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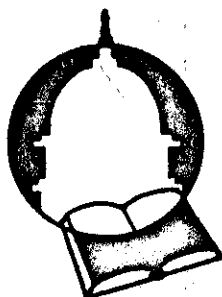
**PAKISTAN** ✓

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PAKISTAN: SITUATION REPORT, 1968.



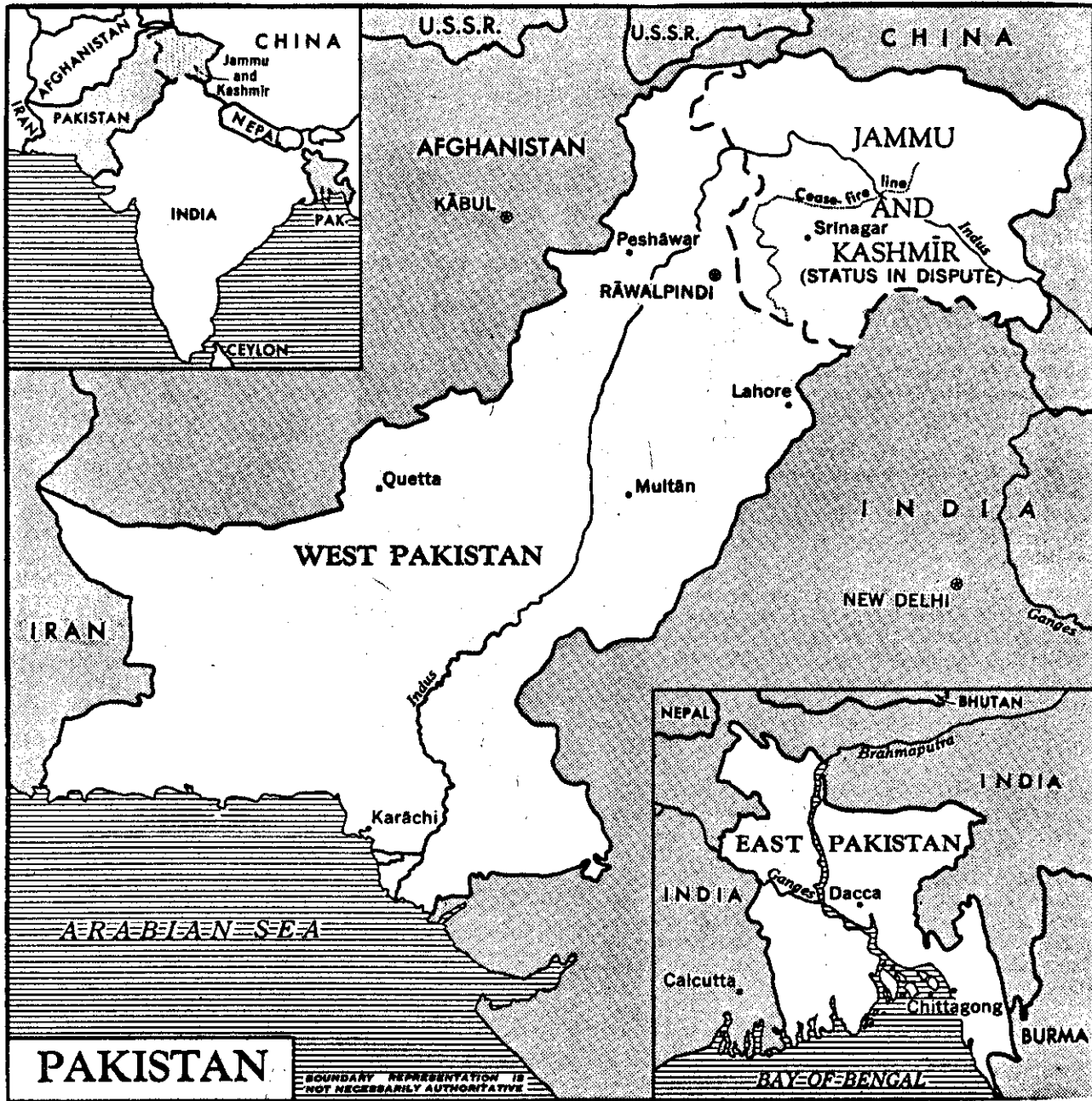
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September 30, 1968

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## PAKISTAN: SITUATION REPORT

### Summary

Pakistan today is an area of relative stability in a troubled Asia. The Islamic Republic emerged from its 1965 war with India facing a host of new problems, including discontent in East Pakistan, disruptions in the economy, and the need to chart new courses in foreign policy. The government of President Mohammed Ayub Khan has, for the most part, successfully surmounted these difficulties and the country looks toward the 1970's with a sense of optimism over its future.

Politically, the Ayub regime remains solidly in power and continues to govern in an autocratic if somewhat benevolent manner. Ayub has apparently blunted the discontent in East Pakistan, the strength of which increased significantly after the 1965 hostilities. The opposition parties, composed mainly of old-line politicians associated with the pre-Ayub regimes, are weak, divided, and largely discredited. Within the government itself, the Army continues to play the paramount role, but a new group of economic planners and successful industrialists has emerged to exercise meaningful influence on policy matters. Today, Ayub's health probably constitutes the country's number one political problem, as the President suffered a serious case of pneumonia early in 1968.

The economy represents a particularly bright spot in the Pakistan picture. Pakistan has renewed the economic upsurge which marked the

country's development from 1960 to the 1965 hostilities. The record-breaking 1968 foodgrain harvest makes it quite possible that Pakistan will attain its goal of food self-sufficiency by 1970. Achievement of this goal has been made easier by the considerable progress which has been attained in population control.

Pakistan has drastically adjusted its foreign policy since 1965, moving from a role as member of the Western camp to a neutralist position in world affairs. Today, it is one of the few countries which has good relations with the United States, the Soviet Union and Communist China; it receives various types of military and economic assistance from each of them. Yet, this "triangular policy" is constantly on trial, given the conflicts among the three powers, and Pakistan must constantly walk a tightrope to maintain its present position. With regard to India, Pakistan continues its policy of diplomatic confrontation, and Kashmir remains a potentially explosive situation.

