



Department of State

TELEGRAM

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SAUDI ARABIA IN F-104 DEAL; AND
(1) PROMPT ESTABLISHMENT OF PRAGMATIC USG RELATIONS
WITH BANGLA DESH AUTHORITIES (1) FOR PRACTICAL LIAISON (2) TO
SIGNAL US INTENTIONS TO GOI AND GOP, AND (3) TO PREPARE FOR
MORE FORMAL TIES.

7. IN SUM, POLICY ADJUSTMENTS CAN STILL HELP US TO CUT LOSSES
AND ACCOMMODATE TO REALITIES OF INDIAN REGIONAL PREDOMINANCE
AND BANGLA DESH INDEPENDENCE. UNQUOTE GP-4. KEATING

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RELEASE IN PART B6

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EYES ONLY FOR AMBASSADOR AND POLCOUNS

REF: NEW DELHI 19255

VIEWS EXPRESSED IN REFTEL HAVE BEEN CAREFULLY CONSIDERED BY SENIOR POLICY LEVEL OFFICERS IN DEPARTMENT AND DISCUSSED WITH SMALL NUMBER OF OTHER OFFICERS WHO ARE DIRECTLY CONCERNED WITH SOUTH ASIAN POLICY. AS NOTED IN AMBASSADOR'S FORWARDING COMMENTS, NUMBER OF POINTS MENTIONED RUN COUNTER TO CURRENT US POLICY. [] COMMENTS, HOWEVER, ARE WELL-STATEED, AND USE OF [] CHANNEL APPROPRIATE. DEPARTMENT EXPRESSES ITS APPRECIATION TO AMBASSADOR AND TO STAFF FOR BOTH SUBSTANCE AND MANNER OF HANDLING ROBERTS

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO PAKISTAN

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for Action

Cable: USAIDPAK

HEADQUARTERS OFFICE
ISLAMABAD

March 21, 1973

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RELEASE IN PART B6

Mr. William I. Cargo
Director of Planning and Coordination
Room 7246
Department of State
Washington, D. C.

Dear Mr. Cargo:

In accordance with the procedure cited in the May 1972 Department of State Newsletter, I wish to record my dissent from the recently announced United States' decision to resume arms sales to Pakistan.

I understand that U. S. policy now permits arms sales which fall in any of the following three categories:

- Lethal items contracted for under the 1970 "one-time exception," but not yet delivered;
- Spare parts for lethal items previously furnished by the United States; and
- Non-lethal new items.

In my view, the lifting of the arms embargo seriously threatens the stability of the subcontinent, impairs U. S. credibility as a peacemaker, diminishes Pakistan's economic development, and jeopardizes our relations with both India and Bangladesh. My analysis appears in a memorandum dated December 7, 1972 on "Resumption of American Military Supplies to Pakistan" (copy attached herewith).

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William A. Wolfen
Classified By
Subject to General Declassification
Schedule of Executive Order 11652
Automatically downgraded at two
year intervals and declassified on
December 31, 1979.....

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Mr. William I. Cargo

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Supplementing that memorandum, I would further argue as follows:

I. The "Lethal-Non-Lethal" Distinction Is Spurious

In addition to the semantic problem of defining "non-lethal" end-use items, there is another difficulty which is often ignored. This is the fact that non-lethal items usually require lethal complements. Unarmed jeeps carry armed soldiers; airplane engines power planes which bomb and strafe. Therefore, an arms purveyor whose sales make possible a larger or more destructive military force cannot escape responsibility for the destruction which that force may unleash.

II. It Is Practically Impossible For The United States To Ensure That Its Military Supplies Will Not Be Used Against Other Friendly Nations Or Against The Recipient's Own People.

Regardless of restrictions which the U. S. may place on the use of items furnished, recent history has shown that the arming of two hostile allies leads to the use of these weapons against each other. We should avoid being identified with arms and equipment which again may wind up on a battlefield with another friendly power.

III. In The Militarily Competitive Atmosphere Of The Subcontinent, It Is Unrealistic to Expect That A Renewed Sales Program Will Not Contribute To An "Arms Race."

