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PAKISTAN - AMERICAN RELATIONS ** A REASSESSMENT

BACKGROUND

The developments leading up to and flowing from the military take-over of East Pakistan on the night of March 25-26 may represent a watershed in the history of South Asia and of Pakistani-American relations as significant as that which resulted from the Sino-Indian conflict of 1962 and the Indo-Pakistani War of 1965. The Government of Pakistan's decision to resort to force to suppress a popularly elected movement has fundamentally altered the political, economic, and psychological situation there. The following paper analyzes the situation which now prevails, assesses U. S. and other external interests in South Asia and indicates the major policy strategies which the United States might pursue in these changed circumstances.

I. THE CURRENT SITUATION *

A. Military: After three weeks of military operations against the Bengali separatists, a civil war continues in East Pakistan. Although the Bengalis are seriously disadvantaged by a lack of arms, there is little indication that they have acquiesced in the military takeover despite the bombing of several cities, raids against selected villages, and arrests of the separatist leadership. The separatists

* A further analysis of the situation is contained in SNIE 32-71 entitled Prospects for Pakistan, of April 12, 1971.

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are, however, largely unorganized, and their only significant source of arms is India. The Provisional Government announced on April 14 controls no major population centers. If the GOP continues to reinforce its military units and solves the complicated problems arising from dangerously extended supply lines which will soon be aggravated by monsoon conditions, the army will have a capability to hold the province in subjugation for an extended period. The separatists, however, will retain a significant sabotage and civil disobedience capability. Only the Indians have an existing capability in the area to intervene decisively on the side of the separatists, and they now seem reluctant to take a step which could lead to a major escalation of the war in South Asia with the attendant danger of direct Chinese involvement. Without this intervention, a prolonged period of inconclusive military activity may occur. While the army may be able to maintain an uneasy control over the major population centers in East Pakistan for months and conceivably years, political and economic pressures may be such as to force a change in strategy by the military leadership.

B. Political: From all evidence available to us, the vast majority of Bengalis now reject the concept of a united Pakistan ruled by West Pakistanis. The Bengalis made this clear in the overwhelming vote of confidence which they gave to the Awami League in the December election. This support was reiterated in massive demonstrations of

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public loyalty to Mujibur Rahman during the period of his negotiations with President Yahya for an autonomist or confederal solution to the constitutional problem. The military's subsequent actions against the Awami League leadership has apparently converted what was once only autonomist sentiment into a widespread demand for independence. Those killed on the days following March 25 are already viewed as martyrs to that demand.

Psychologically the concept of a united Pakistan is dead in Bengal. We see no way in which President Yahya can establish a civilian government based on any significant degree of popular support. There are, however, signs that some of the non-Awami League political leaders in East Pakistan, motivated either by fear or hatred of India, concern for the suffering of the Bengali people or by personal ambition, will come forward to re-establish a civilian administration in cooperation with President Yahya. They may be joined by some Awami Leaguers who are unwilling to adopt a revolutionary posture. The GOP will probably attempt to transfer some power to them to give the military administration a facade of legitimacy. It may even concede most of the Awami League's six point autonomist program. Eventually in its search for legitimacy, the GOP might hold controlled elections or perhaps a constitutional referendum in East Pakistan under a franchise excluding Hindus and dissident groups. The only alternative would

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seem to be direct negotiations with the Awami League leadership. Such negotiations would in present circumstances probably have only one issue to resolve -- the terms of independence, though a solution such as confederation remains an outside possibility. For the present, negotiations seem unlikely and, because of the bitterness and mistrust engendered by the civil wars, could probably only take place if Yahya himself were to offer to step down.

The Pakistan Government will not only have to maintain itself in power by force in the East but will have to deal with complicated constitutional problems in the West. The four regions of West Pakistan have also been seeking enhanced autonomy. Pressures for constitutional change from the constituent units, notably the Northwest Frontier and the Sind, are likely to increase. These may place added strains on the political viability of the Yahya government. While we do not anticipate demands for independence from the units of West Pakistan, there will be growing demands for a transfer of power to elected representatives. In the case of the Punjab and Sind, the radical and militantly anti-Indian People's Party of Z. A. Bhutto would be the immediate beneficiary of a return to parliamentary government. If these pressures are not met, there could be violence and disturbances of the severity which brought down the Ayub government in 1969.