I. Background

Pakistan came into being on August 15, 1947, as one of the two successor states to British India; the other was India itself. The division was based primarily on religious grounds, Pakistan being predominantly Muslim and India having a large Hindu majority. Pakistan consists of two provinces separated by India. West Pakistan, with an area of 310,000 square miles and a population of around 50 million, is a hot, dry region whose people possess characteristics and a culture similar to that found in the adjacent Middle East. East Pakistan, on the Bay of Bengal, has a population of close to 65 million crowded into an area of only 55,000 square miles, making it one of the most densely populated regions in the world. East Pakistan is largely a fertile deltaic area formed by the Ganges and Brahmaputra Rivers. It has a tropical climate with heavy rainfall. Its people, mostly Bengali, closely resemble their eastern Indian neighbors, but are Muslims rather than Hindus.

From 1947 to 1958, Pakistan had a democratic, parliamentary system of government based on the British model. The death of Mohammed Ali Jinnah, who led the independence struggle, in 1948 and the assassination of Prime Minister Liaquat Ali Khan in 1951 deprived the new nation of its two most gifted leaders. The political instability which followed produced frequent changes in government and growing evidence of corruption in official circles. In 1958, a group of senior military officers seized power in a bloodless coup d'etat, and General Mohammed

Ayub Khan, the Commander-in-Chief of the Army, became president. He reorganized the Government, creating a strong presidential system. The Ayub regime ruled under martial law until 1962 when it promulgated a constitution. President Ayub himself was elected to a five-year term of office in January 1965. The election was an indirect one, with 80,000 "Basic Democrats" or electors casting ballots for president. The electors had been selected the previous October and November by adult franchise. Ayub's major opponent in the election was Miss Fatima Jinnah, the sister of Pakistan's founder, Mohammed Ali Jinnah. Ayub polled 49,951 votes (63.31 percent) as against 28,691 (36.36 percent) cast for Miss Jinnah.<sup>1/</sup>

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<sup>1/</sup> Miss Jinnah died in 1967.

## II. Political Affairs

Since Ayub Khan seized power by coup d'etat in 1958, he has governed Pakistan in an autocratic though somewhat moderate manner. Within the Government itself, Ayub runs what some observers describe as a "one-man show." The President retains all major decision-making powers and has balanced off potential rivals against each other, using them for his own purposes and discarding them when their presence within the regime becomes a burden. Because most of his power rests in his continuing leadership of the Armed Forces, military figures occupy important posts in the Government.

Ayub has openly voiced his distrust of the politicians who brought Pakistan to the brink of chaos in 1958. As a result, the regime maintains only a mild degree of toleration toward opposition groups within the country. While the basic trend has been in the direction of a relaxation of restrictions on opposition political activities -- as indicated by the lifting of martial law in 1962, the holding of a presidential election in 1965, and the permitting of some 70 important politicians to resume political activity in January 1967<sup>1/</sup> -- the regime has not hesitated to crack down when actual threats appeared on the surface.

Pakistan's political developments since the war with India in 1965 have revolved around: (1) the efforts of the opposition to

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1/ The Elective Bodies Disqualification Ordinance of 1959 prohibited politicians found guilty of corruption from engaging in any form of political activity until December 31, 1966.



challenge the Ayub regime and (2) East Pakistani dissatisfaction with governmental policy. In 1968, another issue arose -- the succession to the Presidency -- as the severe illness of Ayub focused attention on the problem.

A. Discontent in East Pakistan

Discontent in East Pakistan constitutes the most formidable internal problem the Ayub regime has faced since the war with India. Local politicians, professional people, businessmen, and intellectuals have long held grievances against the West Pakistan-dominated Government in Rawalpindi. They assert that East Pakistan has severely lagged behind the west wing in economic development<sup>1/</sup> and that the central Government's economic plans have favored West Pakistan. They find this all the more difficult to accept in view of the fact that East Pakistan's jute is the country's major foreign exchange earner. On the political side, the critics point to West Pakistani domination of the army and civil service.

The war with India brought East Pakistani discontent to the surface. While the fighting raged along West Pakistan's border with India, the east wing remained isolated and, as it soon became apparent, defenseless. Only one army division was stationed in the province during the war.<sup>2/</sup>

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<sup>1/</sup> Zim, Marvin M. Pakistan feels the pains of division. Reporter, Jan. 12, 1967: 41. From 1955 to 1965, government investment in West Pakistan totaled \$3.1 billion as compared to only \$2.1 billion for East Pakistan. Foreign and private sector investment probably exceeded this ratio in favor of West Pakistan.

<sup>2/</sup> Ali, S. M. East Pakistan: sailing away? Far eastern economic review, June 30, 1966: 637.

Opposition leaders quickly seized upon this issue to attack the Government, and a genuine autonomy movement came into the open. Early in 1966, Sheikh Mujibur Rahman -- the head of the Awami League, East Pakistan's strongest opposition party<sup>1/</sup> -- issued a six-point platform, calling for a substantial degree of east wing independence from Rawalpindi.

His demands included:

- (1) A return to the pre-Ayub parliamentary form of government.
- (2) Abolition of the central Government's authority over East Pakistan except for defense and foreign affairs.
- (3) Establishment of separate but convertible currencies for East and West Pakistan or a more equitable distribution of the current money supply.
- (4) The granting to East Pakistan authorities of the sole power to collect and levy taxes in the province on behalf of the central Government.
- (5) East Pakistan to receive all of its foreign exchange earnings.
- (6) Creation of a military or paramilitary force for East Pakistan. <sup>2/</sup>

The program attracted considerable attention in East Pakistan, to a large degree because the Government chose to attack it vigorously rather than ignore it. By June, the Awami League felt confident enough of support to call for a general strike in Dacca. The strike led to rioting and clashes with police, which left at least ten dead.<sup>3/</sup> The

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<sup>1/</sup> The League itself has strength in both wings; but in the east, it represents the most formidable opposition group.

