though the government gave high priority to population control. Public disinterest, ignorance, and a shortage of

trained personnel and facilities will continue to be major barriers. In sum, population control efforts are not likely to have much impact for many years, if ever.

7. In such circumstances, emigration to the neighboring, even though crowded areas of India, and such disasters as mass starvation, epidemics, storms and wars have been—and could be again—the only means working to contain the growth of population. Between 1947 and 1970 some five million people, nearly all Hindus, left East Pakistan for India. Another 10 million (80 percent Hindu) fled during the 1971 civil war, but returned following Pakistan's defeat. Over time, many Hindus are likely again to move to India, though not so rapidly or on such a massive scale. According to the Bengalee government, a half million people died in the huge cyclone of November 1970, and three million in the hostilities of 1971 (the actual number was probably much less). Deaths by disease induced by malnutrition are uncountable, but probably numerous.

8. Even with so many people in so little space, cities are few and small. Only Dacca, the capital, has more than a million inhabitants; only Chittagong, the major port, has anything approaching half that number. Most towns are entrepôts, markets, shipping centers, and processing facilities for nearby farms. According to the Bangladesh Government, 94 percent of the population lives in rural areas and is sustained mainly by agriculture. The great bulk of these people continue to live according to the patterns of a deep-rooted, cohesive, and traditional social system.

9. Poverty is the norm.² Average annual per capita income is \$50-\$70. Half the population

² "Bangladesh would appear to be a rather unique phenomenon in the world. Nowhere else in the world is there anything like so much of poverty shared by so many squeezed into so little a land area." Bangladesh Annual Plan 1972-1973.

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have serious deficiencies in caloric intake while over 80 percent have some kind of deficiency in vitamins. About 17 percent of the people are literate and most students do not get beyond elementary school. Technical and vocational skills are in short supply.

10. Though the educated unemployed are a problem, Bangladesh is not plagued as is Sri Lanka with numerous liberal arts graduates permanently denied those white collar jobs which are the only ones they will accept. Indeed, with the expulsion of the prewar non-Bengalee elite, the prospects of university graduates could be temporarily brightened. Even so, the 10,000-20,000 students now at the University of Dacca are already a troubling political force in their own right and the government is trying to restrict university enrollments because of limited job opportunities.

11. In contrast to India and Pakistan, Bangladesh has a generally homogeneous society. Only two to three percent of the population, broken down into two distinct groups, do not speak Bengali as their first language. There are about a million tribal residents of the Chittagong Hills area; closely related to the primitive nearby residents of Burma and northeast India, they remain isolated and are unlikely to have much impact on national life. Perhaps another million or so residents are the so-called Biharis. These are Urdu-speaking Muslim refugees and their descendants from northern India. Formerly treated as a privileged class by the ruling Pakistanis, the Biharis are now an oppressed people. Living in scattered ghettos and encampments in the cities, they are ostracized and persecuted. The Bangladesh Government shows little interest in assisting them even with basic necessities. This situation is unlikely to change even though many Biharis have technical, professional, and managerial

skills that Bangladesh urgently needs. Their future, barring an improbable resettlement in Pakistan, is grim, but they are unlikely to be of political or social consequence for Bangladesh itself.

12. Muslim-Hindu hostility remains a reality in Bangladesh. It brought about the creation of East Pakistan in 1947 and led to the departure of the Hindu landlords and businessmen who until then had dominated the area's social and economic life. Muslim Bengalees still fear a return of this expelled elite group which now lives in the Indian state of West Bengal.* But the Hindus who remain (now about 15 percent of the population) pose no particular threat nor do they have much influence on society. About half of them are so impoverished that their chief aim is survival. The remainder form a better educated group whose skills, for example, as teachers, are urgently needed in the new state. Communal disturbances in Bangladesh do occur periodically, but they have been and probably will be relatively small and severely dealt with. The Bengalee government's condemnation of all religious persecution probably reflects the prevailing national attitude, at least towards those Hindus still in Bangladesh.

13. Bangladesh's society is not merely homogeneous, it is also relatively egalitarian and free of class rivalries. The flight of Hindu landlords in 1947-1948 and the subsequent expropriation of their property has led to the widespread ownership of very small farms. There are very few large or absentee landowners. Thus in 1966 (and there has been little change since) only four percent of land

* West Bengal has 45 million people, of whom roughly 20 percent are Muslim. Unlike Bangladesh, it is heavily industrialized, mostly in and around the city of Calcutta.

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holdings were of 12.5 acres or more, 45 percent were between 2.5 and 12.5 acres, and 51 percent were less than 2.5 acres. (About 30 percent of those living in the countryside are landless laborers.) Social and economic gradations of course exist as between the educated and the illiterate and between the landless laborers and owners of small plots. But unlike Pakistan or West Bengal, Bangladesh has no important class of the rural wealthy with big estates and many bitter enemies.

14. The convulsions of 1971 saw a leveling in Bangladesh's small urban and industrialized society. Most industry had been set up, owned and managed by West Pakistani and Bihari entrepreneurs.⁴ Their property included nearly all the area's banks; shipping companies; jute, textile, and paper mills; and food processing plants. With the advent of civil war in March 1971, they began shipping out what could be moved, and eventually fled themselves. In the war's aftermath, the new Government of Bangladesh took over their abandoned firms. It then nationalized nearly all the remaining plants in the country and put their management in the hands of Bengalee civil servants.