The U. S. Government has taken the laudable position that it does not intend to contribute to an "arms race." But our intentions may be irrelevant in the face of actual arms deliveries. I am told that the 300 armed personnel carriers supplied under the decision will create a positive imbalance in Pakistan's favor. Who is to say that the Indian military will not feel compelled to regain their advantage? Certainly, our intention to avoid an arms race could be implemented more effectively by a retention of the embargo.

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Mr. William I. Cargo

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IV. In A Poor Country Like Pakistan, Military Purchases Compete With Economic Development Programs. Hence The Resumption Of Military Sales Tends To Thwart Our Aid Objectives.

Pakistan is a country of scarce resources. More "guns" means less "butter." The expenditure of \$14 million for military supplies deprives the Pakistani people of an equal sum for development programs. The new supplies and spare parts will doubtless require heavy local cost commitments by the Government of Pakistan. Military expenditures set into motion their own multiplier effect.

Pakistan's overwhelming debt service problem is another reason to discourage military spending, which draws down foreign exchange. Moreover, the diversion of resources to the military is likely to have an adverse effect on Pakistan's ability to attract development aid. Given the fungibility of foreign exchange, the military sales authorized constitute an effective deduction from our current level of commodity assistance (\$60 million in FY 73).

On the basis of the foregoing, I respectfully dissent from the decision to lift the embargo and recommend that the U. S. arms policy for Pakistan be reconsidered in the near future.

Sincerely yours,



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Attachment: a/s

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Mr. Joseph C. Wheeler, Director

December 7, 1972

THRU: Dr. William A. Wolfers, Deputy Director

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Resumption of American Military Supplies to Pakistan

Anticipating a GOP request for resumption of American military supplies to Pakistan, you asked me to prepare a succinct analysis of policy issues for possible consideration by the Country Team. On the basis of stated assumptions, I have considered two "most plausible" alternative courses of action in light of U. S. foreign policy, Pakistan foreign relations, and Pakistan domestic developments.

I. Assumptions

As a starting point, we assume that the next two years will see (1) continuation in power of the Bhutto Government; (2) at least gradual progress toward an Indo-Pak rapprochement, and (3) continued peaceful relations among the great powers. We also assume for discussion purposes that Congress will make no substantial changes in military sales legislation. ^{1/}

II. Possible Courses of Action

The USG could respond to a GOP request for military supplies in a number of ways depending upon (1) the scope of the request and (2) USG policy decisions. Assuming an open-ended request to remove existing restrictions on the supply of military hardware, USG policy options would include the following possible courses of action:

- 1) Unqualified supply (including sophisticated weapons)
- 2) Qualified supply:

^{1/} Note that these are all assumptions, not predictions.

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- a) excluding sophisticated weapons;
 - b) excluding "lethal" end-use commodities;
 - c) limited to spare parts for previously furnished USG equipment;
 - d) limited to procurement under licenses cancelled in October 1971.
- 3) Refusal to supply; (i. e., continuation of existing policy).

These options are not meant to exclude other possibilities. Options (1) and (2) for example could be varied by dollar and time limitations; used versus new equipment; definitions of "sophisticated" and "non-lethal" and credit or military aid terms. The possible limitations listed under option (2) could be imposed separately or in various combinations. For the sake of analysis, however, it would seem preferable to concentrate on the two "most plausible" of the possible courses of action. While assessment of plausibility is of course subjective, a review of U. S. arms supply policy in the subcontinent since 1965 suggests that the era of unqualified sales is over. ^{2/} Realistically, the policy-makers in Washington will probably choose between continuation of the current embargo (option(3)) and some form of qualified supply (option (2)). For clarity and brevity of presentation we will focus more specifically on a choice between no supply (NS) and supply limited to spare parts (SLSP).

