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SENIOR REVIEW GROUP MEETING

January 19, 1972

Time and Place: 3:04 - 4:25 p.m., White House Situation Room

Subject: South Asia

Participants:

Chairman	- Henry A. Kissinger	Treasury	- Paul Volcker John McGinnis
State	- John N. Irwin Joseph Sisco Christopher Van Hollen	CIA	- Richard Helms John Waller
Defense	- Warren G. Nutter James H. Noyes	AID	- Maurice Williams
JCS	- Adm. Thomas H. Moorer i.e.	NSC Staff	- Richard T. Kennedy Harold Saunders Jeanne W. Davis

SUMMARY OF CONCLUSIONS

It was agreed that:

- 1) the possibility of an invitation to Turkish Prime Minister Erim to visit the U.S. before April will be reconsidered;
- 2) we would do nothing on recognition of Bangladesh for the time being;
- 3) the hold on Commercial List items for Pakistan should be removed immediately and the Paks should be so informed;
- 4) the State Department would prepare policy papers on: a) military supply for both countries; b) economic assistance for both countries; and c) the issues of humanitarian assistance including the percentage of the U.S. contribution to multilateral efforts.

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DECLASSIFIED
PA/HO, Department of State
E.O. 12958, as amended
June 9, 2005

Dr. Kissinger: We have two sets of issues for preliminary discussion today. First, the basic attitude we should take, given the changed circumstances in the area, and second, a series of specific problems on which we will want at least a preliminary statement of alternatives. We have the State Department paper outlining four alternatives. Before we turn to that, Dick (Helms) will give you a summary of the situation. Then Jack (Irwin) or Joe (Sisco) can outline State's views and we can consider our basic attitude and how it would apply to some of the specifics.

Mr. Helms briefed from the attached text.

Dr. Kissinger: Who wants to speak for State?

Mr. Irwin: I'll ask Joe (Sisco) to give you the background of our paper.

Mr. Sisco: I think our paper pretty well speaks for itself. We tried, without providing any of the answers because we don't know the answers, to analyze the situation in terms of the relative balance in the region as well as the balance outside the region between the major powers. I think the paper expresses the alternatives in bolder face type than the reality of the situation would dictate. For example, when you speak of alternatives of stability or instability, our presumption must be that our interests will be served by whatever will contribute to stability. Also, we must recognize that there has been some change in the balance, and I expect that our objectives should be to restore some equilibrium. We are fortunate that we can go back to the Nixon Doctrine and say that it is not in our interest for any major power to dominate in the area. The paper points out that basically, in the last few weeks, US relations with Pakistan have been roughly parallel to those of the Chinese, whereas the Russians have opted more categorically for the Indians. It will be interesting to see to what degree the Soviets move to redress the situation vis-a-vis West Pakistan, and how the Chinese play the situation of a new entity in the East. All of our options are based on a go-slow, watchful-waiting posture. Illustratively, on the recognition of Bangladesh, we need not only to have some dialogue with the West, but we need a better feel as to how the Chinese will play it. This is a question for the President to explore in Peking in February. We shouldn't make a decision on recognition without more discussion, including what the Chinese do and how the Russians will play it. These options aren't mutually exclusive, and I expect what will come out will be an amalgam of the options.

Adm. Moorer: (to Sisco) What do you think has been the impact of this on the Soviet position in the Arab world?

Mr

Mr. Sisco: Recent events have certainly increased the Shah's concern and also that of Turkey. Podgorny visits Turkey in April and they expect to be pressed very hard to conclude some sort of agreement. That's why we have tried so hard for an invitation for Erim to visit the US before April. I know the difficulties of the schedule, but he will be pressed very hard by the Soviets during their visit.

Dr. Kissinger: It would really be helpful to have the Erim visit before April?

Mr. Sisco: Most helpful -- it would help them resist the Soviet pressure. Also, we may have to reduce our MAP program for Turkey from \$100 million to \$60 million. This, plus the Soviet pressure and the situation on the sub-continent makes me very uneasy about both Turkey and Iran. I think we need some special steps to shore up these two good friends.

Dr. Kissinger: I'll re-raise the issue of the Erim visit and see if we can't get it before April. You know we've been kicking around the idea of the President visiting Iran.