In both East and West Pakistan, but particularly in Bengal, a failure to reach a political accommodation is likely to result in a

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radicalization of political activity in which extreme leftist parties and policies gain in influence and violent methods replace the relatively moderate methods of the past. In East Pakistan this could well be the extreme Maoist/Naxalite form which has appeared in West Bengal. The development of such a movement with substantial popular support could lead to a virtually permanent destabilization of East Pakistan and of the adjacent regions of India.

C. Economic: The economic costs of a civil war are high. Pakistan's limited shipping and commercial air facilities are already diverted to the supplying of the army. In East Pakistan much of the communications infrastructure has been destroyed; goods will get to market with difficulty, and development works will be set back. There will be significant losses of foreign exchange for the central government because of the disruption of jute exports. Pakistan's foreign exchange resources were declining before the crisis. Taking into account the losses in foreign exchange earnings from the current suspension of East Pakistan's exports and a falling off in private remittances, these resources could be exhausted within a few months unless international relief is forthcoming or imports are sharply cut back. The latter step would contribute to a downward economic spiral, to an industrial slowdown, and potentially to large-scale unemployment, which in turn could create serious political pressures,

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particularly in West Pakistan. Nonetheless, the economy can probably survive these pressures for longer than the actual foreign exchange balances would suggest. Almost irrespective of the political outcome, Pakistan's overall development effort has been severely set back in West as well as in East Pakistan. The momentum in both wings can only be recovered with substantial external resource inputs.

D. Conclusion: The Government of Pakistan will be faced in the future with numerous problems arising from a continuing insurgency situation, the political alienation of the mass of the population in East Pakistan, and deteriorating economic conditions. All of these factors will produce growing pressures on Islamabad for a political accommodation with the Bengalis. Nonetheless, even in the absence of an accommodation, the military can undoubtedly maintain its control over the cities for an extended period unless India should invade East Pakistan with regular forces. The ferocity with which it has already fought to preserve a united Pakistan suggests that it will not give in over the short term barring a coup in Islamabad, greater separatist military successes or a major economic crisis. None of these are immediately likely, and we must be prepared to face a situation in which the present stalemate lasts for many months. In this period, while the political situation is sorting itself out, our actions or inaction will affect, to a limited degree, the outcome

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and the timing of that outcome. If the stalemate continues over a much longer term, the West Pakistanis will become increasingly dependent on the U. S. and other Western nations for economic aid and military equipment, and how we aid our friends in the consortium will have an important impact on the hard political and economic decisions which the Government of Pakistan will have to take.

II. EXTERNAL INTERESTS

A. U. S. Interests: The United States has no vital security interest in South Asia as a whole. We do, however, have important interests involving:

- (a) The peace and stability of the region;
- (b) The prevention of either the Soviet Union or China from becoming dominant in the region or in any country of the region;
- (c) The prevention of the development of radical or militantly nationalistic regimes inimical to the United States;
- (d) Effective use of economic assistance funds and the development of economically self-reliant states;
- (e) The protection of U. S. citizens and of U. S. commercial and investment interests.

These interests apply for India as well as Pakistan, but our ability to support them in Pakistan has materially diminished as a result of recent developments:

- (a) The relative peace and stability of the pre-March 25 period has given way to civil war and political instability;

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- (b) The prestige and influence of the Soviet Union in India and of China in Pakistan may have increased, at least in the short run;
- (c) The prospects for a democratic political system in East Pakistan have receded;
- (d) Conditions in which economic development can take place in East Pakistan have for the present largely disappeared;
- (e) We have been able to protect our citizens in East Pakistan, but many citizens in West Pakistan remain vulnerable to popular xenophobia. The prospects for our investment and trade are uncertain.

These developments in East Pakistan have reinforced the relative priority of our interests in India which was already apparent by virtue of India's greater size, resources, and political, strategic, and economic potential. In contrast to the deteriorating situation in Pakistan, India seems to be moving into a period of new political stability with enhanced prospects for economic development and with a renewed willingness to develop a cooperative relationship with the United States.