^{2/} Between 1954 and 1965 the U. S. supplied Pakistan with arms worth between \$700 and \$800 million. "It sold India a modest amount of military equipment before 1962, and gave India arms worth about \$85 million between the 1962 conflict with China and the 1965 war with Pakistan." William J. Barnds, India, Pakistan, and the Great Powers, (Praeger, 1972) at 323. MAP grant aid shipments of material to Pakistan and India terminated in September, 1965. Military equipment

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Footnote 2 - Continued

was shipped to both countries on a strictly sales basis under military supply policy announced in April 1967 confining shipments to spare parts for equipment supplied under the pre-1965 grant aid programs and to non-lethal end-items such as communications equipment, cargo vehicles and transport aircraft. On October 1, 1970 the USG offered a "one-time exception" to the prohibition on the sale of lethal material of U. S. origin to Pakistan. According to DOD testimony, the offer was limited to four types of items: armored personnel carriers, interceptor aircraft, some obsolete light bombers, and a few patrol aircraft. Quantities were specifically stated and limited to replacement of similar items lost through normal wear out and accident. In April, 1971, the USG began to impose more severe limitations on deliveries to Pakistan beginning with a prohibition on the issuance of new or renewed Munitions List export licenses or shipments from military depots and culminating in late October with the cancellation of remaining valid licenses. On December 3, 1971 the USG applied a total embargo of military supply deliveries to India. Both countries remain under a total embargo on military supplies. Grant military training is however unaffected by the current policy. For FY 73 the DOD proposed grant training for Pakistan in the amount of \$243,000 and for India in the amount of \$234,000. See: testimony of General Seignous, H. R. Appropriations Committee Hearings, April 11, 1972, Part I, 759, 764, 794; Testimony of General Warren, H. R. Appropriations Committee Hearings, March 24, 1971, Part I, 215-16

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III. U. S. Foreign PolicyA. Pakistan

1. Discussion. Neither option will satisfy President Bhutto if he wants to rebuild his armed forces with new equipment rather than simply replace parts. Hence the immediate effect of either option may be to diminish somewhat the friendly relations we now enjoy with the GOP. There is little question that the NS policy would be received more unfavorably than the SLSP course. What may become more important than the initial impact however are succeeding events affected by the policy chosen.

2. Scenario ^{3/}

a) NS Policy. With refusal to supply arms, U. S. announces commodity and fertilizer loans for FY 73. American image in Pakistan suffers a not setback on arms issue but one of mild intensity and short duration. Man on the street still remembers President Nixon's support during '71 Indo-Pak War. With gradually improving relations with India, arms supplies are regarded as desirable but not critical. President Bhutto is able to channel more funds to development programs on the ground that U. S. spares are unavailable. In effect, NS policy of USG becomes in a sense a "scapegoat" for Pak de-militarization. Pak military is bitter but Bhutto and Central Ministers are privately pleased with outcome.

b) SLSP Policy. The U. S. decision to resume the supply of spare parts is accepted in Pakistan as "the least they could do." There is little appreciation of the decision among the general public, but the military, desirous of new hardware, regard it as a "foot in the door." They expect that the USG, having lost its virginity, will be hard put to turn down future requests for new equipment.

3/ This "Scenario" and those which follow are simply designed to highlight issues for discussion. Like the assumptions above, they are not predictions of future events.

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B. India

1. Discussion. Continued Indo-Pak tensions make it inevitable that any USG policy decision effecting arms to Pakistan will elicit a strong reaction in New Delhi. Such reaction will likely occur in the midst of Indian efforts to improve relations with Washington.

2. Scenario

a) NS Policy. USG refusal to supply military hardware to Pakistan, is widely heralded in India as a wise decision. Elements of the Indian Government who seek rapprochement with the Nixon Administration gain support for their cause.

b) SLSP Policy. The US decision in the face of continued arms embargo for India is widely regarded as an affront. The Indian press blurs distinction between supply limited to spare parts and unrestricted sales. Anti-American sentiment rises and rapprochement efforts are at least temporarily suspended. At diplomatic level, GOI ponders countering with similar arms request to Washington.

IV. Pakistan Foreign Relations

A. India

1. Discussion. Notwithstanding Pakistan's improved relations with India, there remains deep suspicion and distrust between the two nations. The threat of a renewed "arms race" lurks beneath the surface.