<sup>2/</sup> Ali, *op. cit.*, pp. 637-638.

<sup>3/</sup> New York times, June 8, 1966.

Government immediately cracked down on the leaders of the movement, jailing Mujibur Rahman and Tabazzul Husain, editor of the Bengali daily, Ittefaq.<sup>1/</sup>

The East Pakistan problem came to the fore again in January 1968 when the Government announced the arrest of 29 civil servants, politicians, and members of the Armed Forces for conspiring to separate the east wing from Pakistan. The Government hinted that the plotters had collaborated with India, and the First Secretary of the Indian Mission in Dacca was expelled. The low occupational status of the accused conspirators has given rise to some speculation that the regime may have manufactured the incident as a political move designed to discredit the opposition.<sup>2/</sup> The Government lent additional weight to this argument by naming Sheikh Mujibur Rahman as a leader of the conspiracy, even though he had been in jail since his arrest in 1966. The trial, which opened in Dacca in June, has grown extremely controversial in view of the defense's political attacks against the Ayub regime's policies toward East Pakistan and allegations by a key witness that army intelligence officers tortured him to testify against the Sheikh.<sup>3/</sup>

No demonstrations have occurred, however, as the Government has imposed tight security in the Dacca area; but the trial may serve in the long run to bring out any latent Bengali nationalism in the province, particularly if Rawalpindi's actions seem to make a martyr of the Sheikh.

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<sup>1/</sup> Sayeed, Khalid B. The capabilities of Pakistan's political system. Asian survey, February 1967: 108. Far eastern economic review, Jan. 18 and 25, 1968. New York times, Feb. 26, 1968.

<sup>2/</sup> Ibid.

<sup>3/</sup> New York times, Aug. 5, 1968.

In evaluating the seriousness of East Pakistani separatism, one must consider a number of significant factors that have worked in the Ayub regime's favor. The Awami League is relatively weak despite its 1966 successes, and the other opposition political parties have either remained silent on the issue or openly opposed autonomy. The lack of outside support constitutes a major factor inhibiting Bengali nationalism. Communist China represents a potential troublemaker; and, indeed, Peking is currently assisting rebel tribes in their opposition to the Indian and Burmese Governments in areas adjacent to East Pakistan. Once, again, however, Rawalpindi maintains correct if not cordial relations with China; and Chairman Mao has chosen not to fish in the troubled waters of East Pakistan.

In East Pakistan itself, the discontented elements are found mainly among politicians, professional people, students, and perhaps civil servants. It is doubtful whether they have been able to establish any base of mass support among the millions of peasants who make up over 90 percent of the population of the province. On the other hand, the Government-sponsored system of "basic democracies" provides an effective means by which the regime can reach the grass roots level.

Fear of India permeates the entire population of East Pakistan and tends to weld it to the West. This, coupled with a common religion, brought about the union of the two Pakistans in 1947; and despite the experience of the 1965 war, these factors still act to impede the growth

of separatist sentiment. The Government has consistently played upon this theme through its controlled press.<sup>1/</sup>

Finally, East Pakistan has made significant and visible economic progress under the Ayub regime. Development expenditures, both public and private, for the east wing under Pakistan's five-year plans have increased to a point where they are nearly equal to those of the West,<sup>2/</sup> and the Third Five-Year Plan has set a goal of per capita income equality between the two wings by 1985. Under the Third Five-Year Plan, the central Government has sharply increased the investment funds available to the East Pakistan Industrial Development Corporation (EPIDC), a public sector agency which sets up industries in fields where private investment is not available. During the first year of the plan, EPIDC started 42 projects. A 150,000-ton-capacity steel mill at Chittagong was completed in 1967. The jute processing industry has expanded at a phenomenal rate in the last three years, and American private investment is finally beginning to enter East Pakistan.<sup>3/</sup>

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- 1/ The regime's implication that India had links with the 29 conspirators has led to much of the speculation that it manufactured the incident to discredit the separatists in Bengali eyes.
  - 2/ The Third Five-Year Plan (1965-1970) proposes a development expenditure of \$5.67 billion in East Pakistan and \$5.25 billion in the West. The latter figure, however, does not include the World Bank-financed Indus River Basin project.
  - 3/ For a discussion of Pakistan's industrial development in 1966-67, see Far eastern economic review 1968 yearbook, pp. 274-276.

### B. Bhutto's activities

Another potential source of trouble for President Ayub lies in the activities of his former foreign minister, Zulfikar Ali Bhutto. In the summer of 1966, Ayub fired the volatile pro-Chinese, anti-Indian, and anti-American Mr. Bhutto from the Cabinet. Bhutto responded by attempting to organize a political opposition to Ayub. After failing to achieve this objective within the Government-controlled Muslim League, he formed his own Pakistan People's Party in November 1967. So far, however, Bhutto has managed to attract only a small group of leftist intellectuals and students to his banner.<sup>1/</sup>

Bhutto has set as a primary organizational goal the establishment of a working relationship with the pro-Peking faction of the left-leaning National Awami Party (NAP). NAP's division into pro-Soviet and pro-Chinese factions developed into an open breach late in 1967 when the latter group, led by Maulana Bhashani, disciplined pro-Russian party members. Though Bhashani's power is on the decline (he is 80 years old), Bhutto has sought to form an alliance with him. In April 1968, the two men reportedly agreed to work together for the "restoration of democracy, establishment of socialistic democracy and finally to fight the forces of imperialism."<sup>2/</sup> The importance of this venture may be minimal, though, in view of Bhashani's sinking stature and the history of jealousy and divisiveness among opposition leaders and parties.

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<sup>1/</sup> Far eastern economic review, Feb. 11, 1968.