II. THE ECONOMY

15. In the short term, Bangladesh's major task has been the repair of war damage, the resettlement and feeding of refugees, and the revival of prewar economic activity. Simultaneously, but extending into longer term is an effort to raise export earnings and reduce food imports through increased crop yields.

⁴ Indian nationals had continued to own some important firms until the 1965 Indo-Pakistani war when these were confiscated.

16. Bangladesh's economy is principally agricultural and is likely to remain so. Its planners recently described it as follows:

In the most recent normal year, large-scale manufacturing contributed only about 6 percent of gross domestic product (GDP) while the modern sectors, including modern transport, organized services, power, modern construction and manufacturing, together contributed no more than 15 percent to GDP. Agriculture and ancillary activities, contributing well over two-thirds of GDP, have mainly been subsistence activities. Thus, the economy is rather devoid of any obvious source of reinvestable surplus.⁵

Most manufactured and consumer goods and a portion of its food are imported. The Bengalees pay for these with earnings from the export of basic commodities, principally jute but also timber products, tea, leather and a few others. Until the mid-1960s, the area enjoyed a trade surplus.

17. *Foreign Aid.* Static export levels and increasing imports, particularly of food, had made Bangladesh into a deficit area with a rising need for foreign aid even before the 1971 crisis. Since independence, it has received generous amounts of outside assistance. As of August 1972, it had received commitments of about \$900 million in foreign aid, both for relief and for longer term economic development.⁶ The principal donors—giving both bilaterally and through the UN—were:

COUNTRY	MILLIONS OF DOLLARS
US	335
India	270
Canada	65
UK	50
USSR	70
Miscellaneous (mostly Japan and West Europe)	115

⁵ Bangladesh Annual Plan, Fiscal Year 1973. GDP in 1970 was roughly \$4.5 billion. It was probably somewhat smaller in 1972.

⁶ In most cases it is impossible to isolate the aid serving one purpose or the other.

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Pledges since, principally from a World Bank subsidiary, the International Development Association, but also a new \$50 million trade credit from the USSR, have brought the level to about \$1 billion.

18. As of December 1972, India had given 900,000 tons of food grains, transport equipment, money for refugee resettlement, a \$13 million foreign exchange loan, and had helped to repair damaged bridges. Canada had provided mostly food. The US had committed over 1 million tons of food grains, 75,000 tons of edible oil, and had resumed development projects suspended during the fighting—as had the Soviets. The latter's projects include a thermal power plant, an electrical equipment factory, and radio transmitters. The Soviets also gave some food, fishing trawlers, and transport equipment. In addition they are clearing the port of Chittagong at a cost as yet unspecified. Between half and two-thirds of all foreign aid has been grants, with the remainder chiefly long-term development loans. As of 30 June 1972, about \$115 million of all aid extended had been spent. There are no later figures on amounts drawn down, but the government's first annual plan calls for spending about \$500 million of foreign assistance in the period July 1972-June 1973.

19. *Relief and Reconstruction.* With this aid, and their own efforts as well, the Bengalees have made substantial progress. Nearly all the 10 million refugees who had gone to India in 1971 have returned and have been resettled with few apparent difficulties. Emergency food shipments, the initial handling of which has been done by UNROD (United Nations Relief Operation Dacca), have averted critical food shortages this year. Production of jute, after a sharp decline during the war, has returned to normal. The tea plantations, however, were badly crippled; even with extensive new investment they could not operate at former levels for several

years. Given static world demand and the intense competition from other tea producers, such heavy investments are unlikely, and tea production will remain low.

20. Bangladesh's small industrial plant suffered little physical damage in 1971, but revival of its activities has been hampered by new, inexperienced managers, by severe restrictions on raw materials and spare parts imports, and by damage to transportation and communications facilities. The latter were severely hurt in the war; they are now functioning again, but at lower than prewar levels. The ports have been largely restored to operation, as has road transport, although about 25 percent of the nation's fleet of trucks was destroyed. The railways were badly damaged and remain a major bottleneck. By the last quarter of 1972, rail transport was operating at only 40 percent of prewar capacity because of damage to bridges, rolling stock, and signal equipment. Return to normal operations is probably a year or two away. But the problem has been alleviated by the substitution of additional river craft (both imported and of domestic manufacture) for transport in this riverine country.

21. *Foreign Trade Prospects.* Secession from Pakistan has in some respects improved Bangladesh's world trade position in that it is no longer a captive market for the west wing's goods. The previous sizable inter-wing trade and financial transfers—which mostly worked to West Pakistan's benefit—have ended. In addition, Bangladesh has not yet assumed obligations to repay a part of Pakistan's \$3 billion international debt—though it will probably in time accept some of that burden. The overall consequences of the loss of trade with Pakistan cannot be assessed as yet. There may prove to be inducements for the resumption of trade but these will not be the deciding factors in whether political relations are restored or not.

