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SECRET
DEPARTMENT OF STATE

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Memorandum of Conversation

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DATE: September 30, 1974

TIME: 4:30 p.m.

SUBJECT: The Call of the Pakistani Minister of State for Defense and Foreign Affairs, Aziz Ahmed, on the Secretary

NODIS REVIEW	
PARTICIPANTS: Pakistan:	
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Date:	<u>8/28 1978</u>
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Minister of State for Defense and Foreign Affairs Aziz Ahmed
Ambassador Sahabzada Yaqub Khan
Minister-Counselor Iqbal Riza

The Secretary
Alfred L. Atherton, Jr., Assistant Secretary
Robert Oakley, NSC
Peter D. Constable, NEA/PAB (Notetaker)

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visits
for. rel.
The press
aggression
pol. sit
pol. stab

THE SECRETARY: I am pleased to see you. I look forward to my visit to Pakistan at the end of the month.

AZIZ AHMED: We are looking forward to your visit too. It will be a very short visit, but I don't blame you. I know you are very hard-pressed. It is remarkable how much you can do.

THE SECRETARY: I am very pressed for time. My program is the same in each country except for an extra day in India. I have never been there before as Secretary of State. I have had a telegram from Ambassador Byroade conveying some concerns about my visit to India. We would like to move the Indians away from the Soviets. But we are not engaging in a reorientation of our foreign policy. You must not be rattled by our moves with India.

AZIZ AHMED: I had a call from Prime Minister Bhutto yesterday and he asked me to convey some thoughts to you. He was concerned by reports that you had said there was a dramatic improvement in relations between the U. S. and India, and that all differences had been resolved.

THE SECRETARY: I said there had been an improvement in relations and that is substantially true, although it is not so much from

NEA/PAB: PD Constable/mw
(Drafting Office and Officer)

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what we are doing. We want to move them away from the Soviets. But we would never tolerate military aggression against Pakistan.

AZIZ AHMED: The Prime Minister also asked me to remind you of what you said in 1971, that you would teach them a lesson they would never forget. Now I know that positions change and that policies evolve.

THE SECRETARY: Well, in practice, they are coming to us.

AZIZ AHMED: But the reverse impression has been created. The Weintraub article in the New York Times indicated that the U. S. is seeking ways to give aid to India..

THE SECRETARY: I have seen that article. We have a budding novelist in our Embassy. He is busy writing chapters for his book. We are not eager to give aid to India and I would be amazed if Congress appropriated any. It was obvious that someone was talking to Embassy people. It is a classic example of masochism. We have to prove ourselves to the Indians. Even the Indians would not be so insolent as to demand that. It is an American masochistic sense of guilt that we must perform a national duty by giving aid to India. We want to create an impression and maybe the reality of greater Indian independence. We want the Soviets to understand that they get no permanent advantage anywhere when they touch something. We have no illusions about Indian policy, but their and our purposes may be served by the illusion of better relations. There are also domestic advantages in this. Internationally there is no significance, no real change.

AZIZ AHMED: If I may say so, this is an old story. Twelve years ago we were told that you had to have better relations with India to prevent it from having closer relations with the Soviets. We think there is another way. You have to prove to the Indians the futility of arming themselves. This can only be demonstrated by indicating specifically what the U. S. will do in the event of an attack on Pakistan. This can also be demonstrated by supplying sophisticated arms to Pakistan. Then the Indians will realize it is futile to build up its arms.

THE SECRETARY: My going to India makes it easier to do something for Pakistan. Our problem is... It is essential that you see the President while you are here. He has already seen Swaran Singh.

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AZIZ AHMED: There is another aspect. The prospect of better Sino-Indian relations.

THE SECRETARY: We favor that, but the Indian action in Sikkim does not help.

AZIZ AHMED: The Chinese have told us that if the Indians implement their agreement with us and Pakistan is satisfied, China will improve its relations with India. When we were in Peking, the Deputy Prime Minister said publicly at the banquet that China was ready for close and friendly relations with India. A week later - the bomb. That was a setback. And now Sikkim. Nepal and Bhutan are worried. Nepal is terribly worried. China is going to see that nothing happens to Nepal or Bhutan.