Nonetheless, our concern for regional stability and equilibrium makes it incumbent on us to work for a viable relationship with either a united or divided Pakistan. Historically

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we have assumed that our interest in regional stability was best served by a united Pakistan. That assumption now requires reexamination.

If there is a possibility that through a loose confederation the political aspirations of the Bengalis could be met and the beneficial features of a united country preserved, it would seem to be in our interest to support such a solution. However, on the basis of our analysis of the situation in Pakistan, we have concluded it can remain united only through military force with dwindling development prospects and continued potential for growing political radicalization and instability. A Pakistan divided into two viable and politically stable states would be almost as acceptable from the point of view of U. S. interests. An independent East Pakistan in which moderate Bengali forces were in control would be less vulnerable to radical internal pressures, would be more likely to work for an accommodation with India and for regional cooperation, and would have a political mandate within which development activity could be resumed.

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There is no assurance, of course, that our choice is simply between a Pakistan united only at gun point and one divided into two viable and politically stable states. One or both of the new states might well be non-viable, politically unstable, and/or controlled by an extreme left-wing leadership, in which case -- over the medium term at least -- even a militarily unified Pakistan might serve some of our interests in the area.

B. Indian Interests: India has traditionally perceived a united Pakistan to be in its interests. It has always hoped that the Bengali majority would ultimately become dominant and would moderate the traditional West Pakistani hostility toward India. It has feared that an independent East Pakistan would come increasingly under radical Chinese domination and, by offering a focus for West Bengal's dissatisfaction, would undermine India's own national unity. India's perception of its interests, however, has changed in recent weeks. It now appears to believe that the Bengalis would never be allowed to control Pakistan and that the only way to preserve a

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moderate Bengali orientation towards India is by supporting the aspirations of the Awami League. India has consequently publicly announced its sympathy, solidarity, and support for the Bengali separatists. It has provided material assistance including arms. To date, Indian support has stopped short of direct military intervention, which the Indians recognize could lead to war with Pakistan, perhaps on two fronts, and Chinese intervention on the side of Pakistan. The limited assistance given by India is, in effect, an investment made in the hope that, if the Awami League comes to power, it will be repaid in a cooperative, mutually beneficial Indo-Bengali relationship.

C. Soviet Interests: For geo-political reasons alone, the Soviet Union has a greater interest in South Asia than the United States. The Soviet Union has a primary interest in limiting Chinese influence in the area and has concluded that India represents a significant political, military, and economic counterweight to China. Having given fundamental priority to its interests in India, the USSR does not wish to disassociate itself from the Indian position with respect to

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Pakistan. The Podgorny message to President Yahya not only serves to support the Indian position but also contributes to the other major Soviet interest in South Asia that it be an area of relative peace and stability. The Soviets see their interest, as at the time of Tashkent, in bringing hostilities to an end and in creating political conditions which contribute to regional stability and minimize Chinese involvement. They are likely to continue to work in this direction. Because of fears of a radicalization of East Pakistan, the USSR has also concluded that it must adopt a positive attitude towards Bengali aspirations, while keeping open its options should Yahya succeed in keeping the country united. The Soviet Union would see it in its interest to have good relations with both successor states in order to counter potential Chinese and U. S. influence, and it would not lightly throw away the influence it has obtained through its limited past military and economic assistance to West Pakistan. It also probably assumes that West Pakistan will continue to need the Soviet Union, and its assumption may have been reinforced by President

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Yahya's relatively restrained response to President Podgorny's message.

D. Chinese Interests: China's major interest in South Asia is that there be no major military threat on its borders. It also has an interest that India not emerge independently or in combination with any other country as a threat to China's position in Asia. The Chinese have, therefore, worked to keep India weak, divided, and politically unstable and have supported Pakistan as India's principal enemy and rival in South Asia. China still regards Pakistan as the most effective counter-force to India and apparently does not wish to see that force reduced by the break-up of Pakistan. It probably also believes that ultimately the instability which the civil war creates will radicalize the East Pakistan masses and provide opportunities for Maoist-oriented indigenous revolutionaries.

China probably does not want to take any risks which could lead to war with India, particularly in view of the Indo-Soviet relationship; and China is, therefore, not likely to pursue its interests to the point of military involvement unless the crisis

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escalates, and West Pakistan is faced with the prospect of total defeat by the Indians.

