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94th Congress }  
2d Session }

COMMITTEE PRINT

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## SOUTH ASIA: 1976

### A REPORT

BY

Senator GEORGE McGOVERN

TO THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

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APRIL 1976

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## LETTER OF TRANSMITTAL

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MARCH 26, 1976.

HON. JOHN SPARKMAN,  
*Chairman, Committee on Foreign Relations, U.S. Senate, Washing-*  
*ton, D.C.*

DEAR MR. CHAIRMAN: Enclosed you will find a report on the trip I undertook to South Asia in January.

I left Washington on January 1 and visited Portugal, Pakistan, India and Bangladesh before concluding my study mission with four days in Vietnam. I am forwarding to you separate reports on Portugal and Vietnam.

Accompanying me were my wife, Eleanor; George Ashworth of the Committee staff; John Holum, my foreign affairs specialist; Robert Shrum, staff director of the Select Committee on Nutrition and Human Needs; and my secretary, Pat Donovan. I wish to extend special thanks to all of them for the contribution they made to this study mission.

We arrived in Rawalpindi January 4th and left immediately for an inspection of the Tarbela dam complex northwest of Islamabad and Rawalpindi. Upon our return to the capital, Islamabad, we had an opportunity to talk at length with Mr. Aziz Ahmed, the Minister of State for Defense and Foreign Affairs; Mohammad Yusuf Khattak, Minister of Fuel, Power and Natural Resources; Ambassador Henry A. Byroade, and other officials of the Foreign Ministry and the Embassy. Several members of the party joined me in a visit with President Zulfikar Ali Bhutto at his retreat at Larkana. Two members of the staff remained in Islamabad for further discussions.

The party reassembled at Lahore for discussion with Indian officials, Consul General William F. Spengler and his staff, as well as a tour of the city. The next day we went on by car across the border and stopped at a village in the Punjab. After talking with villagers and seeing the school lunch program in operation, we went on to Amritsar, the center of the Sikh religion. From there we flew to Delhi.

During my four days in India I conferred with Prime Minister Indira Gandhi; Y. B. Chavan, the Minister of External Affairs; J. J. Ram, Minister of Irrigation and Agriculture; and other Indian officials. I also had several detailed discussions with Ambassador William Saxbe and his staff. From Delhi we flew to Calcutta and spent a very productive day seeing the conditions in Calcutta before flying on to Dacca, Bangladesh, on January 11.

In Bangladesh I had an opportunity to talk with President and Chief Martial Law Administrator, A. S. M. Sayem; the Army Chief of Staff and Deputy Chief Martial Law Administrator, Major General Ziaur Rahman; Chief of Naval Staff and Deputy Chief Martial Law Administrator, Mosharraf Hussain Khan; Foreign Secretary

Tabarak Hussin; and the President's Advisor for Family Planning, Dr. Mohammed Ibrahim. The staff and I also had extensive discussions with Charge d'Affaires Irving G. Cheslaw and members of his very able staff.

We left Dacca on Tuesday, January 13th, for Hanoi and Saigon.

As Chairman of the Subcommittee on Near East and South Asian Affairs, I have been trying for some time to have the opportunity to visit the subcontinent and to get a first hand look at some of the problems there as well as to discuss these problems with the officials most directly concerned and with American experts in the field. I had very much wanted to go also to Afghanistan, Nepal and Sri Lanka, but time simply did not permit. I hope that in my next visit I will be able to cover more of the subcontinent.

With only about ten days available to spend in the subcontinent, we were clearly able to touch upon some of the more serious problems in only a broad way. Consequently, I am reluctant to offer numerous recommendations as to the proper American priorities and to solutions of lingering, tenacious problems being faced in the countries we visited. I did reach some conclusions as to changes which should be considered, and you will find these suggestions outlined in the relevant sections of my report. I expect to make further recommendations in the context of the authorization process during the current year. There was one matter of allowing Bangladesh to sell its agricultural products and raw materials to any potential customer without jeopardizing the critically important PL-480 shipments. I have already written Secretary of State Kissinger in this regard setting forth my views and asking that the necessary steps be taken as soon as possible.

In the course of my trip I was particularly impressed by the calibre of people assigned to United States missions and the obvious depth of their expertise. I found continued evidence of a pragmatic awareness of the problems of South Asia and a high degree of realism as to what should be accomplished and what the obstacles are to success. Without exception the arrangements made by the embassies were carefully thought through and allowed the party to accomplish a great deal in the limited time available.

I should note also the hard work being done by the numerous voluntary agencies. I saw at first hand some of the efforts of CARE. I believe all Americans would be proud of the selfless dedication of these volunteers in extremely difficult and trying circumstances.

Sincerely,

GEORGE MCGOVERN,  
*Chairman, Subcommittee on Near East  
and South Asian Affairs.*

## SOUTH ASIA: 1976

### PAKISTAN

Since the difficult war in 1971 in which Pakistan lost East Pakistan (now Bangladesh), the government of Pakistan has been beset by severe social, economic and political problems.

Defeat in the war and the loss of Bangladesh led to the fall of the old government. Mr. Zulfikar Ali Bhutto assumed leadership under martial law in the aftermath of the war. In the months after the war, he overhauled the military, purged the civil service and moved to institute numerous reforms. In April, 1972, Pakistan's first directly elected National Assembly was convened and martial law was lifted. Mr. Bhutto was inaugurated to the presidency. Under his guidance a consensus was achieved for a new constitution to create a governmental structure which would revitalize Pakistan. The new constitution came into effect in August, 1973, and Mr. Bhutto became Prime Minister of a strong, centralized government.

Now at the start of the fifth post-war year, Pakistan has made impressive gains, although Americans and Pakistanis we talked with see many remaining and some deepening problems.

### FOREIGN POLICY OUTLOOK

Since the war, the government of Pakistan has been trying assiduously to strengthen its worldwide political ties, with particular emphasis on relationships with the Arab world, China and the United States. Mr. Bhutto espouses a policy of "bilateralism", which is described as a policy of seeking good relations with all countries, without implying full support of all the policies of any one country or side.

More recently, Pakistan has been particularly concerned with developing relationships with the lost territory, Bangladesh. When Sheikh Mujibur Rahman was assassinated in Bangladesh last August 15, Pakistan recognized the new military regime within a day.

Since, well aware of the risks vis-a-vis India which a too speedy and too enthusiastic rapprochement with Bangladesh might entail, Mr. Bhutto has adopted what observers see as a careful and judicious approach to improving relations with Bangladesh. While we were in Pakistan, the envoy from Bangladesh arrived with a warm welcome. Later, we were in Bangladesh when the new Pakistani Ambassador arrived with red carpet treatment.

The Pakistanis appear aware of the potential difficulties the new relationship with Bangladesh might cause the government of India. Pakistani officials claim that their intent is to maintain good relationships throughout the subcontinent, and we were told that Pakistan desires to do nothing in regard to Bangladesh which would jeopardize the relationship with India.

Many issues remain between Islamabad and New Delhi. There have been some positive steps between the two sides since the 1971 war. Some of the issues arising from the war, such as the detainment of approximately 9,000 Pakistani troops and civilians by India, have been resolved, but the relationship remains cool with tensions in many areas. The two sides have agreed to such steps as the re-establishment of postal and telephone lines, but bigger issues such as the basic one of diplomatic relations remain unresolved. There is mutual fear and mistrust. We were told in Islamabad and in Delhi that there was no doubt that the other side was preparing for war at that moment.