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22. The Bengalees are now seeking to renew their exports and find new sources of imports. The Bangladesh Annual Plan projects export earnings in the fiscal year July 1972-June 1973 as follows (contrasted with previous highs including trade with West Pakistan):

COMMODITIES	AMOUNT* (Millions of Dollars)	PREVIOUS RECORD HIGH (Year)
Raw Jute	145	\$187 (FY 67)
Jute Manufactures	120	193 (FY 70)
Tea	19	59 (FY 67)
Paper and Newsprint	10	23 (FY 69)
Leather and Miscellaneous	50	Not Available
Total	344	

*In addition \$25-\$50 million a year is likely to be received in remittances from Bengalees living abroad. All these figures are calculated in Bengalee takas at a rate of 7.29 takas=\$1.

23. When issued, these targets appeared realistic, even conservative. In the period July 1970-June 1971, during which time the civil war had started, total exports had amounted to about \$359 million. In the past, a small proportion of jute exports and almost all tea and paper went to protected markets in West Pakistan; finding at least some substitute markets for them seemed feasible. Jute markets still exist elsewhere. But export performance up to the close of calendar year 1972 has been disappointing. After an initial surge early in the year, jute sales have dropped below hoped-for levels. This lag may be temporary, as a lack of shipping facilities held back shipments in the latter part of 1972. If the shipping problem is overcome, and it is too early to know whether it will be or not, jute earnings could come close to those targeted. Tea and paper exports have been only a small fraction of those projected, however, and their future (particularly that of tea) is uncertain.

24. The FY 1973 Annual Plan envisaged imports of some \$840 million (as compared with East Pakistan's imports of something less than \$600 million in FY 1970¹), allocated as follows:

\$125 million	Reconstruction, rehabilitation
164 million	Development (1/3 for agriculture)
551 million	Maintenance imports, food, consumer goods, invisibles

These were to be paid for by \$497 million in foreign aid and \$344 million of export earnings. But foreign aid is now paying for nearly all imports. A severely restrictive government import policy (except for food), inexperienced and inefficient traders, and a lack of business confidence have virtually prevented commercial imports. Thus, despite disappointing export earnings, Bangladesh's foreign exchange reserves, negligible in December 1971, had risen to over \$200 million in November 1972.

25. *Public Finance.* The regime's financial position appears to be manageable. The July 1972-June 1973 non-development budget estimates ordinary domestic revenues of about \$400 million and expenditures of \$310 million. Two-thirds or so of receipts are to come from customs and excise taxes, the remainder from income and corporation taxes and profits from nationalized industries. Half of expenditures will go to "civil administration", most of the rest to education and defense (about \$50-\$60 million each).

26. There is also a development budget of about \$700 million which could make up unexpected shortfalls in the regular budget. Thirty six percent of this amount is to be spent on relief and reconstruction, nearly all the rest

¹ According to official Pakistani statistics, imports were \$734 million in that year, a figure derived by using the official value of the Pakistani rupee in calculating inter-wing trade. But the latter was overvalued by about 100 percent; when recalculated at this value, the figure of less than \$600 million results.

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on development projects, principally in agriculture and transportation. Seventy five percent of the development budget is to be paid for by foreign aid, including counterpart funds from food sales, the remainder by the surplus in the regular budget and by local borrowing. Official estimates of both total receipts and expenditures are probably on the high side. As rough general guidelines, however, they do not appear to be wildly unrealistic. Barring a major miscalculation or unexpected disaster, the government should be able to function without critical fiscal difficulties at least in the next year or two.

27. *Food Production: Short- and Long-Term Outlook.* Bangladesh has not been able to feed itself for many years, and has had to import increasing amounts of food.

BANGLADESH: RICE PRODUCTION AND FOODGRAIN IMPORTS

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CROP YEAR *	RICE PRODUCTION	FOODGRAIN IMPORT		
		Wheat	Rice	Total
1961	9,620	234	464	698
1962	9,620	202	206	408
1963	8,670	694	542	1,436
1964	10,620	656	346	1,002
1965	10,500	250	85	345
1966	10,500	529	360	889
1967	9,580	647	432	1,079
1968	11,170	712	308	1,020
1969	11,340	884	236	1,120
1970	12,010	1,045	502	1,547
1971	11,140	898	381	1,279
1972 ^b	9,970	1,350	500	1,850

* Ending 30 June.

^b Preliminary.

28. The 1972 crop year (July 1971-June 1972^a) comprised both a period of fighting and one of initial relief efforts; it saw a poor

^a There are three harvests during each crop year, in the summer, winter, and spring. They represent about 25, 60, and 15 percent respectively of annual rice output.

harvest of 10 million tons of rice, with shortfalls made up by emergency food shipments. 1.7 million tons of food grains were imported between January and August 1972, and another million will probably have been delivered by January 1973. Dacca had hoped to grow 12 million tons of rice in the July 1972-June 1973 period, but this now appears out of reach. Droughts have reduced the size of the summer and winter crops to the point that even a good spring harvest would mean only 10 million tons for the year. Bangladesh can thus expect difficult times by early 1973, and food shortages could go on for many months. The price of rice has already gone up sharply, and has led to a painful increase in the cost of living. The government is both seeking more emergency food aid and is purchasing food on the world market. It hopes to get from all sources about 2.5 million tons in the calendar year 1973, about the same it will receive in 1972. A detailed UN study just released substantiates this figure as a reasonable estimate of what will be needed.