Mr. Sisco: Yes; the Shah's nose is really out of joint. Bluntly put, he sees the President going to Moscow and Peking while our better friends are being taken for-granted. Our whole Persian Gulf policy is based on the Shah and what he considers to be his special relationship with the President.

Dr. Kissinger: The problem is one of timing, and of whether it is a good idea to go to Moscow by way of another country.

Mr. Sisco: If the President could just stop in Tehran for a working lunch with the Shah on the way to Moscow, it would be the perfect touch -- the best three or four hours he could spend. I'm really worried about the impact of the situation on Iran and Turkey. Not only is the Shah worried about added Soviet influence in the sub-continent and its impact on the Persian Gulf, but he's also worried about indications of increasing Soviet influence in Iraq. Of course, the Shah overestimates and exaggerates this as an argument for more military hardware.

Mr. Helms: I agree with Joe's assessment. Iraq is testing the Shah at the moment.

Adm. Moorer: I asked the Turkish Chief of Staff what Iran would do about Pakistan a few weeks ago, and he said the Shah would be very careful because he was worried about Iraq. Also, the F-4s we are sending to Greece are shaking up the Turks.

Mr. Sisco: We have taken several decisions recently with regard to the Greeks -- homeporting for instance -- to which the Turks are sensitive. They are afraid we are making the Greeks our chosen instrument to the derogation of the Turks.

Dr. Kissinger: Can't we compensate the Turks in some way? Can't we homeport in Turkey?

Mr. Sisco: They don't want us to.

Dr. Kissinger: Then they can't complain if we do it in Greece.

Mr. Sisco: If we are forced to reduce our MAP program for Turkey to the extent indicated, we should consider a request for a supplemental including additional money for the Turks. Erim's recent letter to the President focussed on his concern over security assistance.

Adm. Moorer: It isn't a question of affecting their modernization program. They will really have to cut forces.

Mr. Irwin: The two countries that will have to be cut are Turkey and Korea.

Dr. Kissinger: To what extent is Korea being cut?

Mr. Nutter: The same as Turkey -- about 40%.

Dr. Kissinger: And this is being done a year after we made a firm commitment to the Koreans in connection with the reduction of our forces there!

Col. Kennedy: That's the only place the money is. We only have programs in three countries to work with.

Dr. Kissinger: This makes the Nixon Doctrine a joke. We pull out our forces and promise increased military assistance to compensate, then we don't give them the money.

Mr. Sisco: I think the argument for a supplemental request is overriding.

Dr. Kissinger: I'm more concerned about the effect in Korea if we should decide we want to reduce our forces there still further.

Mr. Irwin: We don't have the flexibility we had -- these are tough priority choices. We should talk about this in detail another day. A visit before April for Erim would do a lot to soften the blow -- it would be a real shot in the arm.

Mr. Nutter: A supplemental will help too.

Dr. Kissinger: I'll raise the question of an earlier visit, although I expect there will be enormous resistance. We're going to Canada in April too, but you have made a good case for Erim.

Mr. Sisco: (to Kissinger) You should really take a good look at the security assistance situation. It's a discouraging picture.

Dr. -Kissinger: I don't like to do what we're doing to Turkey. And I'm extremely unhappy over Korea. We promised them a five-year program. (to Kennedy) Have we delivered anything yet?

Col. Kennedy: Two years worth.

Mr. Irwin: The question of a supplemental partially depends on whether the actual appropriations go up as far as the authorization. If the appropriations are cut down, we will have to go back to them.

Dr. Kissinger: When will we know?

Mr. Irwin: In the next several weeks.

Col. Kennedy: The present Continuing Resolution Authority expires February 1.

Mr. Nutter: It expires February 22 - just before the recess.

Mr. Irwin: The problem is Senator Proxmire.

Mr. Nutter: He will drag it out as long as he can.