This continued military fear and confrontation costs both Pakistan and India incredible amounts in terms of the total budget. Pakistan has a very weak economy with a GNP of approximately \$12.5 billion. The budget is \$3.5 billion. With \$700 million subtracted for defense and another \$1.5 billion for recurring costs, the developmental budget is only \$1.3 billion.

Pakistan earns about \$1 billion from its exports yearly. Currently, imports are running at the level of \$2.2 billion a year and going up rapidly. Since the Middle East war in 1973, oil imports have gone from about \$60 million to more than \$400 million. Without outside help, particularly from the oil-producing countries, Pakistan would have had to cut development programs drastically and slash the level of imports. The oil-producing countries committed almost a billion dollars and disbursed \$500 million to Pakistan in fiscal 1975.

The United States has been providing \$175 to \$200 million a year, with more than half of the assistance in the form of PL-480 wheat and vegetable oils. Foreign debt now exceeds \$6 billion, and debt service alone takes more than one-fourth of foreign exchange earnings.

Pakistanis looking at the world around them in a geopolitical vein express a great deal of foreboding. They are not sure that the relationship with Afghanistan, now characterized by a great deal of bitterness and invective, can be softened into a gentler coexistence. While Afghanistan alone is not a military threat, Pakistanis worry about long-term Afghan and Soviet plans. Similarly, they look at India and count up the Indian divisions on the border and conclude that India could pounce at any time. These concerns have led Pakistan to be diligent in trying to promote solutions to continuing issues with her neighbors. At the same time she looks to the West for moral and monetary support as well as to the Arab states.

Pakistan urgently pushed for a lifting of the embargo on shipment of non-lethal military equipment from the United States, and the United States lifted that embargo nearly a year ago. The Pakistanis have been discrete in their arms requests. Most of the purchases since have been of nonlethal equipment and parts. The only notable exception was the purchase of some TOW anti-tank missiles and launchers.

The Pakistanis want a normal and steady arms supply from the United States, but appear to be willing to use restraint. Sales in 1974 were \$36 million and in 1975 were \$46 million. However, a big problem looms on the question of aircraft. The Pakistanis want a sophisticated close-air-support plane. One being mentioned is the A-7. So far, the United States Embassy says it will not encourage the Pakistanis to purchase new aircraft. It seems to me the United States should continue the policy expressed when the embargo was lifted and avoid

encouraging or taking part in the potentially provocative build-up of any armed forces in the subcontinent. The best course for the Pakistanis is to maintain solid defensive forces which could deter an attacker. However, the Pakistanis cannot afford to build a military force which would threaten neighbors. The result would be increased spending throughout the subcontinent and a building of the military chips higher and higher to no avail.

An issue closely related to these military questions is that of Pakistan's developing nuclear program. At present, Pakistan is contemplating a sharp expansion of its nuclear power program with the purchase of 12-14 light water reactors for power in the 1980's and 1990's. In addition, Pakistan intends to purchase a nuclear reprocessing plant. The United States is trying to persuade the Pakistanis not to move now to get nuclear reprocessing, which can be a key step toward a nuclear weapons program. Not only is nuclear reprocessing extremely expensive—an important factor for a country with continuing deficits—it is also a potentially destabilizing step.

While I sympathize very much with Pakistan's concern in regard to the Indian program, it is in the interests of all concerned that money not be wasted to gain a nuclear weapons option. The United States and the other nuclear suppliers should be very firm in their efforts to keep India and Pakistan from any further steps toward a nuclear weapons option.

#### INTERNAL SITUATION

Mr. Bhutto, a forceful and erudite leader, appears to retain much of the charisma attached to him when he came to power after the 1971 war. He assumed leadership of a shattered, bewildered and demoralized country and played the central role in getting the country moving again. Perhaps his greatest achievement is the restoration of Pakistan's self-confidence and respect and its standing in the international community following the 1971 war.

Looking beyond these impressive achievements, observers note that Mr. Bhutto rules with a firm hand which many believe is becoming more authoritarian. Some observers believe that the new constitution promulgated by Mr. Bhutto, for which he sought and received a consensus, represented a lapse from the authoritarianism which has characterized Pakistan since independence, rather than the beginning of a new political structure. Few doubts that Mr. Bhutto and those he supports have an ability and the desire to win elections—by fair or questionable means—and to stay in power. Mr. Bhutto can—and has—jailed persons he believes threaten national security and deprived them of the right to bail. Mr. Bhutto's critics point to the ominous growth of three police units—the central intelligence bureau, the central police and the central security force.

Mr. Bhutto's extremely personal hold on the reins of power has allowed the fast focusing of governmental energies when Mr. Bhutto wants to push specific programs. This has helped promote many important programs, although many observers sense that this kind of leadership has had, upon occasion, too rapid shifts in priorities and a sometime absence of follow-through.

So far, Mr. Bhutto appears to have done little to build political institutions which could outlast him. There is no heir apparent.

For the elite in Pakistan, service in the federal government has long been a good livelihood. This has accounted in large part for the excellence of the Pakistani foreign service and for the concentration of talented persons in government bureaus. However, the government is not innovative. Mr. Bhutto prefers to keep power to himself and a select group of advisors, leaving the other bureaucrats without clear mandates or authority.

Local government is relatively undeveloped in Pakistan and democratic roots are frail at best. Observers believe that the Bhutto government has done little to change this. Governmental services—such as they are—are extended down from Islamabad through the provinces and to the districts. But the government must work on its infrastructure if it is to make substantial progress in a number of areas.

All this does not mean that there have not been big changes in the villages. Both diet and nutritional balance are improving, although about 60 percent of the population is considered malnourished. This situation may improve as a result of a major world food program to be initiated in Pakistan, but observers believe that the program may give too much too fast without adequate preparation.

One of the major difficulties of the Pakistani government appears to be in its long-range planning. There is some question whether the planners have sufficient access to the leadership and whether operational decisions give sufficient weight to long-range plans. The government may be too ready to lean upon outside expertise—whether an embassy staff or an international agency—and thus avoid the problem of developing a competent and effective bureaucracy.

Expertise is one pressing problem of the government. There is a continuing drain of the educators, skilled and semi-skilled, to other countries. This has led to a lack of talent in depth throughout the administrative structure. This problem is more acute the further down the governmental chain one goes.

Iran, Saudi Arabia and the developing nations of the Gulf are particularly happy to hire Pakistanis. A number of the air forces in the Arab states probably could not operate without the Pakistanis. The Moslem Pakistanis are believed by the Arab states to be more unlikely to give religious offense than workers who might be imported from elsewhere. Thus, throughout the Arab states one finds Pakistani barbers, gardeners, metal workers, tailors and servants. In Abu Dhabi, for instance, there may be more Pakistanis than natives.

The drain is evidence elsewhere. One observer said, partly in jest, that the British health services would fall apart if the Pakistanis left.

The Pakistanis do not know quite what to do about this. They talk of bringing back skilled civil servants from world institutions to help strengthen the government but no one knows quite how this would be accomplished and attempts to discourage emigration have not succeeded. Some observers believe that Pakistan must pay more attention to primary and middle level education and less to higher education and post-graduate institutes.