III. U. S. INVOLVEMENT

Since the events of March 25, the United States Government has taken the position that the crisis is essentially an internal affair of Pakistan. We have tried to avoid any direct involvement in the events in East Pakistan except as required to bring about the thinning out of our dependents and personnel. Nonetheless, because of our many on-going programs and the political discussions which have taken place, a degree of involvement has been and will be inevitable.

A. Political:

1. Although our thin-out was fundamentally a measure to protect our citizens, it has obvious political ramifications since it implied a degree of skepticism that conditions could be returned to normal as quickly as the martial law authorities asserted.

2. All foreign newsmen were expelled from East Pakistan, and their film and notebooks were confiscated. We

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protested this action to the Government in Islamabad.

3. In our public statements in Washington, we have expressed concern for the loss of life, damage, and hardship suffered by the people of Pakistan and have called for an end to the conflict and a peaceful accommodation.

4. In private we have reiterated these concerns and indicated our added concern that American arms were used.

5. We have responded negatively to Indian efforts to stimulate UN Security Council discussion of the issue.

6. We have continued to broadcast extensively on VOA, particularly on medium wave to East Bengal, information about the crisis and U. S. policy towards it.

B. Economic:

1. We have indicated our willingness to participate in an international relief effort if asked by the Government of Pakistan and, as conditions permit the distribution of relief throughout the province, and have urged the GOP to accept international offers of assistance.

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2. We have delayed signature of a PL-480 agreement for 150,000 tons of food grains for the cyclone affected areas of East Pakistan and have delayed shipment of another 150,000 tons of PL-480 food grains.

3. We have postponed consideration of the FY-1971 \$70 million program loan.

4. We have questioned the GOP about the equitable nationwide use of U. S. program funds already committed but not yet allocated.

5. We have diverted one of several grain ships in Chittagong to Korea. We have concurred in a GOP request to divert to Karachi a number of other grain ships in Chittagong which have been unable to discharge their cargoes.

C. Military:

1. Arms supplied under our pre-1965 MAP have been used extensively by the army in East Pakistan. These include Chafee M-24 tanks and F-86 fighters.

2. We have not responded to a Pakistani request for an extension of the letter of offer for maritime patrol aircraft under the 1970 one-time exception.

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3. We have expressed concern to the GOP about the use of arms.

In almost all of these situations we have taken interim decisions which will require formal reaffirmation.

To date our actions have signaled to the GOP and to the world at large that we are concerned about the welfare of our own people, the use of our arms in East Pakistan, and the sufferings and hardships of the East Pakistanis. We have indicated that we do not intend to interfere directly to affect the outcome of the civil war. Although we hope for an early peaceful accommodation, our public and private statements that current programs are under review have indicated to the GOP that we are not prepared to carry on exactly as before as long as our programs can not operate, our disaster relief can not be provided, and resource transfers can not take place on the equitable basis we had originally assumed in making our loans to the Government of Pakistan.

IV. PAKISTAN'S INTERESTS AND U. S. LEVERAGE

Over the years since 1952, Pakistan has been a major recipient of U. S. assistance. In FY-1968 Pakistan received \$357.6 million

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in loans, grants, and PL-480 assistance. In FY-1970, despite a substantial reduction in PL-480, the total was \$215 million. These inputs have been a vital ingredient of the Pakistani development program representing about 18% of Pakistan's annual imports of goods and services. For the coming year, the Pakistanis have been expecting at least \$70 million in new loan commitments. About \$120 million is in the pipeline from previous loans, and a substantial portion of the \$87 million November 1970 PL-480 Title I Agreement has not yet been shipped. In the military assistance field, the one-time exception of armored personnel carriers, maritime patrol craft, and fighter and bomber aircraft remains in abeyance. The total value of this equipment and of spare parts on previously supplied equipment which Pakistan needs could amount to as much as \$70 million if the sales go through.