Dr. Kissinger: On the options, establishment of a primary relationship in the area with India is not likely to be approved under present circumstances. Options 1 and 2 don't appear to be mutually exclusive. We could tilt toward West Pakistan and still come out in practical terms close to China without any formal agreement with them. Option 2 really encompasses Option 1. Option 3 calls for an ad hoc situation -- making our decisions from case to case. Whatever one may think of our longer-term policy, we can't reverse what's been done without reaping the disadvantages of every course of action. If we should decide to move in a different direction from that of the last few weeks, the question of timing will be most important. If we assume that the first option is a special case of the second option, the issues fall into two groups. Every option will have to start with the assumption that we want to maintain a close relationship with Pakistan. The question to be considered is our position with regard to Bangladesh and India. The issues then fall into two broad categories: 1) do we let India work its way back slowly, or 2) do we want a more rapid normalization of relations with India. We're not likely to adopt a policy of permanent hostility toward India a priori, regardless of what the Indians do. Should we treat India and Bangladesh as part of the same phenomenon or is it more in our interest to differentiate between them? Let's look at the list of items, then after this meeting we can develop a position on each item if we decide to move slowly and if we decide to move quickly toward India, and do the same thing for Bangladesh. We will probably want to have an NSC meeting on this before China so the President has it in mind when he talks to Chou.

Mr. Irwin: The advantage of Option 3 is that it gives us time to see whether we want to move quickly or more slowly. We can get through the Peking and Moscow trips, which may give us a different perspective on whether we want to take it easy or move faster in our relations with India.

Dr. Kissinger: I agree, but I think it would be interesting to get the judgement of this group and of the NSC on the proposal that India is the preeminent country

in the subcontinent and that it is in our interest to have good relations with that country. It's a question of how best to achieve this objective. Having paid the price of our attitude, it might be better to see what benefits we can get out of it. Kaul's conversation with Ambassador Keating showed less hysteria than previous conversations we have had when we had good relations with the Indians.

Mr. Sisco: I agree. I think we should leave the initiative to the Indians. They have taken a step. If we want to establish a realistic basis for our relations with India, we can't go back to the pre-war situation.

Dr. Kissinger: I agree. This could be one of the benefits of going slowly.

Mr. Sisco: A go-slow posture would offer some hope for putting our relations on a more realistic basis. I would guess that analysis will indicate that some differentiation between our policy toward India and Bangladesh may serve our interests. Reports from the field indicate that there is a substantial reservoir of good will toward the US among the more moderate leadership in Bangladesh. They are fairly realistic in realizing that there is no substitute for American economic power in the area. When they talk about multilateral assistance, they know that unless the US plays the game there is no real hope. This gives us some leverage. We should avoid any appearance of being over-anxious.

Dr. Kissinger: Can we maintain this posture barring some changes in policy through the NSC? I read press stories that say we are anxious to resume aid.

Mr. Irwin: They're not coming from us. I think we should keep the pressure on India.

Dr. Kissinger: Let's go over some of these individual items. On recognition, we certainly can't recognize before the President goes to Peking. Is there any disagreement with that?

Mr. Sisco: None, unless the Chinese do something unexpected. The British and French will probably go ahead and recognize, but we will have to talk this out with the Chinese.

Dr. Kissinger: What should our posture be in the meantime?

Mr. Sisco: We can maintain informal contact with the Bangladesh at their initiative. We shouldn't spurn them, but should maintain a low-level profile in response to their initiatives. We should also keep talking to Bhutto when he wants to talk to us.

Dr. Kissinger: I haven't seen any recent conversations with Bhutto but I've been busy on the foreign policy report. Have there been any?

Mr. Sisco: Bhutto talked with Ambassador Farland a week or 10 days ago, but nothing since. He said he would understand if the US felt it should do something on humanitarian assistance, but of course he wanted no recognition.

Mr. Irwin: He's not putting us under any pressure.

Mr. Sisco: We certainly have no problem with non-recognition prior to February 21.

Dr. Kissinger: (to Sisco) How do you see the situation evolving after that? How long should we wait?

Mr. Sisco: I think we can wait several months.

Mr. Van Hollen: There might be some positive advantages to fairly early recognition after the China trip. We don't think Bangladesh wants an over-exclusive relationship with India or the Soviets. If we give Mujib a window to the outside world, it might serve our interests in trying to achieve greater stability in the area.

Dr. Kissinger: What is Bhutto's attitude toward Bangladesh?

Mr. Sisco: He recognizes the reality of the de facto situation -- that they are two separate entities and that the unity is broken. He is maintaining the fiction of unity, however, in the de jure sense. He seems to be fairly relaxed over the relationship, but he is not relaxed over what the U.S. might do on recognition.