Illiteracy is still around 80 percent and fewer than 50 percent of the children are in primary school. The government spends approximately \$16 a year per child on primary schooling for 5 million children. This is about one percent of the spending for the United States. Pakistan's next door neighbor Iran is doing about 20 times as much.

There is general agreement that the concept of national service to Pakistan is not widely held. Only the military are thought to place great weight on service to Pakistan. Pakistan remains sociologically quite tied to the family and to the tribe. Social equality remains a distant concept.

When he came to power Mr. Bhutto nationalized about 20 percent of the industry, which helped to break the power of the big industrialists. Nationalization did not particularly affect the rural rich. Those powerful in trade and commerce escaped relatively unscathed, leaving only the industrialists as a class to lose heavily. As a result, Pakistan's industry has not developed significantly in recent years. The largest programs are governmental. Private industry is kept small so that it would be hard to nationalize and wealthy Pakistanis tend to keep fixed assets small to avoid nationalization.

Agriculturally, Pakistan has reasonable hopes of self-sufficiency. In the past decade, annual production of wheat has risen from approximately 4 million bushels to the current 7½ million bushels, which is still 1½ million under the need. In order to achieve wheat self-sufficiency, we were told, the supply of irrigated water must be improved, there must be better on-farm water control and management and fertilizer must be used properly and sufficiently. Pakistan spends \$90 million annually importing fertilizer, but three big new fertilizer plants are to be built, and they could begin production in 1977. By 1980, Pakistanis expect to be self-sufficient in nitrogen. Phosphate still will be imported.

At present, Pakistan falls far below other nations in wheat yields per acre in irrigated areas. They are less than half the average in India's Punjab, 40 percent of the yields in Egypt and only one-fourth those in the Netherlands. Other countries excel Pakistan in other crops. Yields of the two critically important export crops—rice and cotton—have been improved, but Pakistan could do much better. Pakistan's rice yields are better than those in India's Punjab, but well under one-half the yields in Egypt and Spain. Cotton yields are 40 percent those of Egypt. Israel, with a high degree of irrigation technology, does three times as well.

The bulk of the crop yield is on the approximately 30 million irrigated acres. Irrigated lands will be expanded and flow and control improved when the Tarbela dam is functioning. That will improve yield steadily. However, it is illustrative of the distance Pakistan has to go that Pakistan could grow enough of its basic food crop—wheat—on rain-fed lands alone, allowing greater use of the irrigated acreage for other crops, particularly the foreign exchange earners. Pakistan has about 10 million cultivable rain-fed acres. Perhaps 2½ to 3 million of those acres get 20 or more inches of rain a year. In the United States, in similar situations, wheat yields of 60 bushels an acre are common. In Pakistan, the yield is about eight bushels an acre.

So far as water and electricity are concerned, much hope is placed in the new Tarbela dam project, which we visited. It is the largest earth-filled dam in the world. Magnificent in concept, the Tarbela dam will be capable of providing both water and electricity. Work began in 1968, and was to provide considerable water for irrigation last year and the year before. Unfortunately, the reservoir did not operate fully for reasons which are still the source of considerable controversy. Ap-

parently, the Pakistanis had not moved approximately 60,000 people who lived within the area of approximately 100 square miles covered by the dam reservoir, and water had to be discharged to keep the reservoir from inundating them. This discharge had not been planned and tunnels designed to take a water flow five miles an hour were torn apart as waters up to 105 miles per hour coursed through. The resulting damage came to \$65 million with the United States providing \$10 million of it. The reservoir is expected to be ready to provide irrigated water this year. The power stations are also to begin operation this year and will produce a total of 2,100 megawatts. So far the dam project has cost nearly one billion dollars. The Tarbela dam is the last portion of the Indus Basin Development Project. The United States is providing more than 30 percent of the total cost of nearly \$2.5 billion. The entire project will increase Pakistan's irrigation water by 80 percent and quadruple the electricity-generating potential.

Tarbela and related water control projects will not be completely successful unless the farm water management is improved. The government has not yet addressed this problem in any large way. There is a tremendous need for rural electrification (less than 10 percent of Pakistan's 40,000 villages have electricity) and for more rural roads (only half of the villages have road access).

Clearly the green revolution has had a salutary effect upon Pakistan. However, a number of problems remain. For example, the understrength extension service, which could do much to lead the way in improved food production, has few vehicles. Thus practically it is hard for extension workers to reach many of the farms. And with an illiteracy rate in Pakistan of at least 80 percent, it is hard for the farmer in the field to relate to or to understand middle-class extension workers.

Thus there is very low spending in a number of crucial areas such as rural health and primary school education. In the field of rural health, Pakistan spends roughly \$12 million for 50 million people.

It has been hard for Pakistan to provide incentives for doctors to go into the rural health field. Doctors willing to make the monetary sacrifice find that tight budgets often leave them with little equipment, extremely limited medication, no transport and vastly more patients than they can treat. The country clearly needs to push training of medics and paramedic nurses. People are dying in Pakistan of diabetes, appendicitis, heart attacks and many ailments which in the West often would be controlled or cured as a matter of course.

At present, one of every four Pakistani babies dies before the age of five. Although small pox has been eliminated, other programs such as that for malaria have flourished, then failed. Attempts to bring clean water to the villages are becoming more serious and productive, but sewage disposal is still almost unheard of in the villages. Approximately 80 percent of Pakistan, 70 million people, live in rural areas.

Mr. Bhutto seems very much in charge and he is beginning to cope with some of the more pressing problems of his country. As an example, Mr. Bhutto appears to attach great priority to population planning. The country has been inundated with birth control aid available for 2½ cents per month. Still, only 10 percent of Pakistan's fertile couples appear to practice birth control. A long-standing concept in the subcontinent is that a couple needs six children—three will be

girls and three will be boys. One of the boys will die; one will leave, and one will stay to support the parents in their old age. In order for birth control to work, it must be demonstrated to the rural poor and the less well off in Pakistan that the death rate is going down and that there is the kind of governmental concern and economic progress which will not leave the old to starve unless they have a guarantee of children to take care of them.

It is very hard for birth control to be achieved through edict, as it runs counter to established beliefs and some religious views. Yet if birth control is not successful, Pakistan will never catch up agriculturally, and self-sufficiency will become at best an elusive and sometime thing. On the other hand, if the government can make steady progress with the outside help available to it from the United States and other nations, Pakistan can become a viable, self-sufficient nation.

I left Pakistan with the feeling that while it is beset with some large continuing problems, Pakistan may be on the way to eventual relative prosperity. There are danger signs, such as the growth of authoritarianism, the paucity of bureaucratic talent in depth, and considerable financial difficulties.

\* \* \*

## INDIA

### INDIA AND THE WORLD

India continues to pursue a stated policy of non-alignment. Her closest international ties are to the so-called third world countries and India maintains a position of considerable influence among other less developed countries. Ties to the Soviet Union are closer than to China, the United States or to Western Europe. While there is a large Russian presence and Russia has provided India with economic and military backing, there is evidence that Russian support is being limited. We were told, for instance, that the Soviets have generally not sold India the latest Russian military equipment.

