



Director of
Central
Intelligence

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Pakistan—The Costs of Political Instability

National Intelligence Estimate

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NIE 32-78
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PAKISTAN—THE COSTS
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CONTENTS

	<i>Page</i>
PRINCIPAL CONCLUSIONS	1
DISCUSSION	5
I. DOMESTIC POLITICAL UNCERTAINTY	5
The Martial Law Administration	5
The Civilian Politicians	7
II. POLITICAL PROSPECTS	8
Continued Military Rule	8
National Cohesion	9
III. THE ECONOMY	9
Current Problems	9
Military Government Programs and Performance	11
Debt Rescheduling	12
Prospects for the Next Two to Three Years	12
IV. FOREIGN AFFAIRS	13
South Asia	14
Middle East	15
USSR and China	16
United States	16
V. MILITARY POSTURE	17
Comparative Military Capabilities	17
Potential Improvements	18
VI. NUCLEAR PROGRAMS	19
The Political Problem	19
Present Facilities	20
Facilities Sought	20
The Weapons Option	21

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PRINCIPAL CONCLUSIONS

It has been almost a year since General Mohammad Zia-ul-Haq established the Martial Law Administration in Pakistan, but the country remains in a period of political uncertainty. This uncertainty could lead to serious instability in the coming months as Zia is obliged to reach decisions on the fate of imprisoned former Prime Minister Zulfikar Ali Bhutto and on the establishment of a projected joint military and civilian government. Whatever actions Zia takes on these problems, he almost certainly will face continued political unrest, further erosion of popular support for his own regime, and gradually increasing discontent within the military.

These pressures may lead to further changes in Pakistan's government and to additional damage to the country's already enfeebled political institutions, but are not likely in the near term to result in the imposition of a radically different social or political order. We believe that basically conservative military or military-controlled government is likely to persist in Pakistan over the next two or three years, even if Zia is replaced by other senior Army officers or if civilian politicians are brought into the government. It is much less likely that an effective, all-civilian government will be established, or that radical military or civilian leaders will seize power and install an extreme nationalist or leftist regime.

Pakistan is an overwhelmingly Muslim state, but deep regional, cultural, and ethnic rivalries have strained the country's political system since independence. Regionally based political groups in recent years have sought provincial autonomy rather than secession, but these strains persist, and may in fact intensify following the assumption of power in 1978 by what the Pakistanis consider to be a Communist-controlled government in Afghanistan. It is not yet clear what policy the new Afghan Government will follow concerning its conservative neighbors, but Afghanistan in the past has often given support to separatist political groups in Pakistan's border provinces.

Continuing political uncertainty has joined with Pakistan's enduring resource and population problems to militate against any significant early improvements in the country's economy, which had deteriorated over the past several years as a result of adverse

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international economic developments, domestic political instability, and Bhutto's economic policies. The military government has not taken aggressive action to deal with the country's economic problems, but has exhibited interest in promoting agricultural productivity, private investment, and measures to improve the balance-of-payments position. The future economic well-being of Pakistan, which has considerable long-term economic potential, will depend heavily on such exogenous factors as good weather, worker remittances, and foreign assistance, as well as on more effective economic management and political leadership and stability.

The immediate challenge facing the current government is to restore economic growth and preserve public order without reverting to more repressive measures that would threaten such social justice and human rights as do exist in Pakistan. There is no doubt that General Zia wishes to right the economy, just as there was no question initially that he planned to hold fair elections, or that he still hopes to install a more representative government. There is growing doubt, however, that he will succeed.

Unlike several earlier periods of political instability in Pakistan's 30-year history, the current uncertainty has not been caused by, nor is it likely to precipitate, a concomitant crisis in foreign relations and external security. Pakistan's relations with its powerful neighbors, India and Iran, are now relatively good, and are likely to remain so for the next two to three years. Relations with Afghanistan, which in the recent past have been unusually warm, now are likely to return to their normal pattern of deep mutual distrust. Pakistan's relations with the USSR—generally cool but stable—are likely to experience new strains as a result of increased Soviet assistance to, and presence in, Afghanistan. This expanded Soviet activity in the area may lead to further strengthening of the already close relations between Pakistan and China.

Although Pakistani leaders are aware of the country's long-term regional insecurity and need for continued external support, Pakistan's relations with the United States will be subjected to strains in the next few years. Differences will continue concerning Pakistan's nuclear program, narcotics control efforts, human rights record, and need for foreign financial and arms aid. In the near term, the issue of Pakistan's acquiring a nuclear reprocessing capability will continue to dominate all others in the bilateral relationship. This issue affects US global nonproliferation aims, and may limit or end our ability to support Pakistan's economic development and security requirements. The United States has no critical political, economic, or military interests at stake in Pakistan at this time, but developments there do impact directly on wider US interests in the region and worldwide.

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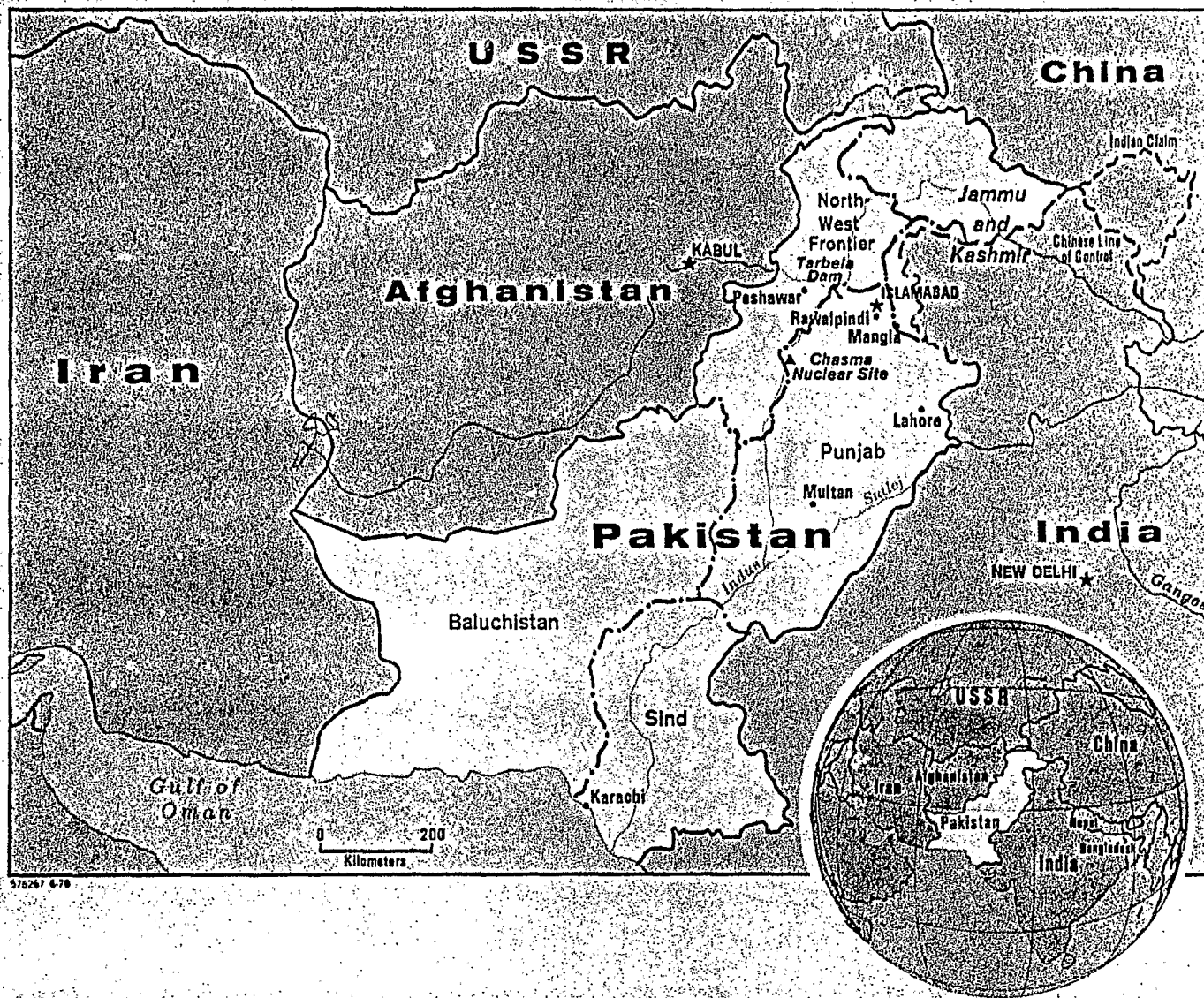
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The ambitious nuclear program that Pakistan now is pursuing is intended to expand the country's electric power output, but also, we believe, to provide the capability to develop a nuclear explosive device. Pakistan has a reasonable chance of acquiring a reprocessing capability—its foremost priority in nuclear matters—by the early 1980s, either through purchase from France or by indigenous construction of a crude facility. Pakistan probably will be capable of assembling a nuclear device in the early 1980s, although its decision on whether to do this, as well as whether to proceed toward a nuclear weapons program, will be determined largely by political and military considerations.