29. Its efforts have been made difficult by a decline in world availability of cereals. Large Soviet purchases of grains from the US and other countries and poor harvests in neighboring India have made food costly and scarce. Indeed, there was considerable smuggling of food from certain areas of Bangladesh into India in the summer of 1972. It is still too early to say that Bangladesh will see a major food crisis in 1973. Much will depend on the amount of food that can be obtained from abroad and on how well the Bengalee government will be able to distribute it. Distribution in 1972 was assisted by UNROD. The latter expects to be reduced to an advisory status in the next few months, putting an additional burden on the Bangladesh Government.

30. As for longer term agricultural prospects, great benefits could come from major

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flood control efforts, which would harness Bangladesh's three great rivers and end the area's periodic floods and droughts. These are more feasible than in the past, as they require close cooperation with India—which was impossible when the Pakistanis ruled. But the engineering works involved would be very expensive and take a long time to complete. Thus the Bengalee government has written in general terms (really aspirations) of a \$1.5 billion program to be completed by 1985. Such a scheme would probably require international financing even greater than the huge Indus Valley Project in West Pakistan. Not merely is such funding highly uncertain, but major technical problems are involved.

31. But some benefits are likely to come from more modest and shorter term efforts to help the farmers. In the next few years several hundred million dollars will probably be spent on agricultural development projects. Prominent among these will be ones for the procurement of much larger amounts of fertilizers, pesticides, improved high yield rice seeds which can be used in Bangladesh, tubewell drilling for dry season crops, flood control projects for limited areas where this is feasible, and agricultural credit and extension programs.

32. It is impossible to estimate the success of these schemes. Potential pitfalls are numerous. Bangladesh will remain susceptible to vagaries of flood and drought; the new rice may not grow successfully, the traditional Bengalee farmers may not be amenable to the technology of the Green Revolution. The widespread ownership of small plots may prove an obstacle to the innovations of the Green Revolution, e.g., as these involve irrigation schemes. But there appears a good chance, if the announced plans are carried through the next few years, that increases in rice (and jute) yields will result. Whether

the country will become self-sufficient in food by 1975 as planned remains to be seen; indeed it may find intensified cultivation of jute at the expense of rice more beneficial—if with increased export earnings it can buy food abroad more cheaply than it can grow rice at home.

33. *The Industrial Sector.* There are, in Bangladesh, demands that the tiny industrial sector be expanded, particularly to produce the consumer items formerly bought from West Pakistan. But prospects for this are poor. Nor are larger capital goods industries comparable to those which have been built in India likely to be developed. There are virtually no entrepreneurs or private investment capital to finance such projects. Foreign private investment is discouraged by the new regime's nationalization of industry. The government itself will be able to divert few resources from the major agricultural efforts to which it is committed. Sources of energy and power remain limited, and even the present small complex of industry—now under new and inexperienced management and afflicted with labor unrest—will find itself hard-pressed just to restore operations. In these circumstances, Bangladesh will remain mainly a producer and processor of agricultural commodities.

34. *Overall Economic Outlook.* Our knowledge of the Bengalee economy is far from comprehensive. Far more than in the field of politics, there is considerable historical evidence still relevant to economic questions, but current data are incomplete; analyses must necessarily be partly impressionistic, and so must projections.

35. The country's overall economic prospects in the next few years will principally depend on: (a) output of the agricultural sector; (b) export earnings; (c) foreign aid receipts. There is some reason for optimism

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that agrarian development projects will indeed boost the output of rice and jute, though by how much is still unpredictable. Export earnings will depend mainly on world demand for and pricing of jute. Competition from synthetic fibers has kept jute sales static for several years, and may in time actually reduce them. While jute sales may regain pre-war norms and even register some small gains, say through aggressive sales campaigns and competitive pricing, long-term prospects for the export of this commodity are not promising.

36. Bangladesh seems assured of substantial quantities of foreign aid for the next year or two. Increased rice and jute production, if great enough, could over time produce enough of a trade surplus to reduce or even eliminate the need for aid. Such a development is, however, probably years away, if indeed it ever comes to pass. For the longer term, how much foreign aid it will need at any particular time, or get, cannot now be estimated.

37. Even if Bangladesh greatly raises rice output and jute sales and gets a great deal of aid, it faces a probably insuperable obstacle to major economic advance. The huge population will continue growing; it could double in size in 20-25 years. These new people will literally eat up most gains. The population might—though no specific time or numbers are possible because there are no precedents for a country like this one—reach such size that Bangladesh could no longer support all or even a substantial portion of its people. At the same time it should be noted that the Bengalees are accustomed to extreme hardship and have shown a great ability to adjust themselves to a degree of privation and difficulty that others would find intolerable.

III. THE NEW BENGALÉE GOVERNMENT

38. *Administration.* When Bangladesh became independent in late 1971, its new government found itself with a host of responsi-

bilities and reduced means of carrying them out, though the old East Pakistani administrative apparatus remained generally in being. Many of the top and even middle-level civil servants in East Bengal had been West Pakistanis. Many Bengalees in the former East Pakistani civil service had been killed, exiled, or imprisoned during the troubles (some 12,000-16,000 are still detained in Pakistan). Others were arrested as collaborators. With managerial skills already in critically short supply, particularly at the middle and lower levels, the new regime had to take on or promote ill-qualified people not merely to handle the tasks of the former government, but also to supervise the repair of war damage, the return and sheltering of refugees, the feeding of the destitute, the restoration of security, the suppression of lawlessness, and the operation of a number of commercial and industrial enterprises formerly in private hands.