Indians in official positions tend to single out China and the United States for criticism. Relations between India and China now are cold. The complex reasons for this are primarily grounded in the rivalries one might expect from two different and competing societies near each other, their periodic border clashes, and India's decision to turn more to the Soviet Union. Chinese activities in the subcontinent disturb the Indian government. Senior Indian officials believe that China is pressuring its small neighbors in line with China's geo-political ambitions. Indians cite as points of difficulty purported Chinese demands of land from Bhutan which would give better access to India. They note that the Chinese are helping insurgents in Burma with advice and weapons and Indians worry that the Burmese government does not have full control of the situation and may find itself in difficulties.

With regard to Vietnam, the Indians believe the Chinese did not get the kind of success that they wanted and that the Soviets are gaining an influence there. They believe that China is now pushing in Laos and Thailand through subversion, but will not send its own forces. The Indian perception of China is that, in the long run, it will promote revolution in its periphery and that China may get directly

involved only in war against the Soviet Union. The Indian leadership believes that the Soviet Union does want peace but is frightened of China.

This fear and foreboding in regard to China is not relentless, however. One senses that the Indians would like to get on with China, if possible. I was told that the Indians welcome the American initiatives toward China. One senior official said, "One cannot ignore one-sixth of the human race whether one has difficulty with them or not."

The Indians continue to oppose American plans to develop the British island of Diego Garcia into a major base. They maintain that the Soviet Union has no bases in the Indian Ocean and that nobody has offered them one. As one Indian official put it, "We are certainly not. But if the Americans get a base, the Soviet Union will certainly want one. We don't want to be squashed between two super-powers." India's military structure, while much larger than that of either Bangladesh or Pakistan, is unlikely to be seen threatening to nations outside the subcontinent.

India appears to have no intentions of posing a threat to any outside nation, although the Indian Navy is increasingly active in the Indian Ocean area. During the last naval exercise of the Central Treaty Organization (CENTO) ships of the Indian fleet joined Russian ships in keeping tabs on CENTO forces. This increased Indian activity may be more directly related to Pakistan's increasing support of and participation in CENTO than evidence of any real change in the Indian approach to military activities.

The world is well aware that India set off a nuclear explosion nearly two years ago. I understand that India's nuclear program is continuing to receive heavy government support. The Indians have claimed that the nuclear program will be peaceful, and Mrs. Gandhi indicated in response to my questions that she will not give in to any pressure to make the program military. I hope that Mrs. Gandhi will be able to withstand these pressures. Many leaders of the non-nuclear world nations are watching the Indian nuclear developments carefully to see in what directions India will go and how the rest of the world, in particular the superpowers, will react.

#### INDIA AND HER NEIGHBORS

I was surprised and disturbed to learn in the course of my visit to the subcontinent how much the possibility of war is discussed and even anticipated. In Pakistan I was told that India is clearly ready for war if she perceives it in her own interests and believes that she can defeat Pakistan. In India, I heard the reverse of the same theme with the Indians claiming that the Pakistanis are building up for war. One senior official said, "there is no doubt about it."

I saw no evidence of a military build-up on either side of the Pakistan-India border—where each side maintains about ten divisions—but the talk of such build-ups could not be ignored, since it is a reflection of how both sides continue to view the other. I do not believe the Indians want to go to war against Pakistan nor do I believe that they want to move into Bangladesh. However, the situation could deteriorate to a point in which India would be willing to fight. Many observers believe that India would move in if Bangladesh had a government actively unfriendly to them. The Indian reaction would un-

doubtedly be very strong if any Bangladesh government moved to give official preeminence to Moslems or to develop what the Indians would see as dangerously close ties with Pakistan or China.

Another war in the subcontinent would be an unmitigated disaster. If territory were to change hands through military means, India would undoubtedly be the gainer. In the extreme, India might take over Pakistan and Bangladesh. However, since neither Bangladesh nor Pakistan is a military threat to India, it would be a costly solution to a non-problem and India, if victorious, would be occupying largely Moslem territories which would be hostile forever, thus creating a situation of perpetual tension and turmoil to no one's benefit. Many in India realize this.

Distrust between India and Pakistan has increased in recent months with the upheavals in Bangladesh. There have been only small examples of cooperation such as telecommunications. The Pakistanis wish to re-establish air links with Bangladesh and have agreed to be forthcoming on how to handle the problem. However, Pakistan's new interest in compromise has served largely to escalate the mistrust of the Indians as to Pakistan's intentions in regard to Bangladesh.

On balance I had the impression that whatever Pakistan's attitude may have been in the past about issues with India, Pakistan has concluded it must try to work with India. The Pakistanis have tried to tone down their public propaganda in regard to India and are trying more to tread lightly in direct relations with India. I was sorry to find I did not detect the same conciliatory attitude in India. If India will try sincerely to ease tensions, I hope the Pakistanis will fulfill the indications to me that they also were prepared to be forthcoming.

#### INDIA AND THE UNITED STATES

Although there is no bar to good relations with India, relations are strained. It will take strong interest on both sides and a continued effort for relations to improve in any significant and enduring way. I hope that the effort can be made, because I detect a disturbing change in the attitudes of Americans toward India. Some years ago, when ties were closer and, as one American official put it, Indian food plans were being written with an American pen, the relations with India were closer despite periodic strains and stresses. In recent years India has been inclined to keep the United States at arms length and has been reluctant to appear to be in the position of supplicant. The distance was widened by the press revelations at the time of the 1971 war over Bangladesh that the executive branch was tilting toward Pakistan. That dark moment in our foreign policy is still well remembered in India.

Unfortunately, the Indian government has been quick to criticize the United States. It was explained to us while we were in India that this criticism served to keep the population alert to outside threats and influence. It was not mentioned that pointing to foreign devils also serves to take people's minds off of India's incredibly large difficulties.

Such activities as the takeover of Sikkim, the development of a nuclear program accompanied by a staunch refusal to join the nations trying to control nuclear proliferation, continued attacks against

the United States and the draconian repressive measures inside India have led many Americans to conclude that India can simply be written off, that what happens in and to India does not matter to us.

I would not like to see the American people or the American government write off India. While India remains a frustration to many outsiders, it also contains the ingredients for meeting the hopes and expectations of the rest of the world. India can help point the way to solutions in birth control and agricultural and social development which could set a standard for the rest of the world. As a less developed nation with fantastic potential, India could serve to guide other nations with similar problems.

There is no denying that Indian officials are suspicious of the intentions and the activities of the United States. Recent revelations of CIA activities throughout the world, of assassination plots and of various espionage activities all serve to feed the suspicions of the United States which already exist in India. Many Indians deeply believe that the CIA is engaged in covert operations in India. I was told further by senior officials that recent events in Bangladesh are proof of outside interference. I was also told, by Indian officials, that they deliberately avoid pointing directly to the United States in the absence of positive proof. However, the inference of possible United States involvement is usually very clear.

As Chairman of the Subcommittee on Near Eastern and South Asian Affairs, I have been particularly concerned over the possibility of United States activities in India. To the best of my knowledge, the United States has not been involved in covert operations against India. I understand further that steps have been made carefully to control intelligence gathering activities in India and Bangladesh so as to avoid either the actuality of covert activities or the appearance of covert activities. Ambassador Saxbe assured me that he knows of no covert operations directed against India.