Pakistan's conventional military capabilities, like its nuclear capabilities and potential, remain inferior to those of India. This imbalance in capabilities will grow, as Pakistan in the next few years will be unable to manufacture or purchase advanced arms—especially aircraft, mechanized equipment, and air defense weapons—on the same scale as India. Although the Pakistanis over the long term may pursue a nuclear weapons capability as a means of partially redressing this imbalance, Pakistan will not have a credible nuclear weapons option until at least the mid-1980s.

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DISCUSSION

I. DOMESTIC POLITICAL UNCERTAINTY

1. General Mohammad Zia-ul-Haq, Army Chief of Staff, became the Chief Martial Law Administrator of Pakistan when the Army seized power in July 1977.

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Generally well-intentioned and originally confident that power could soon be returned to a civilian government, Zia during almost a year in power has become enmeshed in a progressively more difficult political situation. He now faces a dilemma: he can uphold the death sentence recently imposed on former Prime Minister Bhutto and implement the still more repressive security measures that may be necessary to control subsequent unrest; or he can commute the sentence, knowing that Bhutto and his followers—whether in exile or in jail—will continue to pose a political challenge that might well thwart efforts to create a civilian or joint military-civilian government. Whatever option he chooses, Zia almost certainly will face increased political unrest, a progressive diminution of popular support for his own regime, and the likelihood of gradually increasing unrest within the military leadership.

The Martial Law Administration

2. Weary of chronic domestic strife, the bulk of Pakistan's politicians as well as the general public accepted military rule in 1977 as either desirable or tolerable. Zia's call for new and honest elections in October 1977 was particularly welcome. At least initially, most top-ranking officers in the new regime saw their role as both temporary and transitory.

3. But that attitude of the military has since changed, with a resulting diminution of public enthusiasm for the new regime. Within a few weeks of taking over, Zia began expressing doubts that new elections could be held as soon as he had originally suggested. This resulted primarily from the military government's growing conviction that it would be impossible to obtain acceptable results from free elections. It became apparent that Bhutto's Pakistan People's Party might win fair elections and then turn

on the military leaders that had mounted the coup. Additionally, the military found evidence that the previous government had in fact committed serious criminal and civil offenses, including corruption and betrayal of the public trust. The Martial Law Administration therefore turned first to the task of purging the body politic of its venal and corrupt elements.

4. In September 1977 Bhutto was arrested on a series of charges, and in March 1978 he and four others were convicted of murder and sentenced to be hanged. Other party leaders are still under investigation under an "accountability" program for possible misdeeds committed during Bhutto's five years in office. The government also has postponed indefinitely the previously scheduled elections, although it continues to hold out the promise of elections within a period of months rather than years.

5. General Zia is attempting in the meantime to forge a coalition of civilian leaders opposed to Bhutto to join with the military in governing the country. The absence in Pakistan of true national leaders other than Bhutto and the deep internal divisions among and within the alternative political groups so far have frustrated this effort. Because of this, the military appears to be settling in for a long stay, whatever its periodic public statements, and whether or not it induces civilian politicians to join with the military in a "national government."

6. The military government already has been in power long enough to have provided a fairly clear picture of its leaders, structure, and goals. General Zia is firmly in charge, despite the fact that he has no political experience or civilian managerial background. But Zia's authority is not absolute; he administers the government in conjunction with the Military Council. Besides Zia, this body is composed of the Chairman of the Joint Chiefs of Staff Committee, the Navy Chief, and the Air Force Chief. The Council initially showed some signs of activity, but quickly became moribund. Its individual members, however, do retain limited national stature as ranking military officers.

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7. More important in decisionmaking on critical issues and in the checks placed on Zia are the six Army corps commanders, headquartered in Lahore, Karachi, Rawalpindi, Multan, Peshawar, and Mangla. (See accompanying map.) These senior officers were instrumental in the success of the military takeover in 1977, and their positions give them a continued powerful say in the government. In late 1977 and early 1978, Zia managed, evidently after considerable consultation and effort, to effect a number of reassignments of senior officers, including the dispatch of one of the corps commanders to a powerless CENTO post in Ankara. These moves signify a marginal enhancement of Zia's authority over what it was at the time of the military takeover.

8. So far there is no evidence that any serious differences exist between Zia and the corps commanders, though there are periodic reports of dissatisfaction with Zia on the part of other officers in the military. In general, the corps commanders and other senior officers have taken an even tougher line than Zia in their willingness to extend military rule and deal harshly with Bhutto and his supporters. This represents less a difference with than an additional

constraint on Zia's already limited inclination to be flexible.

9. Zia's personal staff and the upper echelons of the civil service have come to assume the major responsibility for implementing the government's decisions and managing the day-to-day affairs of the country. In late 1977 Zia formalized both the status of top civil servants and the structure of his regime by creating the Council of Advisers. This body is Zia's cabinet; its members hold the same portfolios as did the former elected ministers. Most members of the Council of Advisers are senior career civil servants who exercise their authority without much military interference, although Zia and other military officers retain several important portfolios. The Council's Secretary General in Chief, Ghulam Ishaq Khan, is the top civilian in the Zia regime, the nation's de facto prime minister, and probably the single most influential person with General Zia. Ishaq exercises considerable independent authority, particularly in economic matters, and apparently has the confidence of the military.

10. The current government has put together an administrative machine of some competence and ability, but so far its domestic policies have not been

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innovative. Zia has pressed for the enforcement of the Islamic strictures that Bhutto had espoused as his position eroded. Alcohol for the most part is prohibited, and Koranic punishments (particularly flogging) are now widely publicized, though only sporadically carried out. Zia and his followers no longer claim to be avoiding major policy shifts on the grounds theirs is only an interim regime, but they have not made basic changes in the nation's goals. Bhutto's foreign, military, and nuclear policies have not been significantly altered. On economic policy, the conservative officers and the civil servants have emphasized overall national economic health rather than the welfare of individuals. Reports of limited denationalizations, layoffs of industrial workers, and land seizures by landlords reflect the more impersonal, less populist official programs.

11. The government's increasing attack on "Bhuttoism" and Zia's efforts to create a new, morally oriented political ethos have had mixed results. Thousands of political prisoners have been released, and the press, at least up to the time new restrictions were implemented in March 1978, had been freer than it was prior to the military takeover. But the military has reintroduced repressive measures to prevent criticism of Bhutto's conviction or more overt action against the government.

12. Although the military has created a working administrative apparatus, it has not received strong support from the public at large. After the initial sense of public welcome for the military takeover, the general mood seems to have changed to one of wariness, cynicism, and caution, especially among the more educated and sophisticated Pakistanis. The Army's all-out assault on Bhutto and his party has antagonized those still loyal to the fallen leader, but there is no evidence of widespread or serious hostility that could be converted into overt and mass acts of resistance. We know of no conspiracies, large or small, against the military government.

13. The government probably will not be able to gather the momentum needed to tackle its many problems so long as there is no final decision on Bhutto's fate. If the Supreme Court upholds the death sentence and Zia allows Bhutto to be executed, some civil disorder will be fomented by his supporters. It is unlikely, however, to be so intense as to threaten the short-run stability of the military government. On the other hand, should the death sentence be commuted, hard-line senior military officers would be likely seriously to consider replacing Zia

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The Civilian Politicians

14. Bhutto continues to have a wider popular following than any other Pakistani politician, despite his current imprisonment and vigorous efforts by the military to discredit him. Bhutto's popularity was built on his seemingly unique ability to articulate the political and economic aspirations of the masses of Pakistanis. He has a reputation as a populist, a social reformer, and an intense nationalist. Indeed, Bhutto and his party possibly would win a fair election held in Pakistan today.

15. Using his Pakistan People's Party, Bhutto was able to rule without serious parliamentary or other opposition from 1972 to 1977, when changing political and economic circumstances joined with his own demagogic tendencies to bring him down. Leaders of the previously weak opposition political parties were able to capitalize on Bhutto's harassment of political opponents, corruption, and blatant rigging of the elections in March 1977 to organize severe and widespread public unrest. Despite Bhutto's overthrow, his programs and even his methods still engender considerable public support. This following will remain if Bhutto is executed, and will continue to provide a basis for opposition politics even if the "liberal" faction of his party decides to join in a military-sponsored civilian coalition government.