Mr. Helms: There's a lot to be said for letting the British and French recognize and see what happens.

Mr. Sisco: I assume the Chinese will at some point decide that Bangladesh is a reality. But the US and Chinese objectives in Bangladesh will not necessarily be parallel.

Dr. Kissinger: I would think they would be radically different.

Mr. Sisco: We will want to strengthen the moderate elements in Bangladesh and the Chinese will play with the more radical elements.

Dr. Kissinger: The Chinese will want to use Bangladesh to create maximum turmoil in West Bengal.

Mr. Irwin: I agree.

Dr. Kissinger: Our interests will not be parallel after recognition, but I want to be sure that a move toward recognition doesn't jeopardize a larger objective with China. I can't imagine any moderate leadership that the Chinese would want unless it were anti-Indian. So it is agreed that we do nothing on recognition for the time being. Let's make sure our people in Dacca behave accordingly. They have a delicate task.

Mr. Sisco: After Ambassador Keating has been here, I think we should get Spivak (Consul General in Dacca) back for consultation.

Mr. Irwin: We thought of getting him back at the same time as Keating, but your people thought we should wait.

Dr. Kissinger: We were afraid that if they were all here together, people would expect some ringing policy declaration to follow.

Mr. Sisco: It will only be two weeks later.

Dr. Kissinger: What about humanitarian relief. Have we been continuing refugee relief?

Mr. Williams: There has been no action on refugee relief for India since October.

Dr. Kissinger: Then the news stories are wrong?

Mr. Williams: I assume you're talking about Ben Welles' story. There were some blankets on the high seas, but there has been no additional assistance. What was in the pipeline flowed on.

Dr. Kissinger: How much was in the pipeline?

Mr. Williams: About \$5 million worth.

Dr. Kissinger: Is there any humanitarian program on the sub-continent now?

Mr. Williams: Yes. In East Bengal, as distinct from India, the UN force remained during the hostilities. There is no further US assistance planned for India and none has been called for. In East Bengal, the UN mission stayed and has used the assets in hand -- food, ships, trucks and contributions -- to continue a relief operation under the new circumstances. They have 50 people with administrative expenses of about \$1 million a month. There has been no fresh US contribution to that effort since hostilities began. But the grain that was in the ports and the trucks -- all of these things have been put in motion.

Dr. Kissinger: How much is involved?

Mr. Williams: About \$95 million all told, of which the US contributed about \$65 million -- about 2/3 of the total. The US contribution was mostly food, while other countries contributed more cash. The UN team is making an assessment of the need now, which will lead to an international call for further contributions in about two weeks. Their existing resources will carry them another two or three weeks.

Mr. Irwin: We are now giving nothing further in East Pakistan. We have 700,000 tons of wheat under PL-480 that we held back, which could be given now if we wanted to.

Mr. Sisco: Was that part of the \$65 million?

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Mr. Williams: I have tried to separate what was already out of our control and what we could still stop.

Dr. Kissinger: How much is the wheat worth?

Mr. Williams: About \$70 million.

Dr. Kissinger: How do we go about making a decision on this?

Mr. Irwin: They are assessing the need out there, and then will ask us for something.

Dr. Kissinger: Should we make our decision on the basis of the need or on the basis of policy? We don't need to wait for an assessment of the need. We know there is a need.

Mr. Williams: The UN assessment will lead to a call for help from the international community. Our response to that call will be a policy issue for the President to decide.

Dr. Kissinger: Can't we get some preliminary views? We know what the need is. Should we assume that a humanitarian program which was worked out in one political context should automatically continue in a new political context? Are the requirements the same?

Mr. Williams: Yes, in humanitarian terms.

Dr. Kissinger: But these requirements are only an expression of need. We need a policy decision as to whether we should continue the humanitarian program at the same scale in the different context.

Mr. Williams: We stopped any further contribution at the outbreak of hostilities. We have a commitment for 700,000 tons of food grains but they weren't shipped. The President had requested \$250 million for relief, which the House had reduced to \$175 million.

Dr. Kissinger: I think we need to take another look at this.