2. Scenario

a) NS Policy. Pakistan's inability to buy even spare parts from the US pleases the Indians, strengthening the hand of policy makers who desire to reduce India's dependence on the Soviet Union. The decision, however, prompts no immediate change in

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Indian supply policy as the Government watches to see whether Pakistan will find other supply sources.

b) SLSP Policy. India sees in the decision a capitulation of the Bhutto Government to the generals and a resurgence of Pakistani "militarism." The limited policy is regarded as only a first step in an American rearmament of Pakistan. The public views the arms decision as a breach of the Simla spirit. Both hawks and pro-Soviet officials and legislators in India find grist for their mills.

B. China

a) NS Policy. In the wake of the American decision, Pakistan approaches China for new hardware. The Chinese leaders profess eternal support for the Pakistani cause, promise to provide help in the future, but procrastinate on the question of deliveries.

b) SLSP Policy. China is not approached and exhibits no particular unhappiness with the USG decision.

V. Pakistan Domestic Developments

A. Political

1. Discussion. In the larger context of Pakistani politics the USG decision--one way or the other--would probably have an insubstantial effect. More dramatic scenes occupy the local stage. Yet it is important to consider the effect of the two options on Mr. Bhutto's position in the country, the role of the military establishment, and central-province relations.

2. Scenario

a) NS Policy. Outwardly the decision comes as a blow to the Bhutto Government which has patiently deferred its arms request until after the American Presidential election. With expecta-

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tions of USG "support" running high, Bhutto's prestige suffers a minor wound. Yet in fact, it is the Pak military which loses; their dependence upon American material is substantial. The generals' loss is Mr. Bhutto's gain. The diminishment in the President's public stature is more than offset by his increased internal power vis-a-vis the military establishment. Without equipment, Bhutto finds it easier to achieve military manpower cuts. Greater emphasis is placed on the spirit of Simla. At the same time, he has to contend with internal pressures to seek alternative supply sources. His response is to turn to China (with the unsatisfying results noted above). Finally, he arranges a meeting with Mrs. Gandhi to propose an arms free zone for the subcontinent. In Pakistan, advocates of increased Provincial autonomy regard a reduction in arms support of the central armed forces as fortuitous. For the Opposition, remembering the Dacca terror of last year, the military is a potential oppressor.

b) SLSP Policy. The USG decision is regarded as a minor victory by some; as a minor setback by others. In either case, it scarcely affects Mr. Bhutto's political image at home. The military leaders, although hoping for more are delighted to see the embargo lifted. With spares to put equipment back into service this year, they can look to the importation of new commodities from the US later on. They see the decision as the first step in the restoration of the US arms flow. Internally, their hand is strengthened with the civilian President. They feel they can resist his efforts to cut back military personnel on the ground that "someone has to operate the reactivated equipment." Provincial leaders grimace at the thought of an increasingly mobile central army.

B. Economic

I. Discussion. The economic effects of the supply decision are perhaps the most significant of all. For in Pakistan, the scarcity of resources makes "guns versus butter" decision-making a matter of vital concern. We should, therefore, consider the effects of arms supply upon Pakistan's internal economic priorities and her ability to attract foreign assistance.

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2. Scenario

a) NS Policy: With U. S. spares unavailable and the procurement of new equipment elsewhere beyond the nation's financial capacity, the Government begins to devote an increasing percentage of its resources to development. Holding his military advisors at bay, the President can respond to the rising expectations of his "people's constituency." Some of the social programs of the Bhutto Government begin to be implemented in 1973. Foreign aid donors are impressed with Pakistan's efforts and are delighted with the reduction of military expenditures. The country gets good marks (and higher aid pledges) at the 1973 Consortium meeting. Creditor nations take a more positive view of the forthcoming debt rescheduling. In the Pakistan bureaucracy, enlightened elements of the planning and development offices are encouraged in their development efforts. A new spirit of optimism in development circles begins to emerge.