16. The Pakistan National Alliance, the civilian coalition of nine disparate groups that challenged Bhutto in 1977, had one reason for existence—its common hostility to him. The Alliance included groups advocating Islamic fundamentalism, regional autonomy, and the interests of a variety of more or less discredited political factions. These parties were able to generate enough turmoil to bring on the military coup. But in the aftermath, their mutual divisions have been so serious as to preclude cooperation for anything else.

17. The military regime, or at least its leader, has sought to build up some of these politicians so as to pave the way for one of them to take over as head of a new civilian regime. But neither retired Air Marshal Asghar Khan (a secular-minded, democratically oriented politician who left the Alliance), Wali Khan (an advocate of increased provincial autonomy recently released from jail), nor other less well known figures have shown much popular appeal

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II. POLITICAL PROSPECTS

Continued Military Rule

18. The military government of Pakistan holds an effective monopoly of force and is willing to use it. In the near term, therefore—and perhaps for as much as two to three years—the future of military rule will lie primarily with the military itself. So long as it retains its cohesion and its will to rule, it will remain a formidable and probably a ruling force. Against this force the former ruling politicians—even so popular a leader as Bhutto—cannot do much; nor can fragmented groups of the politically aware such as students, lawyers, intellectuals, or even doubting Army officers.

19. During his tenure Bhutto politicized the common people, however, and gave them a taste of populist politics. Although there remained a large gap between rhetoric and performance under Bhutto, it is unlikely that Zia will be able to reduce expanded popular demands and pressures on the government. In trying to deal with these demands and counter popular expectations of greater participation in the political process, the military government probably will increase stresses between the government and the governed. In time, if no leader appears to respond to the aspirations of the masses, Pakistan will be a candidate for violent political change.

20. Pakistan in fact has a long record of political instability and of periodic widespread public turmoil. In recent times virtually every principal political leader has been removed by extraconstitutional means. In some cases the toppling was preceded by increasingly severe and disruptive mass demonstrations reflecting deep popular discontent, as when General Ayub Khan was forced to step down in early 1969. But the regime being thus overthrown had usually been in power for a number of years and only gradually had acquired an increasingly unsavory reputation. By contrast, General Yahya Khan's downfall in late 1971 came about as the result of the military's losing confidence both in Yahya and in its own capacity to rule after the military debacle in East Pakistan. Although there are in 1978 some reports of dissatisfaction among officers below the top level with the prospect of continued military rule, this is not a widespread or rapidly growing sentiment. The military now shows considerable cohesion and sense of purpose.

21. Military rule of some sort seems likely for the next two or three years. The Zia regime may attempt to

change its image—as by appointing a civilian prime minister and cabinet which, under military direction, would have no ultimate authority, or by permitting the election of local governments with limited powers. In such circumstances Zia might assume the presidency, probably making it a powerful post rather than the figurehead position it now is. Other senior officers could even replace General Zia; there are reports—to date, neither decisive nor voluminous—of dissatisfaction with him among the harder line senior officers. Some corps commanders feel that Zia's efforts to restore civilian rule are premature. Pakistan, with or without Zia, could become a nation with the military firmly entrenched. Perhaps the ultimate goal of some top officers is to create a system of government not unlike that of Turkey, where civilian politicians do indeed govern, but within guidelines defined by a military force that has intervened in the past and is perceived ready to do so again.

22. But against this projection is the historical fact that the Pakistani electorate is a volatile one that can topple governments. Past experience would point to this as a long-term contingency, but Bhutto's influence has made it increasingly likely that this could occur in the near term as well. Additionally, the democratic ideals with which Pakistan began its history in 1947 have not been forgotten. The political heritage of the British provided Pakistan with a respect for the trappings of the rule of law, the independence of the judiciary, and the rights of individuals. Sympathy for these principles has reinforced the political inclination of the general public in Pakistan, as in India, to resist or reject regimes that are too strong or authoritarian. At present, therefore, although the situation in Pakistan looks containable, prolonged demonstrations could divide the Army and lead to the collapse of the government.

23. There is no way of foretelling what person or government might come to power if the military were to withdraw or be forced from politics. Should mounting public discontent prompt the military to retire to the barracks, it is possible that a civilian government not very different in outlook from the Zia or Bhutto regimes might be formed. It is also possible, however, that a replacement civilian regime might have a much more "radical" or socialist cast than that of present or past Pakistani governments. Such a regime might be led either by a more radical Bhutto who somehow had returned to power, or by an alternative leader with a similar populist appeal. Both the rhetoric and the actions of such a government could well be more extreme than we have witnessed so

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far in Pakistan. Whether Pakistan would also embrace a more radical foreign policy in these circumstances, say by actively aligning itself with extremist, less developed countries such as Libya or militant Communist states such as Cuba, can only be conjectural.

National Cohesion

24. The most serious crisis Pakistan might face in the aftermath of serious political and civil disorder would be the danger of a breakup of the nation itself. In addition to containing a very large group of culturally distinct refugees from India, Pakistan consists of four provinces with differing outlooks, languages, and, in some cases, long-established grievances. These (and their total populations in the early 1970s) are:

Punjab	36 million
Sind	14 million
North-West Frontier Province	12 million
Baluchistan	2 million

With well over half the nation's population, Punjab has always had and will continue to have a predominant position in Pakistani politics. The stature of Punjab is enhanced by its cultural and educational achievements, its agricultural prosperity, and its industrial development. The Punjabis have taken their superiority for granted, and have traditionally dominated the civil service and the military and, through them, the country.

25. Baluchistan and the North-West Frontier Province, more than Sind, are likely to present serious problems for any weak central government. Beyond their justified complaints of discriminatory treatment in favor of the Punjabis, these areas have been objects of international interest, intrigue, claims, and counter-claims. Afghanistan has, since Pakistan became an independent country, denounced their common frontier (the Durand Line) as an imperialist aberration imposed by the British in the 19th century. There are historical, cultural, and linguistic ties between many Afghans and the inhabitants of Pakistan's North-West Frontier and Baluchistan Provinces, and Kabul in the past has demanded periodically that these provinces be separated from Pakistan to form an independent Pushtunistan.

26. Despite Afghan efforts, there never has been a serious movement for provincial independence in Pakistan's two western provinces. Pakistan gradually has become more integrated by virtue of its growing

inner transportation and communications links, its development of industries whose needs are met outside provincial boundaries, and the tradition of national identity that has grown, however haltingly, since independence. The principal political parties in the two western provinces, despite enduring dissatisfaction with the central government, now advocate only enhanced local autonomy.

27. There has been limited evidence in recent years of outside support—from Iraq as well as Afghanistan—in the arming of dissident tribes in some areas of Baluchistan. This has worried the Shah of Iran, who sees such efforts as Soviet inspired and aimed at the integrity of Iranian Baluchistan. Pakistani governments prior to that of General Zia, including Bhutto's, tended to cope with autonomist movements in those areas with repression mixed with some economic concessions. The current military government has been more lenient, withdrawing troops from confrontation areas and releasing political prisoners. This policy may change, however, if the new government in Afghanistan heats up the Pushtunistan issue.

28. The situation in the frontier areas is likely to remain under control so long as the military and the government in Islamabad remain cohesive and firm. If they were to be shattered, however, and if Pakistan were to experience serious civil strife, the odds for severe disruptions and foreign intervention in the western frontier areas would increase sharply. Threats and perhaps actual military intervention by Iran or Afghanistan (or both) would become possible in extreme situations. Indian intervention from the east would be conceivable under such circumstances, but now seems far less likely.