Mr. Sisco: You need a policy paper on this and we will do one. If we assume that stability in Bangladesh is in our interest, we have to consider: 1) the attitude of West Pakistan; 2) the attitude of Bangladesh; 3) the attitude of other members of the international community, particularly whether they assume the US will continue to pick up the major portion of the tab; and 4) the domestic aspects.

Dr. Kissinger: What percentage of the total was paid by us?

Mr. Williams: In the past, two-thirds.

Dr. Kissinger: The question is not only whether to continue the humanitarian program. The President has said that we should contribute a maximum of 30% or 40% of the total. That's not outrageous -- that's not lack of concern for suffering people.

Mr. Sisco: I agree. Also, conditions in the pre-recognition period may be different than post-recognition. I think we have to do something, but the UN should not assume that we are prepared to pick up the tab to the same extent as before. The Russians are giving their aid on a bilateral basis. We should move only after a thorough analysis and a judgement on the percentage.

Mr. Williams: Of course, this program started on an entirely different basis.

Dr. Kissinger: Oh, yes. Everyone recognizes that we had a strong interest in doing it at that time. No one is questioning that.

Mr. Sisco: Our assistance has been given in the multilateral framework and it often gets submerged in that framework. We might look at the idea of bilateral assistance in the post-recognition period.

Dr. Kissinger: How much have the Soviets given?

Mr. Williams: In East Pakistan, nothing yet.

Mr. Van Hollen: We have no specific figures, but Soviet aid personnel are moving into East Pakistan in some numbers.

Mr. Williams: Soviet aid to India for refugees was about \$20 million. I had understood that the question of our assets in the pipeline, as distinct from further cash contribution, had been considered by the President, and that it had been decided to leave the pipeline intact.

Dr. Kissinger: Yes, I remember the telegram. But that was an interim step.

Mr. Sisco: We need a policy paper, which we will do.

Dr. Kissinger: Can we get it quickly? I have no clear view of how this will come out, but I do think the percentage of the US contribution ought to be a policy consideration. Then we can ask whether it should apply to the pipeline or to new commitments.

Mr. Irwin: The pipeline can begin to move after the decision is reached.

Dr. Kissinger: Is it in our interests to absorb some of the Soviet resources into the multilateral effort? If our contribution is lower, will this force the Soviets to go into the multilateral framework?

Mr. Williams: It wouldn't force them to.

Mr. Sisco: We're in a helluva dilemma that really bugs me. I think we have to do something, but not as much as before. We should try to pressure others to do more. But the Soviets will play the bilateral game exclusively.

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Mr. Williams: There is no way to force the Soviets to go multilateral.

Mr. Nutter: Unless our lower contribution forces the Soviets to do more.

Dr. Kissinger: What will happen to the \$175 million the House has approved?

Mr. Williams: I recommend we give nothing to India in the first instance. I think we should use it for progressive contributions for relief and rehabilitation in East Bengal.

Mr. Sisco: The language was purposely left very general.

Mr. Williams: It spoke of relief for South Asia as a whole. We could still get some transfer of population. The Biharis might go to West Pakistan and some of the Bengalis leave West Pakistan.

Mr. Irwin: We may not get the \$175 million. We've spent \$27 million already, and have only \$148 million to come.

Mr. Nutter: What will the global bill be?

Mr. Williams: We won't have a great problem with the Hill on humanitarian assistance. I believe we will get it. I expect a call for relief and rehabilitation of about \$500 million for Bangladesh for the first year. I envisage that our \$175 million would be contributed toward that. We have already used \$27 million under the Continuing Resolution, so we need to have at least that amount appropriated.

Dr. Kissinger: \$500 million is quite a slug.

Mr. Williams: It takes \$10 per returning refugee to help him resettle, and about 3 million of the 10 million refugees have returned.

Dr. Kissinger: Do we still think there were 10 million?

Mr. Helms: 9 million is a safe figure.

Mr. Williams: Also, there are an equal number of displaced and homeless in East Pakistan. The railroad and the ports are torn up. \$500 million in the first year is fairly conservative.

Dr. Kissinger: Our policy decision has to be what part of this we should do.

Mr. Irwin: The timing too, I think we should be cautious initially, but possibly do something else after recognition.