39. Not surprisingly, Bengalee administration has suffered from widespread incompetence, inefficiency, and corruption. In some areas, local administration was taken over by guerrilla commanders. A few of them are apparently still in charge, though the center is slowly expanding its control. Top officials throughout the government appear to be generally well-trained and competent, but the qualities of those at middle and lower level generally leave much to be desired. There has been considerable meddling by Awami League notables in administrative matters. Many of the accomplishments of the first year of independence were due to the direct activity of foreign governments and personnel. Thus important emergency relief and reconstruction measures—particularly food distribution—have been administered directly by the UN and various outside countries. Similarly, most large-scale reconstruction projects, e.g., the repair of bridges and clearing of ports and harbors, have been carried out by foreign

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governments. The rebuilding of most private homes and villages has been done mostly by the people themselves, using their own resources and labor.

40. At least initially, practically any decision of any consequence had to be made by the Prime Minister himself. That situation has since improved. With most major initial tasks completed, the bureaucracy, particularly at the center, now appears to generate enough momentum to function in a more or less "normal" manner. Some of the more blatant and harmful forms of corruption have been checked through arrests and dismissals. Even though it displays considerable ineptitude, the new Bangladesh Government appears to have established itself as a functioning and accepted institution and could probably survive any but the most severe and disruptive changes in the country's political, economic, and social life.

41. *Public Order.* Bangladesh faced a serious public security problem when it became independent. The old East Pakistani police and security services, made up mostly of Bengalees, had been disrupted and dispersed by the Pakistani Army. During the civil war the area was infiltrated by some 30 thousand well-armed guerrillas. A large number of firearms, either provided by the guerrillas by the Indians or captured from the Pakistanis, remained in private hands at war's end. In early 1972, the government tried to retrieve these weapons but with very limited success. A Bengalee official has estimated that a hundred thousand weapons are still held illegally throughout the country.

42. During 1972, Bangladesh has seen a large number of armed robberies and other crimes of violence in both the cities and countryside. Many of these are private crimes of the sort that traditionally have been common in the area, but others appear to have

been politically motivated, e.g., murders of individuals who had collaborated with the Pakistanis or who were leading rival parties and factions. The latter will almost certainly increase in the election campaign of early 1973. Save in the tribal hill areas these violent acts have not had any of the connotations of an insurgency or a widespread armed uprising against the government. Paralleling this have been unsettled conditions in the cities. Trade unionists and refugees from outlying areas have demonstrated—sometimes violently—for better living and working conditions.

43. In the past year, the regime has found means of containing these elements, though not completely. It has done so in part by recruiting a new national police force. The latter is eventually scheduled to have 75,000 men. So far it numbers about half that, with equipment and standards of training still below par. The government has also organized some paramilitary bodies (with about 20,000 men) to help it maintain order. It has permitted some semi-official irregular forces, some of which have been helpful while others have occasionally become problems themselves.

44. It now appears likely that the government will be able to maintain an acceptable level of public security against the kinds of threats it is likely to be faced with, particularly as the Bangladesh Armed Forces grow in strength and capability. The army now has about 20,000 men, the air force and navy a few hundred each. Some air force personnel, including pilots, are receiving training in the USSR, and Bangladesh expects to receive a squadron of jet fighter-bombers from the USSR when the trainees return. Another 24,000-28,000 military personnel are still being held in Pakistan; most may be integrated into the armed forces when they finally return. The army's only real responsibility will be the maintenance of internal security. Beyond the

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internal security role, the Bengalee armed forces do not have and are not now expecting to acquire serious capabilities either for offense or defense.

45. Whether the army might also become a political force in its own right, as did the Pakistani military, remains to be seen. Its officer corps will differ from the Pakistani one in that its leading figures will not come from a conservative elite of landowners and tribal leaders out of sympathy with a democratic regime. In Bangladesh's relatively egalitarian society, no such class exists.

IV. THE DOMESTIC POLITICAL OUTLOOK

46. Bengalis are political animals and what is now Bangladesh has, in the past, seen periods of lively political activity. While these offer some clues for the future, the country is still so new as an independent state that estimates of likely political developments must be tempered with extra caution. Not only are political precedents lacking and historical experience of limited usefulness in political prognoses about this state, but there are also more general long-term uncertainties about how such unequaled poverty and population problems will work to affect political stability or even governability.

47. In 1945 and 1946 elections were held for a Bengali provincial legislature; the All Pakistan Muslim League, demanding an independent Islamic nation, captured most seats in what is now Bangladesh. In 1947, the League became the ruling party of the new country and of the province of East Pakistan. It did not distinguish itself, exhibiting infighting, ineffectiveness, and corruption. In Bengali eyes it also became associated with West Pakistani dominance. In 1954 free elections were held for a new east wing provincial legislature, and the Muslim League was overwhelmingly crushed by a United Front coal-

tion. One of the parties in the Front was the Awami League (AL),⁹ founded and headed by H. S. Suhrawardy. It stood for great political autonomy, "Bengal for the Bengalis", and for social and economic reforms.