b) SLSP Policy. The decision arouses anxiety among development-minded Pakistanis and foreign aid officials. Does it mean that Pakistan is opting for more guns and less butter? Is the confrontation with India policy being reasserted? (Some recall the President's ominous reference to "revenge" in his December Convention speech in Rawalpindi). Foreign aid donors look with disfavor on a Plan which relies on external assistance for more than fifty percent of the development budget. There is a tendency among donors to cut back on commodity assistance (perhaps the "most fungible" type of aid) on the ground that it provides foreign exchange support for military purchases. Pakistani economists and planners are disheartened by the decision and blame the United States for "arms-pushing."

VI. Some Final Comments

The above discussion and scenarios suggest that continuation of our present embargo policy is the preferred course. On balance, the negative effects of a resumption of arms sales--even those limited to spare parts--would appear to outweigh the benefits (limited to a short-run political advantage to the U. S. in Pakistan). Before concluding, however, it may be useful to examine briefly some of the "conventional wisdom" (CW) on the arms supply issue:

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CW: We need to bolster the defensive position of Pakistan against possible attack from outside the subcontinent.

This may have been the case during the height of the Cold War. But the argument is no longer valid. Not only is the danger of Communist aggression in the subcontinent less imminent today, but history has shown that the arming of two hostile allies leads to the use of those weapons against each other. Moreover, as Barnds points out, "the rationale for supplying arms to India and Pakistan lost its appeal as the political costs of the policy became too high after the 1965 war." ^{4/}

CW: We have a moral obligation to service with spare parts the military hardware we provided to Pakistan in past years.

To speak of a moral obligation in servicing goods is to ignore the larger moral question of selling arms to a poor country, especially where there is a strong possibility of their being used against another poor country. Unless sales agreements or treaty obligations provide otherwise, the GOP has no legal basis to demand spares. In international issues such as this, rule of the shopkeeper has no place.

All of this is not to deny either the right or practical necessity of Pakistan to maintain an army. In the modern nation-state, armies have become a seeming attribute of sovereignty. Questions of military priorities and arms budgets are for individual governments to decide. Yet our policies should be designed to encourage reduction rather than expansion of military forces. While armies often perform social and developmental functions in developing countries, such is not the case in Pakistan where the constant threat of confrontation with India is uppermost.

^{4/} Barnds, Op. Cit., at 323.

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CW: If we refuse to furnish arms then some other country will.

That may or may not be so. As the scenarios suggest, President Bhutto may not be unhappy with an excuse for curtailing the ambition of his generals. Even a delay in procurement could positively affect the development decisions being made in Pakistan. Pakistan, like most governments, has its development-minded officials as well as its hawks. We need to support the former. But even if Pakistan finds some other source, we avoid being identified with arms which again may wind up on a battlefield with another friendly power.

cc:AREaron, AD/DP

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Dissent file

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RELEASE IN PART B6

May 14, 1973

DISSENT CHANNEL



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USAID Mission
Islamabad, Pakistan

Dear Mr. Hager:

As I promised in my letter of March 27, we have pursued the questions on South Asia arms supply that you posed in your dissent channel letter of March 21, 1973.

You have raised a number of specific substantive points. They are material ones and they deserve an answer. I have asked my staff, together with other concerned persons in the Department, to comment on them. These comments are enclosed with this letter.

The main burden of my letter is not, however, substantive. The important point for you to know is that the considerations you have raised have repeatedly occupied attention at the highest levels. They have been discussed in National Security Study Memoranda, in meetings of the Senior Review Group, in discussions with the Secretary, and in many other gatherings of persons at all levels who are concerned, as you are, with the implications of our arms supply policy.

I am personally convinced that these points have received an extensive and fair hearing, and have had an impact on our policy, for as the enclosed comments point out, we have settled on a policy that is very restrictive and is designed to meet many of the difficulties that you raise. Obviously these arguments did not carry the day in the sense that we did not impose a total arms embargo. As you are aware, there are strong counter-considerations--and, indeed, I am not sure that the logic of your argumentation necessarily leads to a total embargo.