I asked Mrs. Gandhi, other Indian officials, and members of the western press whether they had reason to believe that the CIA or other United States agencies or groups were engaged in operations involving India. No person I talked to offered any circumstantial or direct evidence of any United States involvement.

For the relationship between the United States and India to be improved, it seems to me that the United States should be friendly, but somewhat distant. A close involvement with India would intensify American losses and cause deeper problems between the two countries when problems came again. It is far better to keep a distance and to be willing to help when needed without pushing ourselves or our projects on India. An aid relationship can only be viable if it is believed in the highest levels in India that it is necessary and desirable for India. We should not try to overcome India's misgivings about United States programs. Rather, we should refrain from any programs which cause any misgivings at all. Projects under the joint United States-Indian commission, for instance, should have not only a scientific approval on both sides but a clear political approval. Programs in India will succeed only if the Indians are convinced that these programs are in their own interests and will work to make them successful. The initiative should always lie with India.

In the wake of the 1971 war, the United States suspended economic assistance to India. AID had contemplated a resumption of the relationship this year, and was thinking of lending \$75 million for fertilizer and for a share of the costs of expanding fertilizer production.

The United States decided to defer talks until fiscal 1977. As of this writing, the executive branch expected to negotiate up to about \$110 million in Public Law 480 Title I credit sales for up to 600,000 tons of wheat and rice.

In addition, the United States is providing \$72 million in high protein food supplements for use by voluntary agencies in India, primarily to support a school lunch program.

It should be pointed out that India, in addition to being a food aid recipient, is also a very important food customer. During the past two years, India purchased from the United States through commercial channels nine million tons of food grain, mostly wheat, for about \$1.5 billion. With other sales, the United States enjoyed trade surplus in its dealings with India of about \$750 million.

I was deeply disturbed to learn in India that this school lunch program, which is operated largely through CARE, a voluntary organization with a deservedly high reputation, is being phased out. The Indian government, which now operates 40 percent of the program, is to take over, while CARE is to move into a food for work and other programs which the Agency for International Development believes would better reach the hungriest in Indian. While this is an admirable goal, from my experience working with food programs to the poorer nations, it seems to me that great care should be taken in review and evaluation before abandoning programs which work and are obviously needed.

We were told that the Indian government is not ready organizationally and is hard-pressed financially to take over. It would be a tragedy if this valuable program were to collapse. I intend to explore this matter fully. In the meantime, I urge the Agency for International Development to re-evaluate this drastic change.

#### INTERNAL SITUATION

Since Mrs. Gandhi declared the emergency last year, her own role has become the dominant political issue in India. So far, the emergency measures have elicited widespread press criticism and widespread uncertainty among those who have long been interested in Indian political developments. Since I left India in mid-January, Mrs. Gandhi has taken two major steps to consolidate her power still further. She imposed direct rule from New Delhi in the southern state of Tamil Nadu and in Gujarat. These two states were the only two of India's 22 which were not controlled by Mrs. Gandhi's Congress party or other loyalists to her regime. Second, Mrs. Gandhi has had the Parliament take the step of formally delaying national elections.

While Mrs. Gandhi enjoys a continuingly large degree of public support, she faces a number of hard decisions over the next several months which may jeopardize her present position. We learned in India that opposition to the regime is not abating. Among the increasingly disenchanted are the intellectual elements and many members

of her own Congress party. Although Mrs. Gandhi has gathered unprecedented powers in Delhi, traditional centers of influence inside and outside the Congress party at state and local levels have been basically unchallenged. Many of India's most powerful state and local leaders are as opposed as ever to social and economic programs Mrs. Gandhi espouses and continue to resist them. If Mrs. Gandhi chooses to maintain the status quo or to tighten her personal role, we were told, she will probably feel obliged to opt for more suppression of dissent. She could seek some reconciliation with the opposition, although this would be at the cost of a continued restraint from forcing social and economic reforms. This course would be very perilous for her since failure of the emergency to produce major social and economic reforms would probably lead to erosion of her standing among the people which would, in the long-term, aid the opposition.

The declaration of the emergency represented a repudiation of the old ways in India, but since Mrs. Gandhi has been in power for ten years and has had the fairly consistent backing of Parliament, the emergency also represents a repudiation of her own previous approach to governing India. Few doubt that there was much wrong with Indian government at the time the emergency was declared but it is too early yet to see what will be accomplished in the new, more authoritarian period.

The traditional freedoms associated with Indian government have been steadily diminished under the emergency. Although parliamentary debate is said to be freer than before and the Parliament is claimed to be less disorganized and unfocused, the Parliament under the emergency is definitely under the control of Mrs. Gandhi and press reporting of Parliament activities is subjected to pre-censorship. The newspapers we read while we were in India clearly supported Mrs. Gandhi and gave short shrift—if any attention at all—to the thoughts and views of the opposition. Mrs. Gandhi has not handled the international press with any gentleness. Rules of conduct for the press have been established and members of the foreign press are expected to adhere to them or to be expelled. Mrs. Gandhi clearly believes that she would rather bear the criticism of those who object to her expelling or controlling the press than she would bear the criticism of the press itself.

Tens of thousands of political prisoners are still in jail, including an estimated 30 members of Parliament. Those jailed include most of the leaders of any effective opposition with the result that much of the real opposition is being driven underground. This development, of course, can be a very perilous one in terms of long-term stability.

The emergency and the very good 1975 monsoon season leading to record crops have given the Indian government time to plan and implement the long range economic and social policies incorporated in Mrs. Gandhi's 20-point program. However, it is too early to assess long-term progress. There are the short-term successes of such programs as the drive against black money activities, compilation of voluntary tax disclosure moratorium on the departure of poorer farmers and the establishment of some rural banks. Labor problems have been diminished, and there is increased worker productivity and industrial production. In many areas the drive for production has been helped by heavy unemployment and the fact that workers who quit

often can find no other work. The emergency has thus been kind to industry and businessmen.

Many believe cynically that the Indian government will continue to talk about its long social programs such as land for the landless, India for the Indians and so on, but, under the emergency, allow big industry, big monopolies and big land owners to expand. In order to have economic growth, India, before the emergency, would have had to have encouraged the private sector more than the government was willing to do. As a consequence, there was no growth. Now India appears to be willing to allow growth at social cost.

The world-wide economic slowdown and inflation have depressed the demand for Indian exports and increased import costs. Although the energy crisis has not had great impact on India's economic growth, the oil price increase since the 1973 war in the Middle East has played a major part in India's balance of payments situation. India had a trade surplus of \$130 million in fiscal 1972-73. With the higher oil prices, we were told, the trade deficit came to \$540 million in fiscal 1973-74 and \$1.45 billion in fiscal 1974-75. The deficit is expected to worsen this year. The deficit has been financed through further borrowing and higher external assistance, including deferred payment arrangements with the oil producers for oil imports.

The most direct impact of the oil price surge upon the Indian populace has been in the cost of kerosene for cooking and fertilizer for the crops. Soaring fertilizer prices have cut usage substantially and, in turn, cut crop yields.

Other problems still affecting Indian agriculture have kept yields below needs and agricultural growth behind population growth. Indian officials told us that although grain storage has been expanded to the point that no grain is lost due to lack of storage, the loss to rodents is still a substantial problem. For many Indians, poverty, the high cost of better equipment and fertilizer, the tightness of credit and the fear of risk have combined to keep agricultural progress at a slow pace.