48. In the United Front's cabinet was an AL legislator named Sheikh Mujibur Rahman—usually known as Mujib—who had already spent over two years in jail because of his agitation against the Muslim League's theocratic and anti-Bengali policies. The Front soon collapsed, but Suhrawardy and the AL became important fixtures in the Pakistani politics of that era, while Mujib rose in influence in the party. Suhrawardy (who died in 1963) and Mujib were jailed when the military took over in 1958. But the AL organization remained intact, particularly in East Pakistan, and was formally revived by Mujib in 1965. It was periodically active there, even under the heavy-handed and restrictive controls of Ayub's regime; thus Mujib was one of the leaders of an unsuccessful effort to defeat Ayub in a presidential election campaign in 1965.

49. A sequence of events from 1966 on transformed Mujib and the AL from just another East Pakistani politician and party to Bangladesh's unchallenged leader and dominant political organization. These include: Mujib's 1966 proposal of a program (the "Six Points") calling for almost complete provincial autonomy within the framework of a weak Pakistani confederation; his arrest and trial on trumped up treason charges; rioting in early 1969 which toppled Ayub and freed Mujib; the December 1970 elections in which the AL got 74 percent of East Pakistan's popular vote; and the March-December 1971 civil and international wars in which Mujib was

⁹ Originally the Awami Muslim League and an offshoot of the Muslim League. "Awami" means "peoples".

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arrested, nearly executed, released, and triumphantly returned as father of his country and its unchallenged leader.

50. Despite the continued incidence of violent crime, increased student and labor unrest, government ineptitude, suspicions of a powerful India and many other problems afflicting the new state, Mujib remains very much in charge. He is generally viewed as a "moderate" in his political and economic views. A sincere secularist, he is strongly opposed to religious or communal discrimination. Mujib has permitted a general measure of freedom, has tried to restore the rule of law, and has pushed through a new constitution. The latter provides, among others, for a bill of rights, a parliament and cabinet system, a strong Prime Minister, an Ombudsman, and an independent judiciary. It also seeks to discourage the instability which had characterized earlier East Pakistani governments, by automatically expelling any member of Parliament who votes against his party.

51. Elections for a Parliament under the new constitution will be held in March 1973. It is difficult to say which parties the AL's most prominent opponents will be. Most of the formerly important offshoots of the Muslim League and the reactionary Islamic parties have been banned because of their religious bias and association with the Pakistanis. The aged Maulana Bhashani's extremist National Awami Party/Left has not appeared strong or impressive. There are Bengalee Communists, but to date they are few in number. The AL's strongest challengers will most likely be new organizations like the leftist National Socialist Party, led by a former student leader (Abdur Rab) and a freedom fighter (M. A. Jalil). This group is trying to exploit such issues as continued lawlessness, corruption, poverty, and too close an association with India. Mujib's stature and the AL's organization—apparently pervasive, efficient, and even

ruthless—as well as the absence of credible alternatives, make his party the favorite to win, though probably not with so crushing a majority as in 1970. But this election, like most other free ones in South Asia, is subject to uncertainties. Mujib can hardly hope in office to increase the popularity he enjoyed on his return, and erosion of support for the AL may prove significant.

52. If Mujib and the AL emerge as strong victors, most future significant Bengalee political developments will probably be within the Awami League itself. Like Pakistan's Muslim League and India's Congress Party, the AL united people of divergent groups in a successful independence struggle. Like them, it will probably fragment sooner or later, creating new groups inspired by personal rivalries and ideological splits. There are no precedents or present clues in Bangladesh to predict when this will happen or what the new factions will stand for. Adjacent West Bengal has, over the years, seen a process of radicalization, with extremist organizations, e.g., the left wing Communists, gaining enough strength so as to be voted into power on occasion. With this has developed an ultra-revolutionary force, the so-called Naxalbari Communists or Naxalites. Mostly students and young intellectuals, eschewing participation in electoral processes, advocating Maoist-type peasant revolts but usually engaged in urban terrorism, the Naxalites have periodically posed a serious threat to West Bengal's social and economic life.

53. This could spill over into Bangladesh. Calcutta remains the intellectual and cultural center for all Bengalis. The ideas of Calcutta's extremists are bound to appeal to Bangladesh's underpaid trade unionists and intellectuals, landless laborers, politicized students with bleak futures, and its educated unemployed. Indeed, Dacca's students have already voted to back more radical economic and social policies. But Bangladesh's grave economic

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problems will not automatically lead to extremism or violence, much less chaos, though they will probably ensure continued political difficulties. A repetition of West Bengal's experience is far from certain; there are some important differences between the two areas. The explosive class antagonisms between industrialists and workers, large landlords and tenants do not exist in the more egalitarian Bangladesh. Calcutta has a far larger pool of unemployable intellectuals than Dacca. Even so, extremist ideas and programs will probably receive increasingly greater acceptance—though how far this process will go and how long it will take is uncertain. In any case, Mujib himself is likely to remain essentially centrist and moderate and will resist movements demanding more drastic social and economic measures and methods.