III. THE ECONOMY

Current Problems

29. The Martial Law Administration has made only a slow start in attacking Pakistan's economic problems, which had grown considerably in the last years of Bhutto's rule. Although the authoritarian aspects of military government generally might be expected to have paved the way for a vigorous attack on economic ills, this has not been the case under the current regime in Pakistan. General Zia until recently has insisted that his is an interim government that will not initiate fundamental changes in policy. Although he has deviated from this philosophy more in the area of economic policy than in others, continuing political

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Table 1

Economic Indicators for Pakistan

GNP: \$15.2 billion
 Population: 74.5 million
 Per capita GNP: \$200
 Agriculture as share of GNP: 34 percent
 Labor force in agriculture: 56 percent

Trends (indexes except as indicated)

	1972/73 ^a	1973/74	1974/75	1975/76	1976/77	1977/78 ^b
GNP	100	102	109	114	115	119
Population	100	103	108	109	113	116
Agricultural production	100	104	100	106	107	116
Foodgrain production (million tons)	10.3	10.7	10.6	12.0	12.5	13.2
Cotton (million bales)	3.9	3.7	3.6	2.9	2.4	3.1
Industrial production	100	106	104	104	102	102
Prices	100	127	153	164	179	

International Financial Transactions

(Million US \$)

	1973/74	1974/75	1975/76	1976/77	1977/78 ^b
Exports (f.o.b.)	1,020	978	1,163	1,105	1,345
Imports (f.o.b.)	-1,493	-2,114	-2,139	-2,290	-2,770
Trade Balance	-473	-1,136	-976	-1,185	-1,425
Services (net)	-225	-260	-323	-446	-537
Workers Remittances	150	229	353	596	1,000
Current Account	-548	-1,167	-946	-1,035	-962
Debt Service (principal)	-216	-310	-345	-220	-320
Financing Requirements	764	1,477	1,291	1,255	1,282
Reserves Change	-23	+119	+129	-211	

^a The Pakistani fiscal year runs from 1 July to 30 June.^b Projected.

uncertainty and the long leadtime necessary to implement basic changes in the economy have forestalled any significant progress.

30. Real growth over the past three years has averaged about 2 percent per year. (See table 1.) Per capita real income has actually declined because the population continues to grow at about 3 percent per year. Agricultural production in 1978 will improve, but only enough to offset the effects of the slow agricultural growth of the previous four years. Industrial production is currently running only marginally above the levels of 1973, and considerable excess capacity remains—particularly in the textile industry. Because of the government's capital investment programs, import growth has consistently outstripped export growth since 1973, and import levels now are double those of exports. A large share of available resources continues to go to the military

establishment; defense expenditures accounted for 28 percent of the government budget in 1977.

31. Domestic investment, chiefly by the public sector, has grown in recent years. No Pakistani government has been able, however, to mobilize the domestic resources necessary for the country's ambitious development programs. Pakistan thus has relied heavily on foreign borrowing both to cover chronic trade deficits and to support development programs. This has saddled the government with a large external debt, \$6.6 billion at the end of 1977, and a ratio of debt service to foreign exchange earnings of 18 percent. The developed countries, led by the United States, and, since 1974, some members of the Organization of Petroleum Exporting Countries, have been the main sources of this support.

32. Some of Pakistan's economic problems arise from factors beyond the government's control: the

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OPEC oil price increase of 1973-74, which quadrupled the costs of imported oil; the world recession, which depressed export earnings; and a series of weather-related poor crop years that resulted in cutbacks on cotton exports and large annual imports of foodstuffs. These problems worsened and still others were created by the economic policies pursued by the Bhutto government. Under Bhutto, development programs emphasized large, slow-maturing capital-intensive projects. These required steady imports of costly equipment, and will do little to provide additional jobs for the large number of Pakistan's unemployed and underemployed.

33. The huge Tarbela dam and irrigation project was completed during Bhutto's tenure, but other programs for agricultural development and expansion of rural employment received low priority. Large-scale nationalization measures introduced by Bhutto placed a substantial share of the services and industrial sectors under state ownership. Government attempts to manage these activities proved inefficient, and operated as disincentives to both agricultural and industrial production. Although the cotton textile industry, Pakistan's main export earner, was not nationalized, fears of nationalization inhibited investment and production decisions in the textile industry as well as in other areas of private activity.

34. The political disturbances prior to the military coup in 1977 intensified Pakistan's economic problems. Worker unrest periodically shut down large segments of industry, transportation links between Karachi and the rest of the country were intermittently disrupted, and the movement of both exports and imports through Karachi port slowed. Production losses and shortages of key commodities, together with the impact of pay raises given to the civil servants and the military by the Bhutto government, undercut efforts to reduce inflation from levels of at least 20 percent in 1975 and 1976. With the imposition of the Martial Law Administration in July 1977, order was restored, and improvements in the supply and distribution of consumer goods helped to keep inflation for fiscal year 1977 at about 10 percent. Nevertheless, the uncertainties generated by the political situation and the slowness with which the Zia government is formulating new economic policies continue to militate against dramatic progress.

Military Government Programs and Performance

35. Aside from inflation, economic problems and issues played only an indirect role in Bhutto's

overthrow, and have not been emphasized by either the military government or the civilian politicians. The military has retained the civilian economic bureaucracy inherited from the Bhutto era, and the top leaders of its key organs—the Planning and Foreign Economic Affairs Divisions of the Prime Minister's Secretariat, the Ministries of Finance and Planning, and the State Bank of Pakistan—are well-trained and competent economic managers.

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36. The military came into power affirming that it would continue most of Bhutto's economic programs, and so far has not presented any comprehensive new economic plans. Zia nevertheless has moved to repair some of the damage done under Bhutto. The military government has denationalized agricultural industries, and is considering raising procurement prices for rice. These factors, in addition to favorable growing conditions, are stimulating agricultural production. Denationalization has also raised hopes that cotton and rice exports, now in government hands, will be returned to private operation with a consequent improvement in export levels. The recent signing of joint oil exploration venture agreements between the government and foreign oil companies also suggests a new Pakistani willingness to enlarge the sphere of operation for both foreign and domestic business firms. Zia has not yet, however, created the political climate that can stimulate the private investment that could lead to substantial economic growth.

37. The military government announced in December 1977 that it was preparing a new five-year plan that would focus on development of infrastructure, improved agricultural productivity, higher industrial output, and greater involvement of the private sector. Only the broad outlines of the new plan have been made public; the details have not, and may not have been settled. Some members of Pakistan's planning bureaucracy and the World Bank, which plays a leading role in the consortium of Western aid donors to Pakistan, favor postponement or cancellation of large capital-intensive projects and a concentration of resources on rural development. There are some indications that Zia personally may favor this course.

38. The nuclear reprocessing plant and the Karachi steel mill are prime examples of economically ques-

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tionable investments. Similarly, the planned Chasma nuclear power plant will eventually produce energy at a higher cost per unit of electricity than would hydroelectric or gas-fueled power plants. These projects, as well as several others, represent spending that could be redirected to more worthwhile undertakings or, alternatively, eliminated to bring expenditures more in line with domestic resources.

39. Zia's freedom to pursue such a redirection of economic policy is limited. The nuclear reprocessing plant is a sensitive political issue, and abandonment of the project would open him to charges that Pakistan is bowing to US pressures. Zia also must move cautiously in agricultural matters to avoid antagonizing large landowners in the rural areas. Additionally, the government faces a difficult policy decision between subsidizing the increased costs of food distributed in the cities that would result from payments of higher prices to farmers, or passing such increases on and risking rioting in the cities. At the moment the government is favoring measures designed primarily to forestall urban unrest.

40. Domestic economic conditions in Pakistan are currently stable, and concern over the balance-of-payments problem has eased as a result of sharply increased remittances from Pakistanis working overseas. Almost 1 million Pakistanis are now residing abroad, primarily in the Persian Gulf states and the United Kingdom, with smaller numbers in Western Europe and the United States. Remittances from these expatriates have jumped from the \$150 million level of FY 1974 to an estimated \$1.1 billion this fiscal year. These flows should be enough to reduce the 1978 current account deficit to around \$962 million and to stabilize financing requirements. The government currently expects that aid already committed will cover its financing requirements without forcing Pakistan to draw down significantly its \$900 million foreign exchange reserves.

Debt Rescheduling

41. The Pakistani Government has been able to ease its debt burden for the past four years through rescheduling arrangements negotiated with its major creditors in 1974. The current arrangement expires on 30 June 1978, and after that date Pakistan faces a \$235 million jump in debt servicing. Believing that it cannot meet this added burden, Pakistan has formally requested the World Bank, which chairs the group of major donors, for additional debt rescheduling and increased amounts of assistance beginning 1 July 1978.

42. The United States is Pakistan's largest single creditor, holding 35 percent of its total debt (58 percent of the consortium debt that can be rescheduled); OPEC countries, headed by Iran, account for 17 percent; and other bilateral and multilateral (World Bank, the Asian Development Bank) donors account for the remainder. Although the United States is the largest creditor, the debt servicing requirements of the Iranian loan are greater, Iran has informally put off debt repayment for the present, however, and this has temporarily eased Pakistan's balance-of-payments problem. Some of Pakistan's major creditors take the view that the need for rescheduling cannot be assessed until the government presents a new long-term economic development program. There is general agreement among the creditors that any new development plan must be realistically based on the limited resources available to the country, unlike the grandiose plans of the Bhutto era. The United States has stated its position that rescheduling is not required at this time, and virtually all other creditors in the consortium have agreed. Some countries, notably Iran, may unilaterally meet Pakistan's request for rescheduling.

