

SECRET

July 30, 1971

SOUTH ASIA

Cutting Off Military and Economic Assistance

Background

From the start of the conflict in East Pakistan, Congressional reactions have been generally critical of West Pakistani actions and the Administration's policies. This criticism has grown in recent weeks and has considerable bipartisan support, as well as that of virtually all the Democratic Presidential "hopefuls." It has been fed by fairly heavy and continuing coverage of the situation in East Pakistan, by the press and by what many members of Congress regard as the State Department's deception in handling the arms supply issue. But there is also the fact that the Administration has few, if any, natural allies on this issue and most concerned Americans, especially those in academic circles, favor putting some pressure on President Yahya to reverse his course.

The following are the major Congressional developments to date:

--On July 15 the House Foreign Affairs Committee voted 17 to 6 in favor of the "Gallagher amendment" to the Foreign Assistance Act which would "suspend" all economic (except food) and military aid to Pakistan until the President reported to Congress that (a) the Pakistani authorities are "cooperating fully in allowing the situation in East Pakistan to return to reasonable stability" and (b) that the refugees "have been allowed, to the extent feasible, to return and reclaim their lands and properties."

--Senators Saxbe and Church, along with 31 other co-sponsors, including Senator Scott, have a similar amendment to the Foreign Assistance Act before the Senate Foreign Relations Committee. It would suspend both military and economic assistance and sales until (a) international relief has begun on a regular basis throughout East Pakistan and (b) "a majority" of the East Pakistani refugees had been repatriated from India.

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--The Case-Mondale resolution urging that 'all American military assistance to Pakistan be suspended until the conflict in East Pakistan is resolved and the distribution of relief supplies in East Pakistan is undertaken' has been favorably reported by the Senate Foreign Relations Committee and is now on the Senate calendar. Senator Case is pressing to get this bill on the floor soon and has the support of at least 18 other Senators.

--Senator Mathias and Representative Moss have introduced identical resolutions calling for a one-year suspension of all military assistance to Pakistan, including sales, deliveries and licenses approved prior to March 25.

--There have been numerous speeches in both the House and Senate critical of the Administration's policy. Senator Tunney, for instance, on July 7 charged on the Senate floor that the U. S. was aligning itself with one belligerent in a civil war. Senators Kennedy, Harris, Saxbe, Church, Muskie and Representatives Moss, Halpern and Gallagher have been particularly outspoken in their criticism of the Administration's policy in East Pakistan.

What this boils down to is Congressional pressure to cancel all military shipments to Pakistan, including licenses in the pipeline. The Congressional relations people feel this will be impossible to defeat. On the other hand, there is some evidence of realization in the Congress that it would be preferable not to cut off economic assistance so long as we have some hope of inducing movement toward a political settlement in East Pakistan because help in improving economic conditions will be a necessary part of inducing the refugees to return. But as sentiment continues to build up for a suspension of military shipments, the danger is that economic assistance might be cut off as well in an over-reaction.

Talking Points

1. The issue between us seems to be less one of aims than means. The overriding objectives of Administration policy are to avert famine, to see political-economic-security conditions that will permit repatriation of the refugees and to reduce tensions between India and Pakistan.
2. The US alone cannot create a solution. That is in the hands of the Pakistani government.
3. The tactical objective is to move President Yahya to do the things necessary to avert famine and create conditions in which the refugees could return.

4. The issue is how best to move Yahya.

--One school of thought is that this should be done by cutting off all his aid and publicly condemning him.

--Another is that one should generate some pressure to foster his realization of the costs of his policies and not solving the problem but not humiliate him publicly. This permits one to try to move him by cooperating rather than coercing.

5. The Administration has chosen the latter course:

--Military assistance is down to a trickle, but we have not openly condemned Yahya. He appreciates this.

--We have made no new economic commitments since FY1970 (except food and relief), but we did not join the other members of the World Bank consortium in denouncing Pakistan.

6. The test of this approach will come in the next month or two when it will be seen whether indeed famine can be averted and some refugee return begun. But we do not feel we will be helped by condemning Yahya.

7. One specific point: Flexibility on economic assistance may be crucial in beginning to regenerate normal economic activity in East Pakistan. That will be essential to refugee return. We believe the House and Senate moves to cut off economic assistance (except food) will tie our hands in this key effort.

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ACTION

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July 19, 1971

MEMORANDUM FOR DR. KISSINGER

FROM: Harold H. Saunders

SUBJECT: Next Steps on South Asia

The task this week is to establish a firm game plan covering these main elements in a strategy toward South Asia:

--Pakistani package on refugees. I am not quite sure how this will come to us--whether Hilaly will bring it back with him tomorrow. In any case, the crucial step as soon as we get it will be to see whether at the White House level we could inject one or two elements that might just take this package out of the ordinary. We will want to talk about this, but the two which immediately commend themselves are (a) urging Yahya to publish his constitution in September rather than in October-November and (b) pressing again for some change in the military governorship in East Pakistan. In any case, the first step if this accords with your understanding from Islamabad would be to go over President Yahya's package with Hilaly. One tactic would be to get State to press for the minimum components of the package and then to inject the more sensitive ones from the White House.

--Military assistance. We now have the papers for a comprehensive look at the military supply question in the SRG. There is still strong feeling at State favoring a total suspension and Defense is inclined to open up the pipeline more.

--Congressional strategy. Closely related to the military assistance question is blocking, or at least modifying, some of the amendments to the Foreign Assistance Act or resolutions for suspending military shipments to Pakistan. I have asked State for a paper on this which would lay out the issues and objectives, and Timmons' office is holding a meeting tomorrow which I'll attend. When we get a line set to take with the Congress, that can provide the basis for a public posture.

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--Economic assistance. The essence of our approach here, it seems to me, is to try to get M. M. Ahmad and the top AID people together to the point where AID feels it could justify within our legislative criteria an interim package in October before the Pakistani's' six-month debt moratorium runs out at the end of October. Then it would be necessary to work with the World Bank and other members of the consortium. Hopefully, that could be deferred until after the Pakistani refugee package had been announced and was being implemented.

--India. There are two elements of the approach to India. One relates to the general diplomatic line against India's making the refugees an excuse for war. The other relates to Indian cooperation with whatever machinery can be established to facilitate return of the refugees. While we will want to keep the first point alive in all our conversations, it may be best to wait on the second (Sisco has already tried once) until the Pakistani package has been launched.

I propose that the SRG be set up Thursday to come up with a game plan that reflects the above approaches. Having discussed scheduling with Dick Kennedy, I am shooting for an SRG this Thursday, July 22.

Does this seem a reasonable approach?

Yes _____

Other _____