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The dissent channel was created as a further means of ensuring that all points of view are brought forth in the interest of making the best policy choices. Your constructive concern in this policy question is appreciated.

Sincerely yours,

Signed
William I. Cargo

William I. Cargo
Director
Planning and Coordination Staff

Enclosure:

Comments on South Asian Arms Supply

Clearance: NEA/PAB - Mr. Bruce Laingen ^B

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Comments On The Points Raised In
[redacted] Dissent Letter On
South Asian Arms Supply

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I. General

First, the points are extremely pertinent and have been raised repeatedly in the discussions that led up to the arms supply policy decision.

Second, [redacted] appears to be overinterpreting the intent of the policy. It is in fact extremely restrictive -- to a great extent, precisely because of the kinds of points that [redacted]. A review of the 1967-71 arms policy (which was very similar to the present one) shows that it resulted in only very small transfers of military supplies. There is every reason to assume that the present policy will be interpreted at least as strictly.

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Third, there is an implicit problem in considering arms sales to any other country. There are strong moral, political and (often) economic arguments advanced not to sell arms at all. Yet this is simply unrealistic as a general principle, and once this is admitted, then it

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is difficult to see why we should make a unique exception for South Asia. We seek to apply a rule of reason in all of our arms sales and this should also be our guide in South Asia.

II. Specific Points

A. The lethal/non-lethal distinction.

argument is largely valid; there is no clear dividing line between the two categories and the marginal cases pose many problems. But once the decision has been made to sell some military equipment, there is much to be said for a policy that seeks explicitly to avoid the supply of such clearly lethal items as tanks, fighter aircraft and artillery. These indisputably lethal items have been excluded since 1965 and this is all to the good. Conversely, there is no reason to exclude items such as radios or early-warning radar. By setting up the lethal/non-lethal distinction, however imperfect, we have at least excluded the most "objectionable" items and have decreased the likelihood that we will be pressed for them as would be the case were the policy

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purely ad hoc. The distinction also provides an important "declaration of intent" in passing on requests for purchase of the marginal items.

B. Question of Use

Again, [] is quite correct that we cannot guarantee that our arms will only be used in the context in which they were supplied. The argument made above, concerning the lethal/non-lethal distinction, is of some importance here; the kinds (and quantities) of arms involved are designed to minimize possible damage when used out of context. The fact remains that modern sovereign nations do have armies and armaments. Our refusal to sell will not change this.

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Also, as we will bring out in the next paragraph, we believe that the likelihood of India and Pakistan using weapons against each other has diminished markedly.

C. The Arms Race

Here [] is on the weakest ground. First, we perceive a genuine change in the power realities of the subcontinent. We do not believe that Pakistan is likely to engage in an "arms race" with India any more. The

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outlook for peace is better than at any time since 1947 and a very limited arms supply policy is not going to change this. Second, a well-executed supply policy can in fact reduce the arms race. For instance, by providing spare parts for older generation aircraft, we reduce the likelihood that Pakistan will opt for entirely new, more advanced systems that would in turn encourage India to obtain still later generation aircraft from the Soviet Union.

Also, of course, we do not control the pace of the "arms race." We are by no means the major supplier of armaments to the subcontinent. By staying in the game in a limited way we probably have a better chance of discouraging other suppliers from providing excessive amounts of weaponry.

There are obviously pitfalls, but the narrow intent of our policy and the record of implementation between 1967 and 1971 suggests that we should be able to act responsibly in meeting these problems.

D. Guns vs Butter

The point that South Asia needs to spend less money

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on arms is irrefutable. The counter-argument is much the same one as made in C. above -- that we do not control the situation and indeed may be able to retard the arms race (and hence expenditures) by keeping some role for ourselves. Certainly the equipment that we provide costs Pakistan considerably less than what they have had to spend on the international arms market for comparable items. One can also argue that Bhutto's predilection is to spend less, rather than more, on armaments. By giving him some sign of cooperation we strengthen his bargaining power against those who want to divert still more resources into armaments.

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