54. Actual prospects for reunification of the two Bengals are slight. Until 1947, the whole of Bengal was one unit, and Bengalis on both sides of the border still share great pride in their history, language, and culture. Some old economic links have been restored. Periodically there has been talk of the creation of a new separate, united Bengal of 120 million people. Certainly the Government of India would not countenance any such move. And even if it would, Hindu-Muslim antagonisms remain too strong. A completely independent Bengal would see the Hindus unhappily consigned to a permanent minority. But a united Bengal's being absorbed into India, which is as likely as an independent one, would leave the Muslims as second-class citizens. Though Mujib and the AL are opposed to it, Pan-Bengalism could become a popular political rallying cry, no matter how futile its real prospects were.

55. Mujib's importance is so great that his disappearance from the scene whether by retirement, defeat, or death would be a major

and traumatic event. Chaos would not automatically ensue, however. The rural, traditional nature of the society produces its own inertial force. The Awami League and the Bengalee government and security services are functioning, nation-wide institutions. The regime has—despite some continuing lawlessness, violence and urban unrest—apparently gotten control of the situation and has been acknowledged as Bangladesh's legitimate authority. Mujib's successor as Prime Minister would come from the AL. The most likely candidates now appear to be Tajuddin Ahmed, the Minister of Finance; Syed Nazrul Islam, formerly President of the government in exile; or Abu Sayeed Chowdhury, the current President (a figurehead post). But they (who spent most of 1971 in Calcutta running the Bangladesh government-in-exile) and other known candidates are relatively colorless, uninspiring party officials with little personal following and appeal.

56. If a post-Mujib Bangladesh Government (or one still headed by him) were unable to generate public support and allowed serious and widespread disruption, the new Bengalee army would probably be called in (or move in) to restore order. In the generally successful campaign to suppress smuggling to India in late 1972, the army showed itself a national force to be reckoned with. Though its ability to cope with a massive uprising is untested, the area has historically been kept under control by very small numbers of regular soldiers. Thus until the crises of the early 1970s, there were only 10,000-15,000 West Pakistani troops in East Pakistan. The military is loyal to Mujib, and probably would be to his successor; there is no evidence available to us of serious antiregime sentiment in the officer corps, though there have been some complaints (followed by dismissals) in the army about the alleged pro-Indian bias of the government.

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V. BANGLADESH AND THE WORLD

57. Bangladesh's poverty and weakness set severe limits on the role it will play both in the subcontinent and on the larger world scene. Virtually devoid of resources, its economic and military power are negligible. It is of little intrinsic strategic significance to any country except India. It has been mired, along with India and Pakistan, in a stalemate over restructuring their relationships after the 1971 war. Dacca's principal demands are that Pakistan recognize Bangladesh as an independent state and that the 35,000-45,000 skilled Bengalee military and civilian personnel now in Pakistan be returned. Beyond this, Mujib's regime insists it will try an unspecified number of Pakistanis for war crimes. It demands allocations to Bangladesh of a proportionate share of such old Pakistani Government-owned assets as the national airlines. Dacca has indicated that it would be willing, in principle, to work out an acceptance of its share of the obligation of the old Pakistani national debt—though negotiations to achieve this appear to be a long way off.

58. On its own, Bangladesh has virtually no means of compelling the Pakistanis to do anything; even the POWs it wishes to try are in Indian custody. India holds most of the high cards, Pakistan the rest; the current impasse is effectively between them. Though the Indians appear to be cooling to the idea of war crimes trials and reportedly have advised Mujib to drop this plan, they still publicly support his right to conduct them. Even if New Delhi were to abandon all or part of its support of Bangladesh so as to achieve a détente with Pakistan, there would be little that the Bengalees could do about it. But Bangladesh remains a factor because India continues to back it.

59. Neither the fact that Bangladesh exists as a result of Indian military action, nor the heavy amounts of economic assistance and

political support extended by New Delhi mean that Bangladesh is an Indian satellite or puppet. Nor is it likely to become one. The Bengalees value their newly acquired independence and do not wish again to surrender it. They will remain residually suspicious of their huge Hindu neighbor (anti-Indian sentiments are now being voiced in Bangladesh). They are not dependent, as is Nepal for example, on India for access to the outside world, nor would they be particularly vulnerable to threats of an economic embargo. Even so, the Bengalees will not wish to see themselves pressured or threatened by an angry or unfriendly India. The latter's power is so great in relative terms as to inhibit Bangladesh's ever getting too far out of line.

60. Indian interest in maintaining in Bangladesh a state friendly to India was manifest in the signing of the Treaty of Peace, Friendship, and Cooperation with Bangladesh in March 1972. This treaty assures India, among other things, that Bangladesh will not be a party to actions or activities inimical to India. Its defense provisions, although not including any agreement to come automatically to each other's aid, prescribe mutual consultations in the face of aggression. The treaty could be invoked by India not only against inimical activities in Bangladesh by external powers but also against the use of Bangladesh as a sanctuary by Indian dissidents.