THE SECRETARY: We have no great illusions about India. Perhaps that is the difference from 12 years ago. For us, the arms question is not an intellectual problem. In 1971 I did not understand how people in this government interpreted the President's orders on third-country transfers when we imposed the embargo on Pakistan. No one explained to me that it would hurt Pakistan more than India. The Government was pro-Pakistan at that time, but the bureaucracy was pro-India. To some extent that has changed now with the Indian bomb. The bureaucracy is anti-proliferation. My people will do anything but run foreign policy. I am less outraged by the Indian bomb than some. I see it as a trap for India. They will never be able to use it in practice. And if the bomb spreads, it will equalize India's military superiority.

AZIZ AHMED: The French say the same thing but I do not agree. If the Indian army were in difficulty they would use the nuclear bomb in desperation as a last resort.

THE SECRETARY: They would lose the war first and very badly in my opinion. Will you beat them?

AZIZ AHMED: We can if we have arms. But we're not planning to do that. We just want enough to defend ourselves against India and Afghanistan who are being supported by the Soviet Union.

THE SECRETARY: I have seen figures on the Afghanistan buildup. After elections I'll raise the arms question again. And you raise it when you see the President. [The Secretary then suggested to Mr. Oakley that the meeting with the President be arranged for Saturday, October 5.] It will be better if I am there.



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AZIZ AHMED: For the last three years we have been left to fend for ourselves.

THE SECRETARY: I know. I am beginning to despair about domestic attitudes. Congress is now attacking Turkey, another ally. However, the mood is shifting on India.

AZIZ AHMED: What about the mood on arms for Pakistan?

THE SECRETARY: As I told you the last time that we met, we will work on the cash sales first. But there will be a massive problem. Somebody leaks even our internal papers on this. This is a happy little group.

AZIZ AHMED: When it happens, there will be a big noise from the Indians.

THE SECRETARY: Are you buying from the French?

AZIZ AHMED: We are buying some missiles, but the French are holding back deliveries for two to four years. Unfortunately I was here when the agreement was signed. We want them now, not in two to four years. The French are slick businessmen, they keep pushing us back. Our negotiators quietly accepted their terms.

THE SECRETARY: I know of no Pakistani who quietly accepts reverses. Someone asked me how many Pakistanis would be able to carry out the mediation in Cyprus. I said you would be able to do it, and you are welcome to take over. But I would advise you to stay out. I'd like to get out. The Greeks have a new formula for negotiations: riots, attack me in the press and then invite me in. I said I would wait two more weeks.

AZIZ AHMED: The Greeks invited Prime Minister Bhutto to mediate and then posed unacceptable conditions for a settlement. We bought three Breguet-Atlantique aircraft from the French. If we had had them in 1971, we could have destroyed the Indian OSA's which attacked Karachi in the middle of the night. The French gave us half-price on the aircraft - 38 million francs - but with the service and modifications the total price was 220 million francs. They are not only fleecing us, but also skinning us. The Croatale missiles increased from 200 to 350 million francs by the time we reached agreement. They know we have nowhere else to go and they exploit us.

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THE SECRETARY: How about Iran?

AZIZ AHMED: We don't know. They have offered to help us in the dieselization of our tanks.

THE SECRETARY: Yes. We helped on that.

AZIZ AHMED: We have suggested to the Iranians cross-training of our people on their equipment, but they are reluctant on that. We have had no training on their equipment.

THE SECRETARY: Would you like me to raise that with the Shah?

AZIZ AHMED: No. We don't want him to know that we complained. He has been very good to us.

THE SECRETARY: Why not? I will see him alone on my trip. We have a very good relationship.

AZIZ AHMED: If war, God forbid, should come, we only want equipment from Iran, not troops. The Shah talks in sweeping terms of support, but we don't know specifically what it would be.

THE SECRETARY: Even against Afghanistan?

AZIZ AHMED: Yes, against Afghanistan. The most we could hope for would be the transfer of equipment if we saw war coming.

THE SECRETARY: Their Air Force could help.

AZIZ AHMED: We would only want their equipment but that requires training.

THE SECRETARY: Let me talk to the Shah. What are you doing on the Cambodian Resolution?