The Indian government has achieved considerable success in its anti-inflationary policies. Retail prices of food have generally remained steady, and the record harvest will help in keeping prices down. The wholesale price index declined nearly 6.6 percent in a recent 12-month period. The inflationary rate now is nearly zero which is a dramatic drop from almost 24 percent last year. However, credit remains tight, and new investment in the private sector is virtually non-existent. Modernization and increased capacity will largely occur in the public sector although there may be improvement later in the private sector if businessmen regain confidence under present policies.

Consumer demand remains slack from many manufacturers, particularly manufacturers of luxury goods. One important reason for this is the incredibly high price in terms of salary for many consumer goods. In Calcutta, for instance, we were told that the average port worker makes about 400 rupees a month (about \$41). An industrial worker earns an average of 350 rupees a month, including 26 days of work, and there is high unemployment largely attributed to the current squeeze and lack of consumer demand which means that there is little effective pressure for wage increases. Against these amounts, a television at 3,500 rupees is a very costly luxury, and an Indian

assembled compact car at a minimum of around 30,000 rupees is an impossibility for a laborer.

Population control is the crucial element in India's future. The government has worked with periodic spurts of intensity on the problem but population growth is still not under control. Estimates range from 2 percent to 2.5 percent a year. If the 2 percent rate continues the population will double in 35 years. At 2.5 percent it will double in 28 years. Both Pakistan and Bangladesh have higher population growth. India has been working on family planning at the official governmental level since 1952. Sterilization has been the main focus of Indian family planning. The program also offers conventional contraceptive methods and devices which are distributed freely through the rural centers. An effort is also being made to tie the family planning program to health programs operated through the government's understaffed network of about 5,200 rural main health facilities and 30,000 rural sub-centers. At present about 17 million couples are using one or the other method of family planning. In general, the more affluent and educated states have had more success.

I was encouraged in my talk with Mrs. Gandhi to learn of her high commitment to family planning. She told me that she is considering drastic measures, perhaps penalties, to keep the population down. Mrs. Gandhi maintained, "We are taking steps now that we wouldn't have taken before" in such matters as family planning. In February, Mrs. Gandhi announced a new program, mainly affecting government employees, curtailing benefits to those having large families.

One of the greatest difficulties India faces as it tries to implement some of its more ambitious programs is the extremely understaffed bureaucracy. The central government has only between 5,000 and 6,000 career people. This thinness is particularly apparent in the districts. One career officer, for instance, had four substantive people working for him in a district of five million people. This thinness coupled with the opposition to new programs from many quarters and the basic fear of change which permeates much of the society all mean that change and progress come very slowly to India in any broad way. It is quite possible to have demonstration projects in family planning, in agriculture and so on, but it is quite another matter to translate these to broad and effective programs.

India remain a country beset by almost overwhelming problems and privations. People in India still die by the millions of diseases which have been conquered or controlled in wealthier countries. People still live and die in the streets. An injection against disease, if not available free, can cost as much as a day's wage. In Calcutta we were told an estimated 48,000 people have nowhere to go but the streets. For those better off in Calcutta the slums stretch on for miles and contain between a quarter and a third of the population. Depending upon whom you talk to, Calcutta is perceived as a dying or recovering city. The frustrations and privations endured in Calcutta are mirrored thousands of times over throughout India.

#### SUMMARY

The declaration of a state of emergency in India last June by Prime Minister Indira Gandhi marked a very troubling transition in the

course of Indian political life. To many, the declaration represented an admission by Mrs. Gandhi that she had failed to come to grips with India's staggering problems and was, through the emergency, changing directions drastically in her approach to government—more to enhance her own power than to help her countrymen. Others, more generously, believed that Mrs. Gandhi had realized that her former adherence to democratic ideals could not work against insurmountable odds and that it was necessary to go to an authoritarian approach in order to bring progress and prosperity to India.

I was somewhat surprised to find that, although there is considerable opposition, the measures taken by Mr. Gandhi are apparently tolerated—and even supported—by a majority of Indians. Observers—many of whom have been inconvenienced and frustrated themselves by the emergency measures—told me they had found no evidence of widespread resistance.

Now that strikes and work stoppages are not allowed, Indian commerce and industry appear to be functioning better, transportation has improved, the government appears to be working on a more orderly, less corrupt basis and the servants and trains are arriving on time. Indian officials maintain that the emergency has not weakened or destroyed democracy but has made it more purposeful and meaningful.

Since the declaration, there has been a steady erosion of the traditional freedoms, particularly freedom from arbitrary arrest, freedom of speech and of the press. A number of news organizations have been harassed and foreign correspondents have been pressured and expelled. The powers of the judiciary are being undermined. The deliberations of the Parliament are carefully manipulated, and public reporting of legislative affairs is uniformly supportive of Mrs. Gandhi.

Asked about these measures, Mrs. Gandhi told me, "They certainly won't be permanent." She did not say when the restrictions would be lifted.

Mrs. Gandhi has postponed national elections for at least a year. Many believe this to be a very risky decision, pointing out that the stability achieved since the emergency has won wider support among many of her most important backers, including the large landholders, industrialist and businessmen, who form the core of her Congress party. The repressive measures associated with the emergency may become steadily more onerous and difficult to explain and Mrs. Gandhi will be forced to prove significant progress in getting the country on its feet if she is not to experience a steady erosion of support.

A predicted bumper food harvest will help buy Mrs. Gandhi political time. This apparent plenty could vanish—along with the credit gained—with the next crop disaster. Industrial development and agriculture growth cannot of themselves provide a solution to India's perennial problems of starvation, malnutrition and underemployment. The key to the solution of these other problems is success in population control. Only 16 percent of an estimated 105 million fertile couples are practicing birth control.

As a democrat, with a small "d", I find it impossible to endorse the measures Mrs. Gandhi has taken. All democrats must regret to see growing repression in a democracy which had endured for 28 years. However, the best way to judge Mrs. Gandhi and her programs will be the effect upon the quality of life at the bottom of

Indian society. If India can progress, and if the standard of life can be raised measurably, and if the repressive measures can be eased and then lifted, then Mrs. Gandhi's rather draconian measures will have to be marked as a success, at least in material terms.

Through this difficult process, I hope that Americans will avoid the mistake of mentally writing off India and the heavy investment America has made in time, talent and money. We have set a high standard for India in the past, and we should not fail her now. The relationship between India and the United States could be steadily improved if both sides realize that there is no basic bar to good relations and if both sides would refrain from words and actions which give needless offense.

During this difficult period, India should try her best to live in peace with her neighbors. Fighting by India, Bangladesh or Pakistan over issues which should be resolved peaceably would expend lives and capital needlessly and add incredibly to the present misery of the subcontinent. Against this misery the potential justifications of war appear pretentious, frivolous, insignificant and unworthy of the leadership in all three countries.

India should not approach her neighbors and the rest of the world with either sharpened sword or tongue. India's neighbors and the rest of the world should, in turn, try to be understanding and supportive in this terribly difficult time for India and her 600 million inhabitants.