These unfulfilled agreements and Pakistan's desire for continued political ties indicate a substantial Pakistani interest in its relations with the U. S. They may not provide us with the leverage to achieve a major reorientation of Pakistani policy. But if used with discretion, they can

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probably affect the course, direction, and pace of political negotiations. The importance of U.S. economic assistance and thus the potential U.S. leverage at this time are enhanced in view of Pakistan's currently low level of foreign exchange reserves. We have preliminary indications that the IBRD and the IMF may be reluctant to provide fresh assistance to the GOP in the present circumstances, and what we do will obviously affect the whole tenor of consortium decisions. (We have little specific information on likely reactions of other consortium members although the preliminary position of Britain and Germany is not to provide new aid at this time.) Total external aid excluding Chinese assistance amounts to about \$500 million annually or about 50 percent of Pakistan's merchandise imports.

West Pakistan also needs the Soviet Union for the \$200 million Karachi steel mill which the Soviets are committed to construct. The Chinese for their part are also committed to \$200 million of aid, much of which was to have gone for East Pakistan, including the proposed Brahmaputra bridge. No one external power can fully make up the gaps if the others were to withdraw and Pakistan continues to remain dependent on the maintenance of

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its triangular tightrope foreign policy to obtain the resources, both military and economic, which it requires. In considering alternate strategies, we should, therefore, keep in mind that Pakistan needs us more than we need it.

While the Chinese could replace in part assistance withheld by the U. S. and other donors, they do not have the capability and probably not the willingness to assume full responsibility for the defense and development of Pakistan. In addition, because of the Indo-Soviet relationship, Pakistan is unlikely to turn to the USSR to meet gaps and will, therefore, continue to look to us for help even in the event we adopt a more positive attitude towards Bengali aspirations.

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VI. POLICY STRATEGIES AND OPTIONS

A. The Dilemma: Although it is our assessment that Pakistan as a unitary state cannot survive, it is possible that the military may be able to hang on in East Pakistan for months and conceivably for years. We face the problem of what policy to adopt over the short and medium term until the ultimate denouement takes place, and how to maintain a constructive relationship with Islamabad which will survive the break-up of Pakistan and which will simultaneously make it possible for us to work cooperatively with the Bengalis. Our dilemma is increased by press and Congressional criticism of our past policy, particularly the use of American tanks and aircraft in the military operations in Bengal. We also face the continuing dilemma of how to support our relatively greater interest in India while maintaining a relationship with Pakistan which, if it remains united for years rather than months, will continue to be a major Asian nation with important development potential.

We are already faced with the further problem of how to deal with a provisional East Bengali government, which controls a portion of East Pakistan and enjoys the support, though not the formal recognition, of India. Such a government will actively seek bilateral and UN support. The resolution of these dilemmas is particularly difficult in this period of transition when emotions are running high throughout South Asia.

B. U.S. Objectives: Subsidiary to our general concern for the peace and stability of South Asia, there are several specific

objectives which we are pursuing:

- (a) the prevention of the escalation of the civil war into an international conflict.
- (b) the creation of conditions which would reduce political instability and permit economic development to proceed.
- (c) the preservation of a relationship with both East and West Pakistan in circumstances either of a united or divided Pakistan.
- (d) the prevention of any major external power from achieving a decisive advantage in South Asia as a result of the crisis.

As the statement of our involvement makes clear, we have already gone beyond the point where we can adopt a posture of inaction. The sections which follow address the broad strategies we might pursue and the specific policy decisions which we must take under present circumstances. An additional section indicates steps we might have to take if the situation were to get out of control and lead to a major conflict between India and Pakistan and China.

Although, as indicated in Section I above, the Pakistan Government may be able to maintain a degree of military control over the major population centers in East Pakistan for some time to come, the policies we adopt in support of our objectives have an important time factor because it is likely that the longer the conflict continues:

- (a) the more the dangers of escalation through direct Indian and/or Chinese involvement increase.
- (b) the more extremists in both East and West Pakistan are likely to gain in popular support.
- (c) the greater the likelihood of a major food distribution problem in East Pakistan perhaps leading to famine conditions.

(d) the greater the probability of accelerating economic decline in both wings .

(e) the greater the stress on West Pakistan's political structure and unity.

C. Policy Strategies: Taking into account the dilemmas which we face and the objectives we are pursuing, there are three basic strategies which we might adopt in present circumstances:

1. Relative Hands-off Policy which would seek to continue existing programs as far as possible given Congressional objections and the situation in East Pakistan.