43. Pakistan is not now in danger of defaulting on its debts, the situation in which rescheduling normally applies, and we believe the government is unlikely to face default in the next year. Economic performance over the coming year, FY 1979, will depend heavily on weather conditions. Given good growing conditions, food production will rise, allowing some cutback in food imports. Cotton production also will rebound, providing a stimulus to the textile industry and to cotton exports. These conditions, along with more effective economic management and a continued government effort to hold down imports of capital goods, could lead to a substantial improvement in Pakistan's trade balance. Remittances from workers overseas are also likely to continue to increase, although not at the 70-percent rate of FY 1978, and will further improve the government's ability to cover its debt payments. Lastly, the government can expect at least \$800 million in assistance from abroad. On the other hand, in the event of adverse economic developments both Western and OPEC sources would be called upon to provide additional assistance. A new debt rescheduling agreement would provide Pakistan with temporary breathing space in meeting its economic problems, but it would not address the problems themselves.

Prospects for the Next Two to Three Years

44. Neither the current nor any alternative Pakistani government is likely to be able, within the next

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two to three years, to restore economic growth rates to the 1960s levels of 6 percent per year. Even if the military decided now to redirect economic policy along the lines advocated by the World Bank and others, implementation would be complex and slow, and significant results would be apparent only after several years. There is, in fact, little likelihood that Pakistan within the next few years will achieve growth rates consistently above the 3-percent annual rate of population increase.

45. There is virtually no chance that this 3-percent rate of population increase will be brought down in the foreseeable future. The pressure of population on resources, therefore, is certain to continue. Two decades of foreign assistance from international agencies and bilateral donors and the creation of a complex but largely ineffective family planning bureaucracy have made no apparent dent in population growth in Pakistan. Progress is inhibited by cultural resistance to family planning measures and by the lack of any form of old age assistance, which makes a large family an economic asset. Although some Pakistani governments, notably that of Ayub Khan between 1958 and 1968, have aggressively promoted population control programs, most have not. Zia and the current military government have demonstrated no interest in mounting a vigorous attack on this problem.

46. Pakistan has a good long-term potential for improved economic performance. The completion of the Tarbela Dam provides an opportunity for increased agricultural production if the government can improve the supply and distribution of agricultural inputs—fertilizer, improved seeds, agricultural credit, and machinery. Abundant natural gas reserves (20-30 trillion cubic feet) and good potential for further oil discoveries point toward eventual improvement in Pakistan's energy position, and have raised the possibility of natural gas exports in the 1980s. In the absence of firm policy direction from the political leadership, however, no great progress can be expected in exploiting these potentials.

47. For the foreseeable future Pakistan's economy almost certainly would not be affected significantly by the creation of a South Asian common market. The establishment of such a market—to include Iran, India, and Pakistan—has been promoted recently by the Shah of Iran, but the idea has been discussed with leaders of India and Pakistan only in very general terms. Aside from the fact that the technical details of similar arrangements elsewhere have taken years to

negotiate, the Shah's proposal has been coldly received in Pakistan. Pakistan fears that under such an arrangement its economic interests would be sacrificed to those of its two industrially more developed neighbors.

48. Government policies on prices to be paid producers and on the level of resources directed into the agricultural sector will be important factors in maintaining or increasing production. Pakistani economic fortunes nevertheless will remain determined largely by the weather, even though the sizable proportion of irrigated land in Pakistan makes its economy less vulnerable to these uncertainties than is that of neighboring India. Future economic downturns will be cushioned only by the expected continuation in the flow of worker remittances and assistance from the OPEC and developed countries. These factors suggest that the gap between exports and imports will not dramatically narrow, that balance-of-payments problems will persist, and that sizable continuing financial assistance and periodic food assistance from abroad will be necessary over the next few years.

IV. FOREIGN AFFAIRS

49. Pakistan's premier foreign policy goals since creation of the state in 1947 have of necessity been national survival and security. Pakistani leaders are highly sensitive to potential threats to the country's cohesion, and all foreign policy decisions are made with this concern in mind. Geopolitical constraints—enmity with India, distrust of the USSR, and need for friendship with China—inhibit major changes in Pakistani foreign policy.

50. The martial law regime has concentrated heavily on internal problems since it seized power in mid-1977, but nevertheless has skillfully handled the country's foreign affairs, especially with its immediate neighbors. Relations with India, Iran, and Bangladesh are the best in 30 years. Relations with Afghanistan improved significantly in recent years, but probably will be subjected to new strains with the accession to power in April 1978 of a more pro-Soviet government in Kabul. Zia also has worked to establish a good relationship between the military regime and Pakistan's traditional friends—especially those that are wealthy—by traveling to China and frequently to the Middle East.

51. Zia's personal reluctance to initiate fundamental or precipitate changes in government policy, coupled with the constraints posed by his colleagues in the military government, suggest that he will be much

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less likely than Bhutto to take innovative, bold steps in foreign affairs. The Martial Law Administration's handling of the Bhutto case quickly subjected it to entreaties from foreign governments, including friendly ones, and reinforced the impression that the regime is somewhat defensive and rigid. This international perception is further underscored by the widespread view that Zia is the head of a nonrepresentative government with significant domestic opposition. If Zia is able to create a credible civilian-military joint government, he will win more leeway for conducting foreign and domestic policy.

South Asia

52. Pakistan's relations with India have improved significantly in recent years. Diplomatic relations were resumed in 1976, but the important domestic political developments in both countries during 1977 prevented further progress. Relations took a new upturn in early 1978 with the first visit of an Indian foreign minister to Pakistan in 12 years. The visit resulted in Indian assurances to Pakistan that India would still respect the 1972 Simla agreement regarding resolution of the perennial Kashmir dispute, and that any increased trade—which Pakistanis fear would favor India—would be to "mutual advantage."

53. Although the top leaders of both Pakistan and India favor improved relations, the military in Pakistan remains suspicious of India. The normalization process could easily again become the victim of the long-run regional goals of the two countries; India seeks predominance in South Asia, and Pakistan wishes to be free of Indian influence. The major impediment to rapprochement is the Kashmir issue. Neither side is willing to relinquish its control over that part of the divided state that it now possesses, and each formally claims undivided Kashmir. Although both countries are learning to live with the de facto border formed by the current line of control, we believe that only India might agree to formalization of the status quo. Pakistan, certainly in the current period of political uncertainty and probably thereafter, would not.

54. Nonetheless, the two sides probably can continue to limit the degree of hostility and confrontation over this issue. Historically, the Kashmir problem has become intense only when other matters were also causing great stress between the two countries. If India and Pakistan can maintain progress toward normalization, the benefits to each are likely to outweigh the political gains of intensifying the Kashmir dispute. India probably is ready to speed up the pace of

normalization, but Pakistan is not. Pakistan will continue to approach bilateral relations with a cautious attitude, waiting for demonstrable gains from each step before proceeding.

55. Pakistan's relations with Afghanistan over the past 30 years have been characterized by hostility, suspicion, and mutual recriminations. Although the two countries have never actually gone to war, there have been border skirmishes among the tribes and irregular forces, generally followed by bitter propaganda exchanges. This behavior diminished sharply between 1976 and 1978, however, when relations improved to their warmest point since Pakistan's independence.

56. This rapprochement stemmed from a decision by former Afghan President Daoud to cut back support for groups working to create an independent Pushtunistan for the peoples of western Pakistan, and from General Zia's subsequent decision to release from prison important Pakistani political leaders who had promoted political autonomy in the same area. The rapprochement resulted in increased economic cooperation, and in a move toward acceptance by the Afghans of the Durand Line as the boundary between the two countries. Afghanistan is unlikely, however, to recognize this border formally.

57. As a result of the coup in Afghanistan in April 1978, relations between the two states are likely to enter a period of increased uncertainty and suspicion. The strongly anti-Communist leaders of Pakistan almost certainly will seek continued normal relations with the new regime in Kabul, but will remain apprehensive that the new Afghan Government will revive the Pushtunistan issue. Pakistan anticipates this might occur either at Soviet instigation or because of a future need by the Afghan regime to create an external problem to divert attention from Afghanistan's internal political affairs. Even in the absence of such developments, however, the existence of a much more pro-Soviet government in Afghanistan will increase Pakistan's feelings of insecurity.