AZIZ AHMED: What is it?

THE SECRETARY: One resolution would expel the Cambodians. We want deferral of the issue for one year.

AZIZ AHMED: We will look into it, with your views in mind.

THE SECRETARY: How is the Prime Minister?

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AZIZ AHMED: Fine. He has been touring the northern areas. We picked up Hunza, but there is no change in our stand on Jammu and Kashmir. Hunza will be a directly administered area. We could not leave it with the Mir of Hunza. On another matter I want to bring up. In spite of the promises made by oil producers, we have not had much help. They say that balance of payments assistance is against their policy. The Saudis have provided \$100 million in loans for four projects - \$50 million now and the rest in two years. Our oil deficit is \$200 million. We have \$150 million in a loan from Iran and will get another \$50 million from the Saudis. We are even on the deficit, but this increases our debt and we will have problems in years ahead. We are in difficulty on wheat and vegetable oil. We appreciate your problems.

THE SECRETARY: Have any arrangements been made for wheat for Pakistan?

MR. ATHERTON: We have made recommendation for the second quarter but no action has been taken as yet.

AZIZ AHMED: The word is around that Pakistan is better off than India or Bangladesh and that Pakistan is not the most severely hit. Well, we are better off than India and Bangladesh, but not so well off as to get nothing. We have a difficult problem with wheat. We had hoped to be even this year, but because of bad weather and too optimistic forecasting, we find we have a deficit of 1.1 million tons.

THE SECRETARY: We insist on a high priority for Pakistan in our internal discussions on food assistance. We have lots of problems with other departments, with Agriculture which wants a medium-sized allocation, and OMB which wants a low allocation. There is concern over the effect on our food prices. But I hope we will have a decision on the second quarter before you come down to see the President. We will be sympathetic. We will not be able to give you all you want, but we will be very sympathetic. We'll let you know.

AZIZ AHMED: We have imported 650,000 tons from our own resources.

THE SECRETARY: On food we can't do everything but we'll do something. I saw Mujib today for the first time. He keeps talking about "my oil, my people, my food". He said he wants some assets from Pakistan.

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AZIZ AHMED: When Bhutto visited Dacca, Mujib said he wanted immediate agreement on 56 percent of Pakistan's ships and planes. Bhutto told him he could not make an immediate decision, because he is accountable to his people in Parliament. Kamal Hossain talked to me later and forced me to say that when the liabilities and assets are counted, the balance may be against Bangladesh. I told him not to be too anxious for a full accounting.

THE SECRETARY: Mujib said he will explain the whole situation to me. I have never been to Dacca before. He wants you to take 67,000 families of Biharis.

AZIZ AHMED: Mujib's position is sheer cussedness and vindictiveness. I have been told by a diplomat in Bangladesh that it is extraordinary to see the jute mills running at half capacity, while outside the mills there are Biharis in camps. They won't employ them, even though they have the skills to run the mills.

THE SECRETARY: Why don't you want them?

AZIZ AHMED: We have debated this at length. The Sind already has a high proportion of non-Sindhis. There is a delicate political balance.

THE SECRETARY: Who are the non-Sindhis?

AZIZ AHMED: They are refugees from India. There was a massive move to Karachi at partition. We took 150,000 non-Bengalees and we tried to spread them around the country. But once they come, they drift to Karachi.

THE SECRETARY: Because the employment is there?

AZIZ AHMED: Yes. Mr. Bhutto says that he doesn't believe in provincialism, but he has to take it into account. He explained this to Mujib. We have offered to set up a commission on assets that would report its conclusions within six months. On the Biharis, after good relations are established and there is some movement in our relations, maybe the problem can be resolved quietly. But Mujib said no.

THE SECRETARY: I will see you in Washington and then later in Islamabad.

MR. ATHERTON: The press may want to know after this meeting what you have discussed.

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THE SECRETARY: Say that we had very warm talks.

AZIZ AHMED: Can you say "in the context of our special relationship"?

THE SECRETARY: Let us say that we had warm talks in the context of our very special friendship.

AZIZ AHMED: That's fine.

THE SECRETARY: We are very conscious of your needs on arms. On food we will try to move very fast.

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