Dr. Kissinger: We need an immediate policy decision so as to meet the immediate requests. If we do nothing, we will be expected to continue to contribute at the previous scale -- 66%. If we want to change our contribution,

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we had better do it now. We already know the need exists.

Mr. Nutter: Did we ever announce that we were contributing two-thirds of the total?

Dr. Kissinger: No, it just came about. We gave a figure which turned into a percentage. We also need the same sort of analysis for economic assistance. I understand McNamara and a World Bank team are in South Asia now and are thinking of a consortium meeting at the end of February.

Mr. Williams: They plan to meet on February 21 on Pakistan, but it will probably lead to a meeting on India as well, since the same people deal with India.

Mr. Helms: McNamara is leaving today.

Mr. Williams: Economic assistance for Pakistan is mainly through resolution of the debt and the meeting will address that. The nations, including ourselves, will look at a moratorium and a resumption of aid.

Dr. Kissinger: But we don't have anything now in economic assistance to Pakistan.

Mr. Williams: We had \$75 million committed; \$30 million for commodity assistance; \$30 million for projects in West Pakistan; and \$15 million for East Pakistan. All but the last were continued.

Dr. Kissinger: But we made no new commitments.

Mr. Williams: Except for the PL-480. We never suspended the on-going program for Pakistan.

Dr. Kissinger: If the US ever wanted to cut off aid to a country, how long would it take? That's a theoretical question.

Mr. Sisco: A helluva long time.

Dr. Kissinger: We have made no new commitments since March.

Mr. Williams: It depends on the nature of the aid. If you are building a fertilizer plant, it could take four years before the final bill came in. Commodity aid can take 18 months or two years.

Dr. Kissinger: Did we cut off anything to India? Did they not get something they would have received if we hadn't taken any action?

Mr. Williams: Yes, They did not get those things that were still under our control, that were not on the high seas, and for which irrevocable letters of commitment had not been granted. They did not get about \$85 million.

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Dr. Kissinger: Is it really lost to them?

Mr. Williams: No orders are being placed under it. Next year, we will either have to unfreeze the money or de-obligate it. That decision has not yet been taken.

Dr. Kissinger: I'm just trying to educate myself for the next crisis.

Mr. Williams: We can disburse instantly if we give cash, but the Treasury doesn't favor that.

Dr. Kissinger: So when we cut off aid to a country, that country knows it has a helluva long time in which to reverse our decision before it will be felt. In effect, there is no effect.

Mr. Volcker: That's what happened in Chile.

Mr. Nutter: Unless we cancel commitments.

Dr. Kissinger: But we were told not to cancel commitments because it would involve endless litigation.

Mr. Williams: We didn't tell you not to -- we advised against it.
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Dr. Kissinger: Is this/only way to do it--to cut off commitments?

Mr. Irwin: There are two types of commitments: one to the country and another to the manufacturers or suppliers in this country.

Dr. Kissinger: I understand that if the goods are at the dock, we would have to take possession. If they are not at the dock, can we cancel the order?

Mr. Irwin: We can, but we may have to buy the goods.

Dr. Kissinger: What is needed on a policy toward economic assistance to Pakistan?

Mr. Williams: Nothing immediately.

Mr. Sisco: We want to be forthcoming at the consortium meeting on February 21.

Dr. Kissinger: The President wishes to be forthcoming. How do we do it?
(to Irwin) Can State control what happens at the February 21 meeting?

Mr. Sisco: If McNamara comes out for large programs, it will put pressure on the US. We want to be forthcoming on Pakistan, but I'm concerned at what they might come up with for India.

Mr. Williams: McNamara is trying to be helpful on Pakistan. The Pak proposal will be endorsed by the World Bank.

Dr. Kissinger: Does McNamara know what we want?

Mr. Williams: Yes.

Mr. Van Hollen: In policy terms, there are two questions which will come up on February 21: 1) a policy on the debt and 2) a new commitment for India.

Mr. Williams: I don't think they will be raised at the same time.

Dr. Kissinger: We should discourage McNamara from raising any new commitment to India on February 21. That would be the worst possible time for us to have to face the issue.

Mr. Sisco: Can we get at McNamara to give him the thrust of our policy thinking? That we want to be forthcoming on Pakistan and go slow on India?

Mr. Volcker: He has the message.