Advantages

- Would support our objective of maintaining a constructive political relationship with the Government of Pakistan.
- Would slow the deterioration of the West Pakistani economic situation and permit continuation to a limited extent of a coordinated development effort.
- Would keep the Chinese from significantly increasing their influence in Pakistan.

Disadvantages

- Would adversely affect our relations with India and would allow the Soviet Union to strengthen its relationship with India.
- Would create no immediate basis for a constructive relationship with the Bengalis.

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- Could lead to a prolongation of the conflict and to a long-term deterioration of the political and economic situation in the country as a whole.

2. The Use of Selective Influence combining support for programs which are consonant with our development objectives, but holding off from programs which would contribute directly to a prolongation of the civil war. We would maintain a degree of public disassociation from West Pakistan in order to facilitate a relationship with the East Bengalis at a later date.

Advantages

- Would create a degree of public distance between ourselves and the policies of the Government of Pakistan, while keeping open a relationship with it which would be required either if GOP rule in the East is more protracted than we now anticipate or in the event that Pakistan splits.
- Would minimize Chinese and Soviet ability to capitalize on the crisis.
- Would be consistent with the policy being adopted by other consortium members and the USSR.

Disadvantages

- Would give us limited influence over the outcome of the civil war and hence would risk the further radicalization of East Pakistan, and some continued economic deterioration.
- Would be seen in India and in East Pakistan as only a partial commitment to self-determination for the people of East Pakistan.

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3. All out effort to bring an early end to hostilities, by using our available leverage to prevent escalation and to achieve a peaceful political settlement.

Advantages.

- Would give relative priority to our interest in relations with East Pakistan.
- Would reduce the prospects for a protracted war and the consequent dangers of escalation and of success for Maoist-oriented groups.
- Would lay the foundation for a relationship with Bangla Desh and would contribute positively to our relationship with India.

Disadvantages

- Would be deeply resented in West Pakistan, and might lead to a fundamental change in our relations with Islamabad.
- Would accelerate the deterioration of the West Pakistani economic situation.
- Would run counter to established policy of not interfering in the internal affairs of others.
- Would lead to increased Chinese influence in West Pakistan and enhance the prospects for a radical military takeover in Islamabad.

D. Policy Decisions

Within the framework of these broad strategies there are various specific policy decisions which cannot be delayed. These include decisions on (1) a response to President Yahya's letter to President Nixon, (2) our public posture and the posture of the Voice of America in its broadcasts to South Asia, (3) contacts with the Pro-^{the recognition of it,}visional Government of Bangla Desh and at an appropriate time/(4) the implementation of our one-time exception to our military supply policy announced in October 1970, (5) shipments of ammunition and spare parts under the basic 1967 arms policy, (6) PL-480, (7) the program loan for 1971, (8) relief activities, (9) on-going economic assistance, and (10) anticipated request by the GOP for suspension of debt owed to us in the next three to six months.

As a first step and a precursor to any decisions made with regard to our economic assistance program, we need to consider re-establishing regular channels of communications at all levels of the GOP and with other international aid donors, including a full exploration of current factual information on Pakistan's economic development situation and program. The people in West Pakistan are not informed of the situation in East Pakistan, and President Yahya may not fully understand the seriousness of the country's current economic conditions. It is important to work closely with other donors in developing an economic assistance policy toward Pakistan since the US contribution -- although (about 25 percent) significant in itself -- is only a portion/of total external aid. Unless donor actions are coordinated the effects of US action could be neutralized. The International Monetary Fund (IMF), the World Bank, and the

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other consortium donors could seek a full review of Pakistan's development situation, plans, and prospects. On the basis of information currently available, the World Bank and IMF do not believe there is now a basis for proceeding with economic support and development assistance. It is therefore important for the consortium and the IMF to seek a basis for proceeding with development activities in Pakistan. The burden for making a case for development rests, of course, with the Government of Pakistan.

1. Relative Hands Off Policy. - If we choose a hands off policy we would

(1) Letter to Yahya - respond acknowledging his description of the sequence of events leading up to the crisis -- express our sympathy for the sufferings in East Pakistan and our hope for an early resumption of our development activities and a peaceful resolution of the crisis. Undertake to raise the issue of Indian intervention with the GOI.

(2) Public Statement - maintenance of our current public posture of concern and sympathy -- avoidance of suggesting that delays in implementation of policies are anything more than routine -- limit our coverage of Pakistani events on VOA.