58. In his dealings with Iran, General Zia will continue his efforts to assuage the Shah's anxieties about Pakistan's stability and cohesiveness, and will continue attempts to elicit political and financial assistance from Iran. The Shah has not been enthusiastic about Zia, having felt that Bhutto, for all his faults, may at least have been a strong leader who could hold Pakistan together. Iran gave financial support to pro-Bhutto candidates in the aborted October, 1977 election, hoping that Bhutto might

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overcome his difficulties and resume power. However, the Shah's hopes faded by early 1978, when he indicated his willingness to work with the current Pakistani Government.

59. Pakistan will exercise care where Iran's sensitivities about Baluchistan are concerned, knowing that the Shah views unrest and calls for autonomy in Baluchistan as an incitement to revolt to the Baluchis on the Iranian side of the border. Zia's careful handling of the North-West Frontier Province and Baluchistan issues so far has promoted political rapprochement between the two states, although the Shah probably remains uneasy about Pakistan's loose rein on the tribes in Baluchistan.

60. Pakistan owes a large debt to Iran, and cannot, therefore, afford to be too brusque in rejecting out-of-hand the Shah's current initiative for an Asian common market that would include India. Pakistan's long-term fears that Iran and India may cooperate to Pakistan's detriment remain undiminished despite relatively good relations among the three states, and at least initially have inclined the Pakistanis to take a defensive and very tough position against the Shah's proposed venture. Ultimately, if pressed hard by the Shah and offered assistance in other fields, perhaps arms sales, Pakistan might agree to a very limited regional economic agreement if it were guaranteed such benefits as financing for a new transport system and profitable tariffs.

61. Pakistan's relations with Bangladesh have warmed steadily in the seven years since secession, if only because smaller countries on the periphery of India view good relations among themselves as essential for self-defense. Although Bangladesh probably would like to go further and restore much of the trading pattern of pre-1971 Pakistan, Islamabad is much less interested for two reasons: trading partners have changed, and vastly increased trade would involve overland transit through India, implying reciprocal rights for India through Pakistan to the West. Nonetheless, the recently formed joint economic commission should help increase bilateral Bangladesh-Pakistani trade as well as joint ventures in industry and agriculture. Pakistan and Bangladesh have several outstanding issues to settle, including the resettlement of population and the problem of the division of assets from 1971, but these matters probably will work themselves out in time. Otherwise, distance, ethnic differences, and the legacy of the past will prevent the re-creation of anything more than a friendly, arms-

length relationship between the two regional Islamic countries.

Middle East

62. Prime Minister Bhutto reoriented Pakistan's foreign policy after 1971 by strengthening the country's ties with its wealthy Islamic neighbors in the Middle East. The extent to which he succeeded is seen in the substantial foreign aid Pakistan has received from OPEC countries, including Iran. General Zia moved to nourish these important relationships with personal visits immediately after he assumed power. General Zia's efforts to cement ties on the new government's behalf appeared to be succeeding as long as the government claimed it was only an interim one, but when elections were canceled in late 1977 and Bhutto's trial for murder was announced, the Arab countries appeared to be reluctant to disburse more aid payments. King Khalid of Saudi Arabia, Sheikh Zayid of the United Arab Emirates, and Colonel Qadhafi of Libya were all personally concerned at Bhutto's death sentence; several Arab states urged clemency.

63. Pakistan's two most important backers in the Arab Middle East are Saudi Arabia and the United Arab Emirates. Saudi Arabia expects little of Pakistan except that it remain a stable, non-Communist, Muslim country. The UAE, on the other hand, looks at Pakistan as a significant source of military training, civilian manpower, and food imports. Besides supplying military training and manpower to the UAE, Libya, Oman, and Jordan, Pakistan has traditionally supported the Islamic cause in international forums. General Zia, who personally helped King Hussein of Jordan in that country's fight with the fedayeen in 1971, has attempted to improve his standing with the Palestinians. In addition, Pakistan provided a small amount of support for Somalia.

64. The possibility that Zia might establish still closer relations with and elicit significantly greater economic and military assistance from Iran and the Arab OPEC countries rests—in the near term—primarily on Zia's treatment of Bhutto. The Saudis were instrumental in the 1977 negotiations between Bhutto's party and the opposition. If Bhutto is executed, the Saudis will be much less inclined to look favorably on Pakistani requests, such as for assistance in financing arms or nuclear purchases. If Bhutto's life is spared, Pakistan's relations with the Middle East states will remain good. In no case, however, is Zia's influence likely to grow beyond that enjoyed by the more popular and diplomatic Bhutto.

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65. Pakistan's relations with the USSR—generally cool, but stable and nonthreatening—are likely to become more strained as a result of the recent change of government in Afghanistan. The Pakistanis have expressed the belief that the Soviets instigated the coup, and are alarmed by Soviet efforts to shore up Afghan Prime Minister Taraki's position with increased economic and military assistance. Pakistan has already alerted its traditional allies—the United States, Iran, and Saudi Arabia—to the potential need for additional assistance to counter this latest Soviet "threat," but fear of reviving Soviet support for a more aggressive Afghan policy on the border problem probably will limit direct actions against the USSR by Pakistan. We see no evidence that likely military successors to General Zia would be any more favorably disposed to the Soviets than he, and we estimate that even a much more nationalistic successor civilian government less well disposed to the United States would be likely to avoid significantly closer ties to the USSR.

66. Islamabad's concern regarding the USSR's close ties to Afghanistan and India forms the basis of its skepticism with respect to the Soviets, and gives rise to periodic Pakistani charges of Soviet support to Pushtu and Baluchi separatist movements. There has been no recent evidence that the Soviets are pursuing such aims, however; their activities appear limited to occasional contacts with the separatists. Soviet support to India during the 1971 war, increased Soviet military aid to Afghanistan in recent years, and especially the suspected Soviet complicity in the 1978 Afghan coup have reinforced further the innate anti-Sovietism of Pakistan's political-military elite. The military government severely circumscribes Soviet cultural and informational activities, and continues to refuse Soviet requests for special overflight privileges. Pakistan sees value in maintaining a facade of friendly relations with the USSR despite these suspicions, however, and has promoted trade ties and accepted limited Soviet economic assistance.

67. Pakistan's good relations with China are likely to continue or even improve over the next few years, even though a major factor in the growth of close ties—Sino-Indian enmity—has diminished. The Chinese are pleased at signs of reconciliation in Pakistan's relations with India and Bangladesh because China calculates that reduced tension in the area will minimize opportunities for the growth of Soviet influence. The Chinese, however, share the Pakistanis'

anxiety about the likelihood of significantly increased Soviet influence in Afghanistan following the 1978 coup in Kabul, and may be somewhat receptive to a closer Chinese-Pakistani relationship as a result. The Chinese support continued good relations between Pakistan and the United States, and almost anything that helps ensure Pakistan's continued stability.

68. The Pakistanis, for their part, will continue to look to China as providing valuable balance to possible future pressures from the USSR and India, and will promote close ties with China in the hope of winning greater amounts of military assistance. China continues to be a major supplier of equipment to Pakistan. There have been unconfirmed reports that the Chinese at one time offered to provide nuclear fuel and technology to Pakistan if it could not obtain these elsewhere, but it now seems less likely that the Chinese would provide this assistance.

United States

69. Pakistani leaders since the late 1950s have expressed concern over what they have seen as a steady reduction of US interest in and assistance to Pakistan and a corresponding growth in the US inclination to treat India as the preeminent political, economic, and military power in South Asia. Despite this impression, Pakistan's need for economic and military assistance from the West and its apprehensions about Soviet intentions in South Asia have ensured the continuation of a generally pro-US foreign policy, albeit one punctuated by occasional attacks on the United States—as by Bhutto—when political or security crises have occurred. The present military leadership is more favorably disposed to the United States than was the Bhutto regime, but it sees Pakistan's US ties as less critical than have earlier military governments. Moreover, the current government is pursuing policies and practices that are likely to raise problems over the next two to three years in at least three areas: nuclear programs, narcotics control, and human rights.

70. The major irritant in bilateral relations between the United States and Pakistan in the near term will continue to be the issue of Pakistan's desire to acquire facilities of its own to reprocess spent nuclear fuel. This issue is discussed in detail in chapter VI.