Dr. Kissinger: (to Volcker) Could your Secretary talk to him? He would take Connally seriously. Do we need any other policy decision now? The resumption of any aid to India will have to wait until March.

Mr. Sisco: I agree.

Mr. Volcker: The Eximbank has some commitments to India and wants to know whether they should follow through on them.

Dr. Kissinger: Tell them to go slow.

Mr. Volcker: They have been going slow, but it's becoming increasingly awkward.

Dr. Kissinger: Let's wait until a specific case comes closer to arising. On the question of military supply, I assume we can't resume shipments for India without doing the same for Pakistan. We have the Defense Department paper. Joe (Sisco), would you like to comment?

Mr. Sisco: We should move very cautiously. Until there is some realistic progress on withdrawal, we should hold off on restoration of the items on the Military List. There is the commercial side, however, and we probably should look at the requirements where it is commercially important to do so. There are six or eight American companies who are complaining that they are being hurt, and we have a letter from Secretary Stans.

Dr. Kissinger: Toward what country?

Mr. Sisco: Both.

Mr. Irwin: We put a hold on the Military List items on both India and Pakistan, and a hold on some Commercial List items for Pakistan. There was no hold on CL items for India.

Dr. Kissinger: If that is true, it was the result of a misunderstanding. That was not made clear to me.

Mr. Irwin: I think we should take off the hold on Pakistan on commercial items.

Dr. Kissinger: What has India been getting on the commercial list?

Mr. Van Hollen: We don't know exactly how much moved in this channel, but it was probably in the neighborhood of \$2 million.

Dr. Kissinger: I'm god-damned if I understood anything was moving to India in this fashion, and I'm god-damned sure the President had no inkling of it.

Mr. Irwin: There is also a small MAP training program for both countries that we didn't do anything about.

Mr. Van Hollen: There were a small number of students in this country.

Mr. Irwin: The whole program to India was only about \$5 million.

Dr. Kissinger: How much was on both the Commercial and the Military Lists?

Mr. Van Hollen: The ML items for India that were cancelled were about \$13 million.

Mr. Sisco: I think there's no argument -- we must restore CL items for Pakistan.

Dr. Kissinger: No question about it. How about the other items?

Mr. Irwin: I think we should leave the ML items alone.

Dr. Kissinger: We need a paper on the issues of restoring some degree of military assistance to Pakistan -- for example, restoration of the one-time exemption. This is the second time the President has made a commitment to Pakistan. Why should we be punishing them? But I want to see the pros and cons. Let's go ahead and restore Commercial List items for Pakistan. Can we tell the Paks they are being restored?

Mr. Sisco: Right away.

Dr. Kissinger: Let's do that.

Mr. Van Hollen: We sent over a recommendation to the President to that effect on December 30.

Dr. Kissinger: Assume it has been done, and notify the Pak Ambassador.

Mr. Irwin: Because of the embargo on military shipments to India, some radar equipment was held up.

Mr. Van Hollen: We had a project with India for an early-warning radar system. There were contracts of over \$8 million with some American firms who complain that they are losing money.

Mr. Sisco: These were not CL items -- they were Military List items. That's a different situation -- more complicated.

Dr. Kissinger: Get a paper on Military List for both countries.

Mr. Nutter: There is some question as to whether the one-time exemption applies to Pakistan as it is now constituted.

Dr. Kissinger: We need a military supply policy paper for both countries. We also need a policy paper on the issues of humanitarian assistance, and a policy paper on economic assistance for Pakistan and India. Do we need a draft telegram to Heath and MacMahon?

Mr. Sisco: We have sent you a draft.

Dr. Kissinger: If we can have these papers by the end of the week or early next week, we will have another meeting a week from today.

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DCI BRIEFING FOR
19 JANUARY SRG MEETING

INDIA-PAKISTAN

- I. In Pakistan, President Bhutto has already begun a program of economic and social reforms, but his attempts in this direction are beginning to expose the basic weaknesses of his political position.
 - A. Bhutto is the most popular politician in Pakistan, yet his support is still essentially limited to the relatively small urban working class.
 - B. Opposition to Bhutto among economic and political conservatives has been cowed up to now, but recent reports indicate a gradual stiffening of resistance.
 - C. As yet he has acted only against the unpopular wealthy families whom most Pakistanis blame for the country's economic problems.
 - D. He wants to expedite land and tax reforms. If these are too sweeping, however, they will provoke serious opposition from the military, the right-wing parties, and even the more conservative members of his own party.
 - E. On the other hand, the strong left wing of his party is already unhappy with his slow pace and is demanding widespread nationalization and extensive land reforms.