(3) Contacts and Recognition - avoid contact with Bangla Desh representatives -- defer any decision on recognition until the Government of Pakistan had accepted the division of the country.

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(4) One-Time Exception - continue action to implement the one-time exception including extension of the date for the letter of offer for maritime patrol aircraft.

(5) Ammunition and Spare Parts -- take no overt action to suspend sales of ammunition and spares for lethal end items permitted under the 1967 policy -- delay deliveries of ammunition until situation in East Pakistan clarifies.

(6) PL-480 - Sign the 150,000 MT cyclone disaster agreement and as soon as the Government of Pakistan requests, proceed with shipments from the US of the 150,000 MT cyclone food grain and the 150,000 MT under an earlier agreement waiting to be loaded -- defer completely to the GOP as to the proper disposition of PL-480 food grain shipments.

(7) New Development Loans - Indicate we would like to proceed with the FY 1971 program loan for up to \$70 million; however, before proceeding, we will need information on Pakistan's future development plans and seek assurances from the GOP that it will be able to implement and achieve the objectives of its development program and not divert to military purposes resources intended for economic development -- proceed with the outstanding project loan for West Pakistan (\$5 million) and tell the GOP we are prepared to proceed with a consulting services loan for East Pakistan as soon as conditions permit.

(8) Relief Activities - Inform the GOP again that we would participate in an international relief effort and would provide assistance as soon as Pakistan's requirements can be identified and we have assurances that commodities can be delivered.

(9) On-going Economic Assistance - Continue all on-going assistance activities, making only changes that are necessitated by the physical obstacles to implementation in East Pakistan.

(10) Anticipated Request for Suspension of U.S. Debt - Inform the GOP that the U.S. is prepared for a limited period of time to suspend U.S. debt service

2. Selective Influence. A policy of selective influence would seek to keep open our options with regard to the two parts of Pakistan, to use a degree of leverage to shorten the conflict and encourage a political settlement and to encourage other countries to play a constructive role. Specifically it would include:

(1) Letter to Yahya - emphasize our sympathy for the sufferings of the people of Pakistan -- point out that we have been unable to carry on our development activities and look forward to a resumption of normal economic activity on the basis of our established developmental criteria-- express our hope that to avoid famine steps be taken as soon as possible to restore internal communications-- encourage the GOP to accept an international relief effort and indicate our willingness to participate in it. Point out the growing public and Congressional concern at the use of American arms in East Pakistan and the need for an early political accommodation.

(2) Public Statements - increasingly emphasize our hopes for an early restoration of peaceful conditions and the resumption of a political dialogue with the elected representatives of East Pakistan -- stress this theme in VOA broadcasts to all of Pakistan, possibly adding concern over the use of US arms.

(3) Contacts and Recognition.- Refrain from extending any de facto or de jure recognition until the Bengali separatists have effective control

over virtually all of East Bengal -- maintain discreet informal contacts by U.S. officials with Bangla Desh representatives in Calcutta or elsewhere as appropriate.

(4) One-Time Exception -- continue to defer effective implementation of the one-time exception sales offer. Instruct the Department of Defense not to conclude a firm agreement with the Government of Pakistan on the sale of 300 armored personnel carriers, and to suspend, or cancel if necessary, the DOD contract with the manufacturer for these items.

(5) Ammunition and Spare Parts -- defer all deliveries of ammunition and spare parts under FMS and commercial sales for lethal equipment, particularly F-86 Sabre Jets and M-24 tank which have been used or might be used in East Pakistan. Permit the continued sale of non-lethal equipment and non-lethal spare parts reviewing each decision on a case-by-case basis.

(6) PL-480 -- having assured ourselves that steps are being taken to resume food distribution in the disaster area, sign the 150,000 MT cyclone disaster agreement, and indicate that grain shipments will be held until there is evidence the food can be unloaded and distributed. Inform the GOP that we will ship the 150,000 MT (authorized under an earlier agreement and now at US ports waiting to be loaded) as soon as there is evidence the food can be unloaded and equitably distributed in East Pakistan. Continue to urge the GOP to do everything possible to unload and distribute the US food grain now waiting offshore East Pakistan, and to take steps to prepare for the PL-480 vessels enroute to East Pakistan to handle local food shortages as they arise.