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#### BANGLADESH

The last year in Bangladesh has been very turbulent. Sheikh Mujibur Rahman had come to power following the achievement of independence by Bangladesh in 1971. Sheikh Mujib, who had been imprisoned for treason in Pakistan, began his Prime Ministry with a solid base of popular support. In the first parliamentary elections Sheikh Mujib's political party, the Bangladesh Awami League, won all but 8 of the 315 seats. However, the popularity of the Sheikh himself and of his party declined steadily as law and order problems, labor, unrest, high unemployment and food shortages continued. There was some famine in 1974 as a result of summer flooding.

By December, 1974, the situation had deteriorated to the point at which a state of emergency was declared. In January, 1975, the judicial system and the Parliament were modified and Sheikh Mujib assumed the presidency of what was a new one-party state. Although the new government had some success in restoring order to the country, promised reforms were slow in being implemented and criticism against President Mujib grew in an atmosphere charged with corruption. Last August 15, President Mujib was overthrown and killed by a group of young Army officers. These officers asked a long-time political assistant of Mujib's, Khondakar Mushtaque Ahmed, to become president. He did so and asked all officials of the former regime as well as members of Parliament to remain in office. New martial law regulations were put into force. Twenty-six people were immediately arrested, including some of the most prominent associates of Sheikh Mujib. On November 3, Brigadier Khalid Mosharraf staged the second coup, and the majors who had overthrown Mujib were

exiled. In the early hours of the coup, at least four of Sheikh Mujib's former associates were murdered in jail and in the aftermath Mush-taque resigned. The coup leader, Mosharraf, named Chief Justice A.S.M. Sayem to head an interim government. The next day Mosharraf was forced out and killed. President Sayem then declared himself Chief Martial Law Administrator and appointed the three military service heads as deputy chiefs. Parliament was dissolved with new elections promised in a year. The Sayem government remains in power.

The first coup appeared to give new vigor to Bangladesh as it gave a new sense of sovereignty and national identity. It was viewed widely to be anti-Indian and pro-Islamic and there were a general feeling that the coup would end subservience to India and reduce the chance that Bangladesh would become another Sikkim. Support quickly grew behind that government by offering few promises and little rhetoric, stressing the need to end corruption and to rebuild the administration and the economy. The new leadership was gaining a firm political base. The second coup was less popular. Khalid Mosharraf was the third ranking man in the Army and he failed because he was actively opposed by military elements with equal ability to use force and because he was seen by many as pro-Indian and self-seeking. In the aftermath, the military have basically become effectively in control of Bangladesh. General Sayem is seen as the de facto ruler. It is too early to see how the present leadership will fare although the military does have the advantage of being seen as an arm of authority. Clearly, Bengalis beset with the difficulties of the past several years, would like to see some return to peace and progress. If the military can provide that, Bangladesh may be on the path to long-term stability. One of the biggest tasks facing the Army in the wake of the coup, we were told, is not to prove that it can govern the nation well (the Bengalis are used to bad government) but that it can govern itself so that it can rule.

In the wake of all this the civilian bureaucracy and other centers of power have been left somewhat battered. Government is conducted on a very cautious basis by others than the material law administrators. Civil servants are showing little willingness to take action and to assume the responsibility for that action. To get things moving, clear directives will be needed and with notable exceptions those clear directives have not been forthcoming.

Decision-making is concentrated in General Zia and he may find himself hard-pressed to deal with the problems of the Army as well as the government. Governing is new to him, and he is obviously feeling his way. In my talks with the General, I gained the impression of a man who has the interests of the nation in mind and is pushing himself and others to overcome many of the serious difficulties now confronting Bangladesh.

#### FOREIGN AFFAIRS

By far, Bangladesh's greatest foreign affairs concern is its huge next-door neighbor, India. Many Bengalis feel that the Indians will move upon them if provoked, and they hope that they themselves can avoid providing that provocation. Unfortunately, these fears of India have been expressed in ways that India has perceived as a propaganda campaign against it and the tempers in both capitals in regard to the other are tense.

As senior members of the government put it, Bangladesh is wedded to a policy of non-alignment. They say that this is not a negative policy, that it has positive aspects. Foreign policy issues are to be based on the over-all needs of the maintenance of peace. All countries are favored which support peaceful coexistence and the United Nations charter.

Bangladesh obviously desires to have improved relations and economic cooperation with its neighbors. Bengali officials have visited India to reassure the Indian government on points of contention. At the same time, the Bengalis are seeking reassurance from India on a number of points. An example is the Bengalis claim that the Indians are sheltering and supporting dissidents in border areas. Other issues—including the continuing propaganda—remain stumbling blocks to harmony.

#### INTERNAL DEVELOPMENTS

There were several significant economic achievements during 1975 in Bangladesh. In terms of impact upon the general public the most significant event was the good monsoon and lack of disaster which led to a bumper rice crop. In addition, the government beat its own goals in fighting inflation. The target had been a reduction to 8 to 10 percent. The actual result was a reduction to zero. The wholesale price index for December, 1975, was about the same as the previous December.

By contrast, we were told, the wholesale price index rose 75 percent between December 1973 and December 1974. Deficit financing has been avoided for the second year and credit ceilings are being observed.

However, a number of problems remain. Bangladesh continues to receive a considerable amount of economic assistance, but disbursements are lagging badly, largely because of management and planning difficulties. Development expenditures were expected to be about 45 percent of the available fiscal year total during the first six months of the fiscal year. Actual expenditures came to only about one-third of the resources. The pipeline stood at \$1.2 billion last July 1, and it is being drawn down very slowly.

There is no complete, consistent development strategy and what planning there is is hampered by the brain drain and by the unwillingness of the politicized bureaucracy to act effectively. In financial offices as well as in other ministries Bangladesh has a small number of very skilled people, but they are said to be capable only of sporadic successes and only in areas of primary concern to the regime.

At present, agricultural prospects are considered dim at best. Bangladesh will grow about 13 million tons of food grain during this bumper year but that total will still be a million tons short of the need. With population growth now at 3 percent per year and food production increasing at about 1 percent a year, Bangladesh will remain a basket case unless drastic measures are taken both to develop food grain production and to limit population.

So far, the population planning program has not been very successful. The Embassy gives high marks to the officials now working in the family planning area but nothing has been accomplished to break the belief widespread in the population that numerous children are the only reliable form of social security. Projects to control population have been largely demonstrations so far. There have been such publicized events as vasectomy fairs, and several thousand men have

come forward during such events. However, in a country with a population of around 75 million, the showcase efforts so far have had only minimal effects.

Agricultural development is hampered by an almost complete lack of water control. As a result, Bangladesh, with a mean altitude above sea level of less than 20 feet, rocks along from year to year with one disaster after another. A certain amount of flooding during the monsoon is necessary for the huge November crop. However, with too much water, flooding constitutes a disaster—with too little, there is drought and poor harvest. Officials estimate that to do complete flood control in Bangladesh would cost in the billions of dollars.

A possibly more productive approach is the one now being pushed, which involves better use of the river water available for irrigation and the digging of wells for irrigation. Wells are expected to be the main source of irrigated water in the northern districts.

The main November crop is produced on about 14 million acres. The second largest crop in May involves about 2.8 million acres and is dependent largely upon irrigation. A total of 1.5 million acres are now under controlled irrigation. A total of 42,000 low-lift wells and 19,000 deep tube wells have been installed, and the irrigated acreage will expand as this program continues.