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- II. Bhutto has promised a democratic constitution, and says he will install the national and provincial assemblies, which were elected in December 1970.
- A. He seems to be stalling, however, probably both because the Northwest Frontier and Baluchistan Province would not be controlled by his party, and because he wants to implement his reform program without parliamentary harassment.
- B.. He has skillfully prepared public opinion for an increasingly moderate position on Bangladesh. Nevertheless, he has broken relations with Mongolia, Bulgaria and Poland because they recognized East Pakistan's independence, but not with Burma or Nepal, where Pakistan has interests.
- C. The real test, however, will come when major powers recognize the new country.
1. Britain and the EEC countries have decided to accord near-simultaneous recognition to Bangladesh, possibly as early as next week.

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2. Soviet recognition may also be imminent.
- III. Although Sheikh Mujibur Rahman's return has given Bangladesh a strong psychological boost, enormous problems remain.
- A. Mujib has moved quickly to take charge.
 1. He has personally taken over the prime ministership and the defense, home (internal security), information, and cabinet affairs portfolios.
 2. He has downgraded Tajuddin Ahmad, the strongly pro-Indian and pro-Soviet previous prime minister, to finance minister, and may be planning to demote him even further.
 - B. Nevertheless, Mujib will remain heavily dependent on India for some time to come if he is even to make a dent in his country's awesome problems.
 1. The Indians have already agreed to provide Bangladesh with a grant of \$34 million in urgently needed commodities, as well as a \$25 million grant for aid

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to returning refugees and a \$13 million hard currency loan to meet foreign exchange requirements.

2. With artificial barriers to trade removed, the economy of the new nation will almost inevitably become closely tied to that of neighboring parts of India.
 3. The Indian Army is playing a key role in the restoration of roads, bridges, rail facilities, and communications.
 4. Bangladesh needs more foreign help than India can provide, however, and despite some criticism of US aid Bengali leaders have stated that "aid without strings" would be welcome from Washington or elsewhere.
- C. The presence of Indian troops despite some withdrawals, roughly 50,000 are believed to still be in Bangladesh has been the central factor preventing any serious disruptions to law and order thus far. The Indians are

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still patrolling the Bihari areas around
Dacca, for example.

1. There are 80,000 to 90,000 armed Mukti Bahini guerrillas in the country. The majority of them are not yet under the government's control.
2. Possibly as many as 40,000 of these irregulars belong to the Mujib Bahini, an armed youth group which could make trouble if the government falls short of their idealistic expectations.
3. Some of the irregulars are believed to be simple bandits, but some are affiliated with left-wing political groups.
4. On January 17 Mujib ordered all irregulars to surrender their arms and ammunition to the government within ten days. Whatever hopes Mujib himself may have for a large turn in, we doubt that he will collect much. There are still too many people who have a real interest in keeping their arms.

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5. New Delhi and Dacca have agreed that the rest of the Indian troops will leave whenever Mujib's government requests their departure. However, there are no indications that this will be happening soon.
- IV. Within India, Mrs. Gandhi's prestige has been increased as a result of the war, although its costs have not been felt yet.
- A. Her next political test comes in March, when she faces important elections for most of the state assemblies. To some degree, these elections may bring Indian politics back toward a more business-as-usual atmosphere.
 - B. Mrs. Gandhi's Ruling Congress party is expected to do extremely well in most contests, but all will not be smooth sailing.
 1. In several states her party is divided by infighting among party chieftains and by ~~rioting~~^{rioting} between "progressive" leaders who owe their positions to Mrs. Gandhi and "conservative" leaders with independent political bases.

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- C. The future shape of Indo-Soviet relations is not yet clear. Just what forms Indian gratitude for ^{Soviet} ~~their~~ support may take has not been spelled out.
- D. New Delhi, however, feels that its military victory has made it less susceptible to pressure from any of the great powers.
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