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(7) New Development Loans -- defer new development loans, which in the past have been designed for both wings of Pakistan -- examine closely with other consortium members, as well as the GOP, the developmental case on which Pakistan's future economic assistance would be based, and accordingly ask the World Bank to call a consortium meeting as soon as possible to review Pakistan's revised development programs.

(8) Relief Activities -- encourage the GOP to accept international relief assistance, expressing US willingness to participate in such an effort as soon as conditions permit the extension of relief throughout East Pakistan.

(9) On-Going Economic Assistance -- maintain on-going technical assistance and loan activities (which total \$120 million) that we can now justify as consistent with our overall developmental objectives, and which can be implemented, including, for example, all current loan activities in West Pakistan.

(10) Anticipated Request for Suspension of US Debt -- be prepared to participate in a limited debt exercise on condition there would be full participation by other consortium donors.

3. All-Out Effort. An all out effort to use our leverage in Pakistan to achieve an early end to the civil war and a political settlement would involve the following:

(1) Letter to Yahya - send a letter to President Yahya at least as strong as that from Prime Minister Heath and Soviet President Podgorny --

tell Yahya that his present course is tantamount to national suicide and urge him to resume the political dialogue with popularly elected representatives as soon as possible -- urge the release of Mujibur Rahman and indicate our unwillingness to proceed with discussions on our political and military assistance programs until political negotiations had been resumed and the fighting stopped -- indicate our willingness to be generous once a stable political solution had been achieved.

(2) Public Statements -- bluntly criticize the actions of the martial law regime and acknowledge that we were suspending economic assistance programs -- inform Congress of our decision not to go ahead with any lethal military supply including the one-time exception -- encourage the VOA to feature these decisions in its news coverage to East Pakistan in particular.

(3) Contacts and Recognition -- recognize the Government of Bangladesh once it achieved control over a substantial portion of East Bengal and once it had been recognized by other countries including India.

(4) One-time Exception -- inform the Government of Pakistan that the one-time exception is cancelled.

(5) Ammunition and Spare Parts - permit no sales of spare parts for lethal end-items or ammunition.

(6) PL-480 -- continue to defer signature of the 150,000 MT disaster agreement and shipment of the additional 150,000 MT already authorized until there is evidence the food can be unloaded and appropriately distributed in East Pakistan -- Refuse to acquiesce in the diversion of further PL-480 grain vessels from Chittagong to Karachi -- stress to the GOP our concern at pending food shortages and the urgent need to take whatever steps necessary to offload and distribute US food assistance.

(7),(8) New Development Loans/On-going Economic Assistance -

Inform the GOP that we are postponing discussions on new US aid commitments and suspending all unobligated economic assistance until the MLA modifies its policy toward East Pakistan -- be prepared to implement on-going assistance once negotiations are under way and to sign new loan agreements as progress is made.

(9) Relief Assistance - Urge appropriate international organizations to mount an international humanitarian relief effort specifically addressing the needs of the Bengali people.

(10) Anticipated Request for Suspension of U.S. Debt - inform the GOP that even if others are prepared to do so, we do not believe it appropriate at this time to participate in a debt relief exercise.

E. Contingency Decisions

Despite the formation of a provisional Bangla Desh Government and more precise Chinese statements of support for the Government of Pakistan, there now seems somewhat less likelihood that the civil war will escalate into a major conflict. The Soviet Union/^{is} actively engaged in urging restraint on both sides and the Indians continue to follow an extremely cautious policy with regard to direct military support for the separatists.

We should, however, be prepared for the possibility that a border incident might escalate or that Pakistani military reverses might lead to a desperate pre-emptive stance from West Pakistan against India. To prevent an escalation we should:

-- include in our public statements explicit appeals for restraint and an early cessation of hostilities.

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-- hold private discussions with the Indians encouraging them to adhere to their present policy of not providing military support to the separatists.

-- follow up with the Soviets the March 26 Rogers/Dobrynin conversation, indicating our intention not to intervene and urging the Soviets to counsel restraint in New Delhi.

Should an escalation take place we should be prepared to engage the United Nations' attention to the dispute promptly looking to the early creation of a UN peace keeping operation.

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