<sup>2/</sup> New York times, Feb. 26, 1968.

### C. Pakistan Democratic Movement

More immediate prospects of a united opposition to Ayub lie in the formation of the Pakistan Democratic Movement (PDM) in May 1967. Composed of five of the opposition parties and excluding the National Awami Party, Bhutto's organization, and the East Pakistan wing of the Awami League (which chose not to join), the movement's sole plank demands a return to direct democracy.<sup>1/</sup> Aside from that, there is little to unite the PDM factions. It can be expected, however, the PDM will hold together long enough to put forward a candidate in opposition to Ayub in the 1970 presidential election if it chooses not to boycott the balloting.

### D. Ayub's illness

President Ayub's serious illness early in 1968 -- reportedly virus pneumonia complicated by a blood clot in the lung -- produced a major political crisis in Pakistan. While the Cabinet governed the country for several weeks, the question of a successor to the 61-year-old President came to the fore. Pakistan's constitution provides that the speaker of the National Assembly would become acting President with a new President to be elected within 90 days after the death of the chief executive. Many observers believe, however, that the Armed Forces would select a successor from its own ranks. Until his illness, Ayub had deliberately prevented any one figure from emerging as a likely heir, and he has not, as yet, made any significant moves to alter this situation.

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<sup>1/</sup> New York times, Feb. 26, 1968.

### III. The Economy

Pakistan approaches the end of its Third Five-Year Plan (fiscal years 1965 to 1970) with renewed optimism over the state of the economy. During the five years prior to the war with India (fiscal years 1960 to 1965), the country's economic performance reached an impressive level. The gross national product (GNP) increased at an average annual rate of 5.4 percent as compared with 2.5 percent during the previous decade. Agricultural output grew at an annual rate of 3.5 percent as compared to only 1.3 percent in the 1950-1960 period. The conflict with India, however, resulted in a slowing of this upswing. Actual physical damage to the country was slight; but the United States suspended aid for nearly a year because of the fighting. Moreover, Pakistan experienced two subsequent years of drought and breakdowns in the electrical power system. Consequently, the GNP for fiscal 1966 stood at only 4.6 percent above the level for the previous year. Wheat production in that year fell to 3.9 million tons, a decrease of 14.1 percent from fiscal 1965.

#### A. Growth since the 1965 war

On the whole, however, the economy recovered from this crisis with surprising rapidity. Jute and cotton production continued to rise markedly, and the Government's success in diverting foreign exchange to the import of foodgrains prevented a food crisis. Moreover, investment by the private sector in industry held relatively firm, and industrial output increased at a rate of 6 percent in fiscal 1966 and jumped to



9 percent in fiscal 1967. Finally, the Government initiated an all-out drive to achieve self-sufficiency in food production, involving greater emphasis on the utilization of tubewells and pumps, higher inputs of fertilizers, and the introduction of new, highly productive wheat and rice strains from the Philippines and Mexico.<sup>1/</sup>

The economy began a new surge forward in fiscal 1967 as these factors plus the resumption of United States aid took hold. GNP increased by 5 percent in that year and by 8.3 percent in fiscal 1968 to a level of \$11.7 billion. Industrial production grew by 10.1 percent, and exports continued the steady climb that has marked Pakistan's overseas sales in the 1960's -- from \$603 million in fiscal 1967 to \$656 million in fiscal 1968.

The most phenomenal upsurge occurred in the agricultural sector of the economy. The Government reported in June 1968 that the wheat and rice harvest reached record levels of 6.25 and 12.40 million tons respectively; this amounted to a 44.7 and 15 percent increase over the output for the previous fiscal year. It surpassed the expectations of both the World Bank and the Government, which had predicted earlier in 1968 that wheat production would climb to about 5.4 million tons and

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<sup>1/</sup> The Government plans to sink 49,000 tubewells -- 40,000 of them privately owned -- in West Pakistan during the last three years of the Third Five-Year Plan. In East Pakistan, the number of low-lift pumps is expected to jump from 2,200 in 1965 to 14,000 by 1969. At the present time, over two million acres of land have been sown in the new Mexican wheat strain. Fertilizer consumption has risen from only 30,000 tons in 1959 to 400,000 tons in 1968.

that the rice crop would fall short of the target of 11.3 million tons.<sup>1/</sup> With this success, Pakistan moved closer to achieving its goal of food self-sufficiency by 1970. On the basis of its estimates, the World Bank predicted that the food deficit will drop from 2.2 million tons in fiscal 1968 to 0.5 million tons by fiscal 1970.<sup>2/</sup>

Pakistan can therefore look into the 1970's with a good measure of confidence over its economic future. Given continued political stability and the achievement of food self-sufficiency, the Fourth Five-Year Plan will likely accelerate the emphasis on heavy industry initiated by the Third Five-Year Plan. The Government will also push its export drive, particularly the substitution of finished goods for primary products. East Pakistan will receive greater attention in the new plan. Public sector activity may increase in industry if private domestic and foreign investment fails to enter the priority fields laid out by the Government. However, the Ayub regime can be expected to continue its primary reliance on private enterprise for industrial and agricultural development, barring new eventualities such as a sharp upsurge of Soviet influence on the economy. The Fourth Five-Year Plan will probably give more priority to education, an area that has lagged

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<sup>1/</sup> Far eastern economic review, Apr. 18, 1968.

<sup>2/</sup> Ibid. In May 1968, the World Bank issued a report on Pakistan's economic performance, which summarized the overall impressions of Western aid donors including the United States: "Consortium members were in agreement that in the past year Pakistan's economic performance had been outstanding. Considerable credit for this was given to the Government's policies and the strengthening of its planning machinery."

until now, and to population control, where surprising progress has been achieved under the Third Five-Year Plan.<sup>1/</sup>

B. Foreign economic relations

Foreign aid and trade contributed substantially to Pakistan's economic progress in the last decade. Prior to the conflict with India, the United States played by far the leading role in this respect; and it still occupies that position despite Pakistan's efforts to diversify its external sources of economic assistance. From July 1953 to July 1967, the United States provided Pakistan with nearly \$3.3 billion in economic aid, and for fiscal 1968, the U. S. Agency for International Development (AID) committed approximately \$132.2 million.