61. Both countries will probably continue to see their best interests served by maintaining close relations, whatever the difficulties, e.g., communal frictions, cross-border smuggling, that might appear. New Delhi prizes a friendly Bangladesh in the strategic north-eastern part of the subcontinent. The Bengalees in turn know that a determined and antagonistic India could make life very difficult for their country. Another regime in Dacca, say one pressing for the acquisition of West Bengal, or one moved by Muslim

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hostility to all things Hindu, or one conspicuously pro-Chinese, could change this completely and bring on an era of hostility. But such contingencies now appear to be comparatively remote.

62. The USSR's efforts to cultivate the new state have been extensive: it is clearing the port of Chittagong, has provided other emergency relief, has begun to train and supply Bangladesh's tiny air force, and has sent large diplomatic and technical assistance missions. Some 10 or so Soviet minesweepers and auxiliary craft are scheduled to remain engaged in harbor clearing operations at Chittagong throughout 1973. But in financial terms, Soviet aid has been relatively limited—some \$120 million out of an overall total of \$1 billion. The Soviet Union's motive for its policy is subject to some dispute. The Soviets are probably seeking to ensure that the Bengalees will continue to work with them and the Indians in preference to establishing working relations with China. They may hope to gain access to repair or supply facilities in Bangladesh ports in connection with their Indian Ocean naval presence; but there is no evidence that they have asked for such access, and Mujib has repeatedly said that Bangladesh has no intention of granting such privileges to any foreign power. They show no signs of trying to preempt Indian influence, but at the same time probably wish some degree of independent ties so that relations with the new South Asian state are not entirely conditional on the ups and downs of Soviet relations with New Delhi. Whatever Moscow's motives, its efforts have been well received; the image of the USSR stands high in Bangladesh, though the country wishes, for sound economic and political reasons, to remain non-aligned with respect to all the great powers.

63. Bangladesh remains on poor terms with China. This is due to Peking's continued support of Pakistan in the latter's South Asian

bargaining—one manifestation of which was the Chinese veto of Bangladesh's application for admission to the UN. Were a breakthrough in Indo-Pakistani negotiations to occur and China's posture to soften, Dacca would be eager to establish political and economic ties with Peking.

64. Generally, Dacca looks to the US, Western Europe, and Japan as its most important sources of economic aid and its principal export markets. Relations with all have been fairly good so far, and the Bengalees will seek to keep them so. This includes ties with the US, which has been the largest single source of outside assistance. The coolness or wariness which now prevails in India with respect to the US is not generally seen in Bangladesh, though some public resentment of the US does exist there. This will be exploited by Bengalee politicians, particularly during the upcoming election campaign. But the government itself is unlikely to associate itself, say with the USSR or India, in moves or organizations which would antagonize the US or other Western countries. (Nor would it join any anti-Soviet, anti-Indian grouping.) Even so, as US and other foreign emergency relief programs are phased out, and as lower aid levels become the norm, the Bengalees will resent these reductions—particularly if they come to believe that the Pakistanis are getting as much or more than they are.

65. There are, besides India, very few countries in the non-Communist world with which Bangladesh seeks any but ordinary and correct bilateral ties. It does put a high premium on its relations with the UK. On independence, it applied for membership in the Commonwealth. Its acceptance (followed by Pakistan's withdrawal), the presence of many Bengalees in England, a favorable regard for London's posture during the 1971 wars, and long-standing cultural ties have

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made the British something of a special case. The Bengalees have pegged their currency directly to the pound and have kept most of their exchange reserves in British banks.

66. Though it is one of the world's largest Muslim states in terms of population, Bangladesh's relations with the principal Islamic states of the Middle East have generally ranged from bad to non-existent. Most Arab countries, and Turkey and Iran, have long had extremely cordial relations with Pakistan which in some cases extended to close military cooperation. They sided with the Pakistanis in the latter's 1971 clash with India, and regarded Bangladesh as the creature and puppet of the Hindu state. To some extent they still do, though the situation will almost certainly ease over time. Even so, any sort of a close cooperative association of Bangladesh and Middle Eastern powers will remain out of the question.

67. Mujib has long regarded Bangladesh as much a Southeast Asian as a South Asian state. Since independence, he has established political and economic ties with several countries in the area including Indonesia, Thailand, and Burma. He has remained aloof from the wars in Indochina, but almost certainly hopes to benefit from new arrangements set

up after the end of fighting there. An impoverished Bangladesh—itsself devastated by warfare—wishes to receive substantial material assistance in the context of postwar Southeast Asian international rehabilitation efforts. Beyond this, Dacca will probably seek profitable economic relations with major Asian powers, particularly Japan. Its aim will be greater amounts of both public and private economic assistance, greater export markets, and the most favorable sources of imports. Given Bangladesh's gross poverty and major problems, it is no more likely to play a significant role in Southeast or East Asia than it will in the Indian subcontinent.

68. In sum, Bangladesh's foreign posture is characterized by strong ties with India on the one hand, and virtually no close connections with any other country. Save Pakistan, now remote and no threat—politically, militarily, or otherwise—it has no enemies. Bangladesh's interests will be served by seeking trade with and aid from the more advanced nations of the world, whatever their ideological persuasions. It needs as much help as it can get, and as few enemies as possible. In such circumstances, it will, consistent with its relations to India, play a generally passive role on the world scene, and will try to avoid offending outside countries.

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