It should be noted that one of the continuing sources of contention between Bangladesh and India is the question of water in the Ganges. The Bengalis claim that deliberate diversions by India have lowered the water level and created water shortages.

The poverty of Bangladesh has led to widespread corruption and diversion of resources on behalf of the rich and well-to-do to spare them the privations of the rural poor, who, as one observer said acidly, "have the good grace to die quietly." For instance, it is estimated by the Bangladesh government that 82 to 83 percent of the farmers are basically bypassed by outside grant assistance, leaving the bulk of rural development funds going to support rich land owners.

The lot of the rural poor has been very difficult in the past. The existing power structure in the rural areas took advantage of the fertilizer rationing system so that the rich land owners benefited from the availability of the fertilizer and the very poor paid black market rates for what little fertilizer they could get and afford. There is a tremendous need for better grain and fertilizer storage. The government estimates that it needs a fertilizer storage of 9 million tons. At present the capacity is around 240,000 tons. Such organizations as AID are now helping to get fertilizer to the small farmer and the fertilizer situation is said to have improved over the past several months. However, substantially higher governmental support and a sound system of supervised credit will be needed if fertilizer distribution is to work properly. Farmers organizations are relatively undeveloped, but the building up of such groups will probably be necessary if the small farmer is to have necessary relief.

The embassy and the Agency for International Development have urged steps to overcome some of the tremendous inequities inherent in the food distribution program. As present rationed foods from the United States and other nations are used essentially as a governmental support program rather than to help the poorest of the poor. In order to receive rationed foods one must have a card. These cards have been

given to government workers as a partial substitute for salary. (The ration card system had gotten so bad that while an ordinary man could not get one for himself and his family, wealthy merchants sometimes had as many as 15,000).

A modified rationing system has been in operation in five urban areas under which rationed foods are in theory widely available on the basis of need. Until the recent harvest, rationed rice cost one fourth as much as rice on the free market. With the lush harvest, free market rice was reduced to a price level about double the rationed price. I was pleased to learn that, following our visit, the government instituted some of the suggested changes including sharp reduction of the food subsidy, so that rationed and unrationed prices are now close, at least for the present. These steps will help, but they do not accomplish the basic reforms needed. Assistance should be redirected from the middle classes to the neediest—particularly the rural poor.

The present rationing system is vulnerable to manipulation for political advantage. The result is almost always said to be greater hardship for the rural poor. As an example, the government decided last year to extend the ration card system to the labor unions to ease unrest. According to observers, this had the immediate effect of reducing by one half the amount of rationed food available to the rural poor.

The United States has played a very large role in providing assistance to Bangladesh since independence. Most of the assistance has been in the form of PL-480 sales and grants. During the current fiscal year, the United States provided 400,000 tons of wheat, 150,000 tons of rice and 40,000 tons of edible oils. The totals during fiscal 1977 are expected to be about 25 percent higher. Agency for International Development programs are running at a level of around \$60 million annually. The program appears well directed toward the key problems of food and nutrition. I was particularly impressed in my discussions with AID people, and others in the United States mission, in finding a high degree of understanding and compassion in regard to Bangladesh, as well as a realistic and well-informed comprehension of the problems faced.

The United States undoubtedly will be sending food grain to Bangladesh over the next several years at least. However, the executive branch should not continue open ended support of the rationing system. To do so would constitute a sell-out to the rich and it would do nothing for the rural poor. To the extent that the ration system promotes corruption and misuse, it will hurt the most needy in Bangladesh. Because of the fragile situation in Bangladesh, it probably would not be wise to insist on an immediate abolition of the rationing system. However, the Bangladesh government should be pressed strenuously to reduce the difference between the price of rationed rice and the free market price and to extend the benefits of the food assistance programs to the persons needing it most.

Given the conditions in Bangladesh, many observers wonder why the skilled, talented and educated can be expected to stay. Prospects in Bangladesh are bleak and improvement is uncertain. A trained drug-gist could leave for the United States and do better than a cabinet secretary in Dacca. Many assess their chances here or in Bangladesh pragmatically and leave.

Industry has not recovered since independence. Total industrial output is estimated to be less than 80 percent of the 1969 level. Export of both industry goods and raw products are down. Before independence, for instance, jute exports were put at 550,000 tons a year. The present level is around 400,000 tons. Total export receipts in fiscal 1969-70 were \$542 million. Exports during the current year are expected to be \$350 million. Another year of export stagnation will mean that Bangladesh will spend most of its foreign exchange financing oil imports. The rest will largely go to import such items as tobacco, baby food, medicine and consumer goods for the middle classes.

The very limited ability to pay for imports has and will continue to have tremendous impact in holding down development. Bangladesh is very poor in the resources necessary to support economic development outside of agriculture. As one embassy official noted, "Bangladesh even has to import rocks."

Despite the three violent revolutions of the past year Bangladesh remains a country in which very limited resources are used heavily to support the relatively well-to-do property owners and politically important groups. There is not very much to go around in Bangladesh but four years after the revolution matters have not improved greatly. There has been not enough re-distribution of wealth nor enough application of talent and energy to improve significantly the lot of the poor. While there is much less starvation in Bangladesh now than in any other year since independence, that is largely the result of good growing conditions rather than governmental success.

The current government is generally given high marks for understanding a number of the problems it must address. However, except for the success in fighting inflation—which was again attributable in large degree to good weather and good crops—the government has yet to make some of the hard decisions it must make if Bangladesh is to be drawn out of its present morass.

#### CONCLUSIONS

The United States has joined other nations in providing food and technical assistance to Bangladesh. These efforts should continue, but the United States and other donors should insist upon better performance and better use of the aid provided.

The United States mission in Bangladesh has so far refrained from getting too deeply involved in trying to oversee developmental programs in Bangladesh. I believe that an arms length arrangement is appropriate in Bangladesh, particularly given the present international nature of assistance to that country. The United States should support a multilateral assistance, rather than bilateral, whenever possible and should work with other nations to apply strict standards for outside support.

I was repeatedly queried in Bangladesh as to the possibility of a military assistance program and I responded that I did not believe the mood of the Congress is such that it would wish to initiate a military assistance program at this point. I expressed the hope in each capital I visited in South Asia that all the parties would re-emphasize attempts to find peaceful solutions to the remaining outstanding issues.

Clearly any military build-up program of any size would be extremely difficult for the fragile Bangladesh economy to bear.

To me, South Asia provides an example of a situation in which an influx of arms would offer tremendous potential for war and do very little to enhance prospects for peace. There is no doubt that in a war, India could crush Bangladesh and any Bengali attempts to spend their way to a military force which could cope for more than a few days with India would be ruinous to the civilian economy. Any attempt by India actually to take over Bangladesh, while successful militarily, could be a political, social, economic and foreign policy disaster for India, and perceptive Indians know it. I received a definite impression while in Delhi that the Indians, while sharing blame with the Bengalis for the virulent propaganda war which continues, abhor the thought of an invasion of Bangladesh and fear a repetition of difficulties that came in the wake of the 1971 war.

For India, for Bangladesh and for Pakistan, there can be no acceptable alternative to attempts to live in peace with each other. Beyond that, it is clear that the development of peaceful commerce in South Asia is crucial to the economic development of the region and the betterment of the desperate lot of the less fortunate of all three countries.