United States aid and trade with Pakistan are closely connected. A substantial portion of AID funds allocated to that country are spent in the United States for the purchase of American machinery, spare parts, and industrial raw materials. The Agency for International Development earmarked approximately \$115 million of the \$132 million in aid committed in fiscal 1968 as non-project assistance; as such, this directly financed or will finance the importation of United States products. As a result of the program, the United States remains Pakistan's number one overseas supplier. Imports from the United States totaled \$320.9 million in

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<sup>1/</sup> Pakistan, with a population of nearly 120 million, increasing at a rate of almost 3 percent per annum, expects to achieve its Third Five-Year Plan target of reducing the birth rate from 50 births per 1,000 people to 40 per 1000. By 1970, approximately 25 percent of the country's 20 million married couples will be practicing family planning.

fiscal 1967, almost one-third of the total import figure of \$1.09 billion, according to Government of Pakistan trade statistics. For the first eleven months of fiscal 1968, United States sales were valued at \$289.2 million, while total imports had reached a level of \$997.9 million.

American private investment has played a significant role in Pakistan's development. The value of direct U. S. investment in Pakistan is estimated at over \$60 million. In December 1967, the Government of Pakistan released figures showing that U. S. direct private investment from July 1960 to June 1967 totaled \$37 million. Total direct private investment for this period was \$137 million. In addition to existing United States-owned enterprises, several pending projects will soon significantly expand American private interests in the country. Standard Oil is presently constructing a 173,000-ton urea fertilizer plant in West Pakistan, which will begin production in 1969; this plant will be the single largest American-sponsored private industrial venture in Pakistan. Another fertilizer plant under construction -- this one with a capacity of 156,000 tons of chemical fertilizers -- is under the joint ownership of Dawood Industries Ltd. of Pakistan and the Hercules Corporation of the United States. In 1967, two American firms moved to open facilities in East Pakistan, an area where foreign investment has lagged in the past. The Merck, Sharp and Dohme and Pfizer Corporations received government permission to set up pharmaceutical production units at Dacca.

As indicated above, while the U. S. economic role in Pakistan remained strong after 1965, the Ayub Government has sought to diversify its sources of aid and trade. It has done so not only in view of uncertainties over United States and Western assistance but also because of the regime's desire to establish a triangular policy of good relations with the United States, the Soviet Union, and Communist China. In 1964, Pakistan signed a \$60 million interest-free loan agreement with Communist China; and the two countries negotiated a \$40 million loan under similar terms in 1967. Chinese aid under these arrangements has financed or will finance the construction of several heavy industrial plants. In addition, these funds have stimulated Sino-Pakistani trade, which grew from \$31 million in calendar year 1964 to over \$68 million in 1967.

The Ayub Government has also turned to the Soviet Union for assistance of this type. Trade between Rawalpindi and Moscow jumped from \$12 million in 1964 to \$51.4 million in 1967 under various barter agreements between the two countries during that period. In addition, Soviet economic assistance during the first half of the Third Five-Year Plan totaled \$135 million. Premier Kosygin visited Pakistan in April 1968 and pledged increased aid, including financial support for a steel mill in West Pakistan and an atomic power station in East Pakistan. In July, the Government of Pakistan announced that the Soviet Union had agreed to grant a \$66 million loan.

Despite the growing Communist economic involvement in Pakistan, the country still looks chiefly to the West for assistance. For fiscal year 1967 and 1968, the Aid to Pakistan Consortium -- consisting of Western nations, including the United States, which provide aid to that country -- allotted over \$500 million annually in assistance. For fiscal 1969, the World Bank has recommended that the Consortium pledge \$550 million.

#### IV. Foreign Relations

Pakistan's war with India in 1965 marked a watershed in the Islamic Republic's foreign relations and brought to fruition new trends in policy which had emerged in the 1960's. In coming to power in 1958, the Ayub Government accepted the fundamental objectives of the previous regimes, which were basically three in number: (1) the maintenance of military security against India; (2) the solution to the Kashmir dispute on the basis of self-determination; and (3) the acquisition of extensive foreign economic assistance. President Ayub also continued existing policies designed to achieve these ends, which revolved around firm adherence to the Western alliances, CENTO and SEATO. Through such a commitment, Pakistan received substantial quantities of arms and economic aid from the United States and its allies though only nominal diplomatic support was received on Kashmir. It should be noted, however, that Pakistan gave every indication at this time of carrying out its anti-communist obligations under SEATO and CENTO. Moreover, Ayub offered Prime Minister Nehru a defensive alliance for the subcontinent in 1959, which the Indian leader rejected.

The American decision to extend military assistance to India in 1962 following Chinese Communist incursions into Ladakh and the Northeast Frontier Agency came as a rude shock to Pakistani policymakers. It brought into question Pakistan's military posture vis-à-vis India and demonstrated that the United States had no intention of using its aid to force concessions from India on Kashmir.

Moreover, the Ayub regime concluded that India's growing military strength would make it even more unwilling to compromise on the issue. Finally, Rawalpindi resented what it considered to be the Kennedy Administration's preferential treatment of India, a neutral, as against Pakistan, an ally.

The Ayub regime responded to the new situation by seeking improved relations with Communist China: This resulted in Sino-Pakistani trade and civil aviation agreements in 1963 and the \$60 million Chinese loan in 1964. Correspondingly, anti-Americanism blossomed in the press and in statements by officials. These events were coupled with the appearance of open and apparently strong opposition to Indian rule within Kashmir itself, and in the Government of India moves to incorporate the state legally into the Indian Union. To the Ayub regime, New Delhi's rebuffs to Pakistani protest over the incorporation moves confirmed its fears that U.S. arms had deepened India's intransigence.