71. The narcotics issue is also likely to become an increasing irritant to relations between the United States and Pakistan over the next two to three years. We believe that the quantity of raw opium produced in Pakistan last year was much higher—perhaps a

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total of 300 tons—than the 200 tons cited by official Pakistani sources, and that production in 1978 may reach 400 to 600 tons. Until recently, much of this Pakistani-produced opium was consumed within the region, but because of increased cultivation, substantially more opium from Pakistan as well as Afghanistan is now believed to be entering Western Europe. Another new and significant factor is the existence of at least four illegal morphine-base conversion laboratories in the North-West Frontier Province.

72. Pakistani officials, especially at the local levels, do not perceive narcotics cultivation and trafficking to be either a domestic or foreign policy problem and are unable or unwilling to do anything about it. Additionally, most narcotics cultivation is in tribal areas where the central government exerts little control. Comprehensive narcotics legislation has been drafted in Pakistan, but never enacted, and high government officials, including General Zia, have failed to make good on announced intentions to control the problem. At least as long as there is political instability and a weak central government, narcotics cultivation will continue.

73. The current military government has had a mixed record on human rights, although it has corrected the worst abuses of the Bhutto period. Bhutto had the advantages of being democratically elected and having a populist image, but in fact implemented a repressive regime. After the 1977 military coup the "emergency" was lifted, jailed politicians were freed, restrictions on the press were eased, regulations weakening the judiciary were rescinded, the Federal Security Force was abolished, and investigations into corruption and abuse of power were begun.

74. Yet Zia's decision to delay indefinitely the elections he had promised served to tarnish his image quickly in the West, as did his reintroduction of Islamic punishments and the arrest and rearrest of many of Bhutto's supporters. The disposition of the Bhutto case, however, will be of the greatest importance in setting the human rights image of the military government. Although the Pakistani judiciary is relatively independent and the verdict was supported by some credible evidence, General Zia will damage his image with friendly governments if he allows the execution to be carried out. Zia in early 1978 declared an indefinite ban on political activity, and in all likelihood would be willing to implement still more restrictive measures to control additional political unrest fomented by opposition political

groups. If this authoritarian trend continues, the human rights situation in Pakistan will be a cause of increasing concern to the United States.

V. MILITARY POSTURE

75. Pakistan's 436,000-man military forces are unquestionably inferior to those of India, which are nearly three times as large and are becoming progressively better equipped. The forces of Afghanistan, Pakistan's other regional rival, are much smaller (112,000) and poorly trained, but are relatively well equipped. (See table 2.) Although the gap with India will continue to grow, Pakistan's national security is not likely to be threatened from that border in the next few years. Pakistan's political relations with India are now relatively warm.

76. The Pakistani military forces are a national institution both respected and feared by the population. British military traditions are slowly fading, but the forces are still highly professional, cohesive, and proud. Neglect of military obligations by senior officers now running the civilian bureaucracy has been detrimental to order and discipline within the military, however. Training is likewise neglected, and this, plus the slowdown in acquisition of new military equipment, will eventually reduce the level of military capabilities. Middle-grade officers are reportedly dissatisfied with this situation. If martial law is continued for an indefinite period, these sentiments will intensify.

Comparative Military Capabilities

77. Pakistan could not defeat India in a full-scale conventional war, even with substantial assistance from other powers in the region such as China or Iran. Pakistani forces probably could resist an Indian attack for a few weeks, however, and concede to India only a very expensive victory. India maintains sufficient forces along its border with Tibet to counter a conventionally armed attack by China, and would probably not turn its full strength toward Pakistan.

3.3(b)(1)

General Zia's knowledge of the Shah's lukewarm attitude toward the current military government in Pakistan and signs of improvement in Iran's relations with India will leave Pakistan more doubtful than ever that Iran

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Table 2

Comparison of Forces in Pakistan and Neighboring States, 1978^a

	Pakistan	India	Afghanistan	Iran	China (Tibet Only)	Bangladesh
Army						
Personnel	408,000	944,000	102,000	260,000	84,000 ^b	65,000
Divisions						
Infantry	16	27	10 ^c	8	3	5
Armored	2	2	8	3	0	0
Tanks	1,400	2,100	750	1,600	0	30
APCs	400	550	600	2,500	0	0
Navy						
Personnel	9,900	41,000	None	82,500	Negligible factor in area	8,500
Principal Combatant Ships						
Carriers	0	1		0		0
Cruisers	1	2		0		0
Destroyers	4	0		8		0
Frigates	0	11		4		1
Small Frigates	2	10		0		0
Submarines	4	8		0		0
Guided Missile Combatants	0	3		0		0
Guided Missile Attack Boats	0	16		2		0
Air Force						
Personnel	17,900	113,000	10,500	90,000		2,000
Interceptors	230	330	115	234		15
Attack Aircraft	25	340	18	193	^d	0
Bombers	10	40	25	0		0
SA-2 Launchers	0	126	18	0		0
SA-3 Launchers	0	60	18	0		0
SA-6 Launchers	0	16	0	0		0
Hawk Launchers	0	0	0	48		0
Short-Range SAM Launchers ^e	12	20	0	80		0

^a Equipment totals in all cases include complete inventories in combat units, reserve, and maintenance.

^b Excludes security, internal defense, and border defense troops.

^c The basic units of Afghanistan's Army are roughly one-third the size of divisions in other armies.

^d China occasionally deploys some combat aircraft to Tibet.

^e Excludes shoulder-fired SAMs.

would come to its assistance. If Bangladesh's forces were to attempt to aid Pakistan, they would constitute little more than an annoyance to India.

78. Afghanistan's forces represent a limited but significant potential threat to Pakistan's territorial integrity. The possibility that Afghanistan's forces may be strengthened through increased assistance from the Soviets and that the threat to Pakistan may become greater have increased as a result of the accession to power of the more pro-Soviet government in Afghanistan in 1978. No likely improvements to Afghan forces, however, would alter fundamentally the capabilities imbalance between the two states. In the unlikely event that Pakistan were headed toward disintegration as the result of military action by India, Afghanistan with its current capabilities could probably seize and hold portions of western Pakistan. This

would not be possible, however, if Iran were to intervene.

79. Pakistan discounts the military security value of the Central Treaty Organization, but believes that its membership provides some leverage on the Western powers useful to Pakistan in its attempts to secure political support and arms supplies. General Zia has indicated that Pakistan under the Martial Law Administration will meet its obligations to CENTO. We believe that Pakistan might in fact leave CENTO, however, if it concluded that such a move would improve its prospects for obtaining significant military or nuclear assistance outside the alliance.

Potential Improvements

80. Pakistan would need substantial quantities of modern weapons in the next few years to maintain

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even the current imbalance with India. These would include primarily combat aircraft with improved long-range strike capabilities to replace aging F-86s and B-57s, as well as mechanized equipment and diversified air defense weapons. Prospects for acquiring this equipment from abroad seem poor. Pakistan recently encountered difficulty in meeting the payments for French helicopters, and an offer by France to sell additional Mirages after the United States refused in 1977 to sell A-7s could not be accepted for lack of funds. The prospective delivery of some 230 armored personnel carriers from the United States beginning in 1979 would permit increased ground force mechanization, as would the possible acquisition of a limited number of new tanks from China. A major program to procure air defense missiles in the next few years appears unlikely; Pakistan now has only a few short-range surface-to-air missile launchers. Also needed are new combatant ships with armament able to contest India's total superiority in antiship missile-equipped combatants. Plans for installation of French Exocet missiles on surface ships and some of the recently acquired Sea King helicopters would improve naval capabilities.

81. Lacking significant defense industries, Pakistan is falling behind India in its own ability to upgrade existing foreign-built equipment or produce new weapons. With Iranian help, for example, Pakistan has begun to replace 90-mm guns with 105-mm guns on some 123 M48 tanks; India, however, has already done this with more than 300 T-55 tanks, and has an additional force of more than 800 similarly armed Indian-built tanks. Within the next few years several facilities for the maintenance and overhaul of foreign weapon systems, including tanks and aircraft, will be completed in Pakistan. Although operation of these facilities will increase the level of indigenous expertise, Pakistan will long remain largely dependent on source countries for parts and technical assistance. Pakistan currently produces ammunition and infantry weapons as large as recoilless rifles, but progression to larger systems almost certainly will have to await accumulation of experience with the new maintenance facilities.

82. Any new measures to improve Pakistan's military posture are unlikely to have a significant impact during the next two or three years. Pakistan may be able to acquire some relatively outdated weapons from China on easy credit terms, but, because of the leadtimes for delivery or production of most items of sophisticated Western equipment, major improvements in military posture will probably not

occur until several years after the military government or a successor regime decides on its priorities and devotes substantial additional resources to equipment purchases or production.

83. In the meantime, political and economic uncertainty will continue to hinder the improvement of military forces. This uncertainty is a deterrent to those foreign states that might provide arms or financial assistance to Pakistan, and impairs the country's military readiness by creating the need to keep troops available for internal security duty and by diverting the attentions of senior officers from military affairs and training to national and local administration and other political matters. Moreover, the growing economic problems of recent years have further restricted Pakistan's freedom to devote its limited hard currency holdings to weapons imports, thus slowing the replacement of aging or outmoded arms in all three services.

VI. NUCLEAR PROGRAMS

84. India's nuclear explosion in 1974 and recognition by Pakistani leaders of their country's growing military inferiority to India have prompted Pakistan in recent years to adopt greater ambitions for its nuclear program. Although this program is defended as necessary to meet Pakistan's electric power needs, it would constitute an uneconomic solution to that problem, suggesting that the government's principal motive is to achieve at least the capacity to assemble nuclear explosive devices. Formidable economic, strategic, technical, and foreign political constraints may permit only slow progress toward achievement of this capability, but we believe that virtually all military and civilian leaders favor continuation of the program. Pakistan has not signed the Nonproliferation Treaty and there is no feeling in the country that Pakistan's nuclear program should be constrained in the interests of nonproliferation.

The Political Problem

85. US nonproliferation policy is seen in Pakistan as an attempt to deny sensitive nuclear technology to Pakistan. Pakistan recognizes that the United States is the prime mover behind the Nuclear Suppliers Group efforts to limit exports of sensitive material, and that the United States is pressing France to cancel its contract to supply a reprocessing plant to Pakistan. Pakistani national pride has become involved in the program to secure the reprocessing plant and additional nuclear reactors. It is therefore, most unlikely

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that General Zia—who inherited this program from Bhutto—will publicly abandon these efforts even if he becomes privately convinced that the French will not follow through. The Pakistani Government appears willing to accept a withdrawal of US assistance if this is necessary to obtain a reprocessing capability.

86. Pakistan will continue its attempts to convince the Arab states, especially the OPEC members, to use their influence with the United States on behalf of Pakistan on the nuclear issue. Pakistan in the past has indicated to these states that it offers the best chance for the Muslim world to obtain nuclear expertise at an early date, and that this expertise would be shared with those Islamic states that support it now. Some Arab states, including Saudi Arabia, Kuwait, and Libya, might be sympathetic to the Pakistani cause and lend some degree of assistance. Continued or increased political instability in Pakistan would be likely to reduce French, Arab, and other foreign willingness to cooperate with Pakistan on nuclear matters, although it would not diminish Pakistan's hopes of obtaining a reprocessing facility and an eventual explosive capability. Although some Pakistani politicians have at times hinted at a willingness to curtail the country's nuclear program, we believe these were simply attempts to curry favor with the United States and not credible assurances.

Present Facilities

87. Pakistan currently has nuclear research centers in Islamabad and Lahore and a single nuclear power reactor at Karachi. The Pakistan Institute of Science and Technology and the Pakistan Atomic Energy Commission are located in Islamabad, where there is a research reactor, three pilot facilities associated with fuel element fabrication, and a laboratory-scale facility for reprocessing spent fuel elements. This small-scale reprocessing facility, if in fact it is operating as originally projected, could separate a maximum of between 500 and 1,000 grams of plutonium per year. The Atomic Minerals Directorate at Lahore has located several uranium deposits and has mined some ore; research quantities of uranium are being concentrated in an on-site, experimental plant.

3.3(b)(1)

88. The nuclear power reactor in Karachi, supplied and fueled by Canada, began operation in 1972. Although the suspension of fuel shipments by Canada

probably will force a shutdown of this plant in 1978, at least 200 kilograms of reactor-grade plutonium are contained in the spent fuel rods stored in the plant's cooling pond.

3.3(b)(1)

Facilities Sought

89. In recent years Pakistan has sought to purchase from abroad a reprocessing plant, a heavy water plant, a fuel fabrication plant, and additional nuclear power plants, most of which would be located at the Chasma nuclear complex on the Indus River. If these efforts were to succeed, Pakistan could approach self-sufficiency in its nuclear fuel cycle and would thus have a credible nuclear explosive option. The most critical single element now being sought is the reprocessing plant that Pakistan has contracted to purchase from France. This plant, which could go into operation as early as 1982 with French engineering assistance, would be capable of reprocessing the fuel from the Karachi reactor and also the enriched fuel of future power reactors.

90. Neither the international safeguards agreed to earlier by the French, the Pakistanis, and the International Atomic Energy Agency nor the coprocessing system more recently proposed by France would provide what the United States would consider adequate assurances that plutonium from such a reprocessing plant could not be diverted for weapon purposes. The International Atomic Energy Agency is inexperienced in safeguarding reprocessing plants, which would require virtually round-the-clock physical inspection. Moreover, it is at least theoretically possible that Pakistan within several years could devise methods to separate out and divert plutonium from the "coprocessed" product of a modified French plant.

91. If France decides not to provide the reprocessing plant, it is possible that the Pakistanis may attempt to complete and operate it themselves.

3.3(b)(1)

3.3(b)(1)

Designs of small reprocessing and plutonium recovery facilities can be found in the open literature, and Pakistan could procure most, if not all, of the materials for constructing and operating such a facility. The Pakistanis would have a reasonable chance of completing such a facility by the early 1980s. A small, crude reprocessing facility would be less efficient and safe than the French plant.

The Weapons Option

92. The Pakistan Atomic Energy Commission organized a weapons design group in 1974 to study and develop a workable design for a nuclear device.

3.3(b)(1)

If pressed hard to explode a nuclear device, Pakistani scientists probably could do so in the early 1980s using plutonium derived from the laboratory-scale reprocessing facility and/or from a Pakistani-built crude reprocessing facility. Were the French plant to be completed, Pakistan would have access to quantities of plutonium sufficient to take the additional step of producing weapons.

93. The decisions on whether or not to explode a nuclear device and to proceed on to the production of weapons with or without such an explosion will be determined largely by factors unrelated to Pakistan's technical abilities. These will include the Pakistanis' unilateral assessment of India's nuclear intentions—of which they will remain highly suspicious—and of the conventional military threat posed by India, both to be weighed against the high likelihood that a nuclear explosion by Pakistan would stimulate India to pursue a nuclear weapons program virtually certain to bring quicker results than Pakistan's. Additionally, a decision by Pakistan to violate existing international safeguards in order to proceed with a weapons program probably would jeopardize the country's nuclear power program by prompting the withdrawal of such foreign nuclear assistance as now exists or might be sought in the future. The cautious present military government, which is disinclined to take dramatic steps or make long-term commitments, is not likely to use a one-time capability to explode a device purely for prestige purposes or as a symbolic deterrent, but this possibility would be greater if a radically nationalist military or civilian regime came to power.

94. The views of foreign governments, with the possible exception of Iran, will not be primary determinants in Pakistan's decisions on nuclear matters. most of the country's supporters—especially the oil-rich Arab states and China—are not opposed to its nuclear program.

3.3(b)(1)

Similarly, neither the likelihood of withdrawal of US economic assistance, now only a fraction of Pakistan's total, nor the costs of a nuclear program, however huge, will be prohibitive factors if Pakistan determines that its security interests dictate it must push ahead.

95. Should Pakistan decide to proceed with production of nuclear weapons, it would still be extremely limited in delivery capabilities for many years, because it has no present capability for the indigenous production of either aircraft or ballistic missiles. The B-57 aircraft currently in Pakistan's inventory could carry a crude, large nuclear device, but these aircraft have poor penetration capabilities. Pakistan could acquire aircraft from abroad or attempt ultimately to develop ballistic missiles on its own, but either approach would entail the development of more sophisticated and compact nuclear bombs or warheads which, while not necessarily beyond Pakistan's theoretical future capabilities, would entail great investments of time and money and put great strains on its technical resources.

96. Although Pakistan has no known program to develop a ballistic missile, it has already acquired some facilities and technologies applicable to such development. In view of the additional facilities and equipment that would be required, however, and the difficulties certain to be encountered, we consider it highly unlikely that Pakistan could achieve a ballistic missile capability within the next five to 10 years, even if it acquired extensive technical assistance from abroad. The more likely strategy would be for the Pakistanis to seek Arab funding for the purchase of new aircraft, perhaps Jaguars or Mirage F-1s, that could serve as nuclear weapon delivery systems. Were funds available, these aircraft could be delivered long before Pakistan could produce the compact weapon they could accommodate.

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3.5(c)

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