Pakistan's decision to infiltrate guerrillas into Kashmir in August 1965 stemmed from all of these factors and represented a direct attempt to resolve the dispute by force. In this sense, one must consider the subsequent one-month war a defeat for Pakistan, since it failed to alter the status quo. The Tashkent Declaration, signed by President Ayub and Indian Prime Minister Shastri in January 1966, avoided any significant reference to Kashmir's status and provided for the mutual withdrawal of the opposing forces from the cease-fire line



established at the end of the fighting. In Kashmir, this meant the reestablishment of the 1949 cease-fire line.

Pakistan's foreign policy during the first six months after Tashkent clearly reflected the country's frustration. Opposition to the accord itself grew to a high pitch in West Pakistan. The Government took a narrow view of the declaration's provisions once it had carried out its part of the troop withdrawal. It insisted that India agree to negotiate on Kashmir before the two countries could implement other provisions of the declaration concerning the restoration of normal trade, communications, and transportation. India refused, and the two sides resumed their exchange of charges and counter-charges, which continued throughout the remainder of the year.<sup>1/</sup>

A. Pakistan's flirtation with Communist China

Even more menacingly, Pakistan drew closer to Communist China, and foreign observers speculated on the existence of a secret Sino-Pakistani military alliance. Pakistan began receiving significant quantities of arms from China<sup>2/</sup> and prominently displayed the new weaponry on Pakistan Day, March 23, 1966. Three days later, China's President Liu Shao-chi arrived for a five-day visit and received an extremely cordial welcome. Liu and Ayub issued a joint communiqué at the end of the visit, stating that "a profound friendship has been forged" between their two countries.<sup>3/</sup>

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<sup>1/</sup> Far eastern economic review yearbook, 1967, p. 193.

<sup>2/</sup> Institute for Strategic Studies, The military balance, 1967-1968, p. 53. Pakistan reportedly received 100 T-59 tanks, 80 MIG-19 fighters, and ten IL-28 jet bombers from China in 1966.

<sup>3/</sup> Washington post, April 1, 1966.

As Sino-Pakistani friendship rose to new heights, there were significant strains in Pakistani-American ties. Restrictions on American journalists imposed after the September fighting resulted in the closure of the Associated Press and New York Times offices in the country.<sup>1/</sup> Local newspapers under obvious government supervision bitterly attacked the United States role in Vietnam.<sup>2/</sup> Finally, the Government strongly criticized a statement made by Vice President Humphrey at the end of a visit to Pakistan in February in which he said that the Ayub Government was "fully aware of the threat of Communist China."<sup>3/</sup>

B. Moves to improve relations with the United States

Pakistan's rush toward closer relations with Peking came to a rather abrupt halt in June 1966; and there can be little doubt that this resulted from the victory of army moderates and influential economic planners over Foreign Minister Bhutto and his followers in the Foreign Ministry. In May, pro-Western Finance Minister Mohammed Shoaib visited the United States to discuss the resumption of American economic assistance, which Washington had suspended the previous September. Pakistan's budget for fiscal year 1967, announced in June, reduced military expenditures from \$569.1 million in the revised fiscal 1966 budget to \$472.5 million (although this still stood far above the \$285.6 million for fiscal 1965). The budget gave highest priority to agriculture in all aspects with a notable increase in expenditures

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<sup>1/</sup> Christian science monitor, Dec. 2, 1967.

<sup>2/</sup> Sayeed, Khalid B. The capabilities of Pakistan's political system, Asian survey, February 1967, p. 105.

<sup>3/</sup> New York times, Feb. 23, 1966.

for irrigation, food, storage facilities, farm credit, and imports of fertilizers, pesticides, and farm machinery.<sup>1/</sup> This, too, indicated that the regime was less likely to embrace Peking wholeheartedly and embark on an adventuristic foreign policy.

Within a matter of days after the budget announcement, the Government gave striking evidence of its moderate approach. Mr. Bhutto, the vehemently pro-Chinese Foreign Minister, resigned on June 17 and was replaced by Sharifuddin Pirzada, who was not associated with the Bhutto clique. Shoaib's resignation at the same time probably signified an effort to mollify pro-Bhutto elements and Peking itself. He was replaced, however, by N. M. Uquaili, a career economist considered to be not unfriendly to the United States. President Ayub stated publicly that Bhutto's ouster would in no way affect Sino-Pakistani friendship, but the announcement by the United States on June 28 of a \$70 million loan to Pakistan clearly demonstrated that Rawalpindi did not contemplate a break with Washington.

Pakistan did not fall into Communist China's camp in the way Indonesia had done under Sukarno<sup>2/</sup> because of the fundamental nature of the regime coupled with the country's immediate needs after the 1965 hostilities. Ayub's background as a professional soldier

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<sup>1/</sup> Far eastern economic review yearbook, 1964, pp. 293-294.  
<sup>2/</sup> Pakistan had drawn close to Indonesia during that country's confrontation with Malaysia, and in September 1967, Sukarno threatened to send 1,000,000 volunteers to fight India. Some observers spoke at the time of a Peking-Rawalpindi-Djakarta axis.

rather than a revolutionary nationalist, as well as his basic anti-communism, was a very important factor. Ayub's attitudes also dominated the thinking of the leadership of the armed forces. Moreover, while the army stood as the bulwark behind the Government, the career economists in the Finance Ministry and Planning Commission and some private business interests had come to exercise significant influence by 1966. Pakistan's impressive economic performance during the Second Five-Year Plan (1960-65) had given Shoaib and his colleagues a good deal of leverage, and they used it effectively during this period to persuade Ayub that a resumption of U.S. and Western aid was essential for the successful implementation of the Third Five-Year Plan and continued economic progress into the 1970's. The President, too, had displayed an intense interest in the economy since his assumption of power, and this helped Shoaib's forces.

Pakistan's needs following the war with India also pulled the Government toward a moderate course. The two-year drought in 1966-67 accentuated the necessity for foreign economic assistance. Militarily, the suspension of arms shipments by the United States was followed by efforts by the Pakistanis to find new sources of supply. In neither case could Peking fulfill Pakistan's needs. Therefore, the Government looked elsewhere for aid and arms and sought to persuade Washington to relax its restrictions on both.

#### C. The triangular policy

Pakistan's present foreign policy as developed late in 1966 and throughout 1967 seeks to maintain good relations with the United

States, the Soviet Union and Communist China. Ayub has openly stated that the country's military and economic security depends upon such a "triangular" policy.<sup>1/</sup> Impossible as it may seem, Rawalpindi so far has managed this feat and remains in good stead in all three capitals.

Pakistan's economic progress and effective utilization of American economic assistance continues to win praise from U.S. officials. Washington, too, has been pleased because there has been no new outbreak of military action on the subcontinent. Finally, the Ayub regime now maintains a strict neutrality on the Vietnam War, calling only for peace on the basis of the 1954 Geneva Accords and remaining completely silent on the bombing issue.

Pakistan, however, has moved far enough away from the United States to attract the Soviet Union and Communist China. Pakistan is not active in either SEATO or CENTO, remaining a member of both in little more than name, and the Government has emphasized this fact. Pakistan's hard-line diplomatic stance toward India satisfies Peking's purposes, for the time being at least, while the Soviet Union's desire to offset Chinese influence and enhance its own in the Indian Ocean area has led it to take a greater interest in Pakistan.

Economically, the triangular policy must be rated as a success. As stated previously (see under "Foreign Economic Relations"), the resumption of U.S. and Western aid plus increased communist assistance contributed substantially to the renewed economic upsurge.

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<sup>1/</sup> Radio Karachi, July 10, 1967.

Pakistan can claim only limited success in terms of securing military assistance. The supply of Chinese weaponry apparently dropped off sharply after 1966, and additional arms have come mainly from direct purchases in Western Europe. In the largest of these purchases, Pakistan reportedly acquired about 50 Mirage fighter-bombers from France.<sup>1/</sup> As a result of Rawalpindi's difficulties in securing arms and the extensive military aid New Delhi has received from the Soviet Union since 1965,<sup>2/</sup> Pakistan has lost the strategic equality with India which it possessed at the time of the 1965 war.

The reluctance of the United States to resume full-scale military assistance to Pakistan stems from the use of American arms against India in 1965. When the fighting broke out, Washington prohibited the sale or grant of weapons to Pakistan. In 1966, the Johnson Administration permitted the sale of "non-lethal" equipment to resume; and in April 1967, the United States announced that it would allow the sale of spare parts for existing Pakistani equipment. Although President Ayub described this latter action as "no concession to any country like us that has been and still is in alliance with the United States," it obviously benefited Pakistan, whose army's strength

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<sup>1/</sup> New York times, March 24, 1968.

<sup>2/</sup> Far eastern economic review, April 25, 1968. This journal listed Soviet military assistance to India as consisting of 14 radar units, 109 military helicopters, 200 air-to-air missiles, 600 SAM missiles, 60 transport aircraft, 400 tanks, six submarines, 400 130mm and 145 100mm guns, and various types of naval craft. Institute for Strategic Studies. The military balance, 1967-1968. This authoritative report states that India now has 60 MIG 21 fighters in its possession.

continues to be based upon arms and equipment supplied by the United States from 1954 to 1965. Within hours after the April announcement, Pakistani military officials were reportedly at the U.S. Embassy with their shopping lists.<sup>1/</sup>

The Johnson Administration has indicated that it would like to resume the limited sale of complete weapons to Pakistan. In March 1968, it announced approval of a deal under which Italy would provide Pakistan with 100 U.S. M-47 tanks at a cost of \$3-4 million. However, strong opposition in the U.S. Senate to the transaction has so far delayed its implementation.<sup>2/</sup>

Pakistan has sought arms from the Soviet Union since the Tashkent Conference, when Moscow appeared to veer toward a more neutral position in relation to the subcontinent powers. The Soviets, however, have until recently responded hesitatingly because of their reluctance to offend India. Before the Kosygin visit to Pakistan in April 1968, the Russians had supplied only a few jeeps and trucks and probably no more than twelve troop helicopters.<sup>3/</sup> In the months immediately prior to the Kosygin trip, Pakistan intensified its pressure on the Soviet Union because of United States refusal to liberalize its weapons sales policy and because of the extensive Russian assistance to India. The Kosygin

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<sup>1/</sup> Washington post, April 23, 1967.

<sup>2/</sup> Ibid., July 28, 1967; New York times, March 29, 1968; May 16, 1968.

<sup>3/</sup> Washington post, Aug. 6, 1967.

trip appears to have produced a breakthrough, as current reports state that Moscow will soon initiate an arms-sales program to Pakistan.<sup>1/</sup>

D. Peshawar base closing

President Ayub graphically displayed his triangular policy when he asked the United States in April 1968 to close its communications base at Peshawar as of July 1, 1969, the date on which the lease expires. Peshawar, on the old Northwest Frontier near the borders of Soviet Central Asia and the Chinese province of Sinkiang, has long been an important U.S. listening post for those regions. During the 1950's, it served as a base for the U-2 flights over the U.S.S.R., including the ill-fated Powers mission of May 1960. More recently, the United States has utilized it to obtain data on Soviet and Chinese nuclear explosions and missile tests.

According to Pakistan Foreign Minister Arshad Husain on May 26, 1968, Rawalpindi asked Washington on April 6 to close the base. The Government reached its decision on Peshawar in the apparent knowledge that such a step would be well received in Moscow and Peking. It demonstrated to Moscow Pakistan's desire to establish closer ties -- an important consideration on the eve of the Kosygin visit. Given its triangular policy, the Peshawar decision appears to have paid off for Pakistan; it smoothed the way for the pending Soviet arms sales.<sup>2/</sup> Even the

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<sup>1/</sup> Ibid., July 10, 1968. New York times, July 10, 1968.

<sup>2/</sup> Pakistan's abstention on the United Nations Security Council resolution condemning the Soviet Union for its invasion of Czechoslovakia should also be read in this context.



Chinese have, outwardly at least, accepted Rawalpindi's Moscow policy, although Foreign Minister Husaid likely faced some sharp questioning when he visited Peking early in August immediately after the appearance of the first reports concerning the Soviet-Pakistani arms agreement.

In calling for the closing of Peshawar, Pakistan sought to assure the United States that it held no hostile intentions. Foreign Minister Husain stated in June that his country desired "friendly, cooperative relations" with the United States. Washington has, so far, not reacted adversely toward Pakistan over Peshawar, perhaps because the base has become somewhat obsolete in view of the development of new means of obtaining the same information.

#### E. Prospects for the triangular Policy

For the future, several factors could conceivably emerge to hamper Pakistan's ability to maintain its triangular policy. The Soviet Union appears to have begun an effort to expand considerably its influence in the country, and such a development would likely be at the expense of the United States rather than China. Peking's direct influence on Pakistan's foreign policy has dwindled steadily since early 1966, and its influence on the economy has been minimal. The United States, however, while exercising only a moderate influence on foreign policy, continues to play a major role in influencing the course of the economy. Increased Soviet aid -- military and economic -- will affect the roles of the two most important groups in the Government, the armed forces and the economists. On the economic front, declining American economic assistance plus the growing Russian aid could

conceivably turn Pakistan from primary reliance on the private sector to a "public sector" concept of development. The Soviets may well seek such an orientation of Pakistani planning, if their past policies in India are any guide. In this respect, the Pakistanis may face some hard choices in the next few years.

Future Sino-Pakistani relations represent another unknown quantity. Pakistan recently emphasized the limitations on its ties with Peking. Early in December 1967, Z. A. Suleri, a close confidant of President Ayub, stated in an article which appeared in the Pakistan Times that:

Pakistan cannot accept the burden of China's revolutionary strategy. Nor can we be involved in its conflicts with the USA or the USSR. China realizes that there are limits to our identity with it. Communism and Islam are two poles apart.<sup>1/</sup>

So far, Communist China has not shown any open hostility toward Pakistan, but the Ayub regime has indicated some anxiety on this score. Foreign Minister Husain's trip to Peking immediately following the first reports of the Soviet-Pakistani arms agreement can be viewed in this light. Bhutto's political activities apparently worry the regime, given the former Foreign Minister's pro-Chinese stance. Suleri referred to this problem in his article:

It is inconceivable that the great leadership of the Chinese People's Republic would encourage anyone in Pakistan to assume that he will have their support in his fight for power.

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<sup>1/</sup> Washington star, Jan. 7, 1968.

And:

It can therefore only be considered a calculated move to spoil and sabotage these relations if anyone in Pakistan goes about saying that he has Chinese support in his confrontation against the regime. Peking will of course be the first to denounce such a person. 1/

Communist China has the potential to exploit Pakistani political tensions if it chooses to do so. Nothing points this up more than Peking's current aid to Naga and Mizo rebels, who are fighting the Indian Government in areas immediately adjacent to East Pakistan. Any Indo-Pakistani reconciliation or a noticeable increase in Soviet influence in Pakistan could bring about a hostile shift in the Chinese attitude. Pakistan, therefore, will probably attempt to continue to walk a fine line on its China policy; but here, too, some hard choices may be in the offing for President Ayub and his associates.

F. Confrontation with India

Since the Tashkent Agreement, Pakistan has continued its diplomatic confrontation with India with no signs of abatement. The Ayub Government refuses to discuss outstanding problems with India (resumption of trade, demarcation of borders, shipping, etc.) unless New Delhi agrees to negotiate on Kashmir. While expressing a willingness to hold talks on arms limitations, Rawalpindi has also linked this to a Kashmir settlement. Ayub told a London Times interviewer

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1/ Radio Bombay, Dec. 11, 1967.

in April 1967 that: "If India wishes to live at peace with us it can demonstrate this by its attitude on those two points."<sup>1/</sup> This still constitutes the basic Pakistani position. The two countries did agree to restore telecommunications service between them in 1967, but the Pakistanis consider this to be a "peripheral matter." Pakistan has not signed the nuclear non-proliferation treaty and is unlikely to do so unless India takes affirmative action on the treaty.

The Ayub Government has sought negotiations on the Farraka Barrage issue, which has caused emotions in troubled East Pakistan to reach a high pitch. The Barrage, itself, is an Indian dam now under construction on the Ganges River, which will divert water now entering East Pakistan to the Hooghly River flowing past Calcutta. India claims that without the dam, Calcutta will soon be unable to serve sea-borne ships due to the progressive lowering of the Hooghly's water level. Pakistan argues that Farraka will deprive the east wing of badly needed water. Meetings between technicians of the two countries have failed to reach agreement. Suggestions have come forth, most notably from Soviet Premier Kosygin, that some third party mediate the dispute on a basis similar to that which produced the Indus River settlement of 1960. India has so far rejected outside intervention of this sort, while Pakistan seems to favor it.<sup>2/</sup>

The Kashmir situation, itself, remains potentially explosive. Compromise between India and Pakistan appears out of the question for

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<sup>1/</sup> London times, April 18, 1967.  
<sup>2/</sup> New York times, July 28, 1968.

the foreseeable future. Within Indian-held Kashmir, New Delhi's rule continues to be unpopular. Sheikh Abdullah, released from confinement by the Government of India in March 1968, has taken a harder position against India; and behind him stands Maulvi Farooq and his Awami Action Committee, advocates of an Algerian-type uprising. Should such a situation ever develop, Pakistan would not be likely to stay on the sidelines.

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