

**THE POLITICS OF AID : AMERICAN  
ATTITUDE TOWARDS PAKISTAN  
IN POST - COLD WAR ERA**

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CERTIFICATE

Certified that the dissertation entitled " The Politics of Aid : American attitude towards Pakistan in Post-cold war era " submitted by Ravi Ranjan Mishra is for the award of the Degree of Master of Philosophy of this University. This dissertation has not been previously submitted for any other degree of this or any other University, and is his own work.

We recommend that his dissertation may be placed before the examiners for evaluation.

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*Ravi Ranjan*

Ravi Ranjan Mishra

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## PREFACE

While the 20th Century has been an age of revolution in Science and Technology and consequent leap in the standard of living of the people, this age has also witnessed increasing inter-regional and inter-personal inequalities. The gulf between the rich and poor nations is wider than ever before. In the circumstances it is incumbent on the part of the developed world to contribute their mite in mitigating the sufferings of the developing world. It becomes more of a duty considering that the developing countries pitiable plight in most of the cases can be traced to their colonial backgrounds. And so the developed world has accepted this task of providing aid and assistance to their rather unfortunate brethren. Of course, this aid is subject to political and economic calculations of the donors.

This arena of aid and assistance, provides a rare sight of fascinating interaction between economic and international politics. That is exactly the reason why one went for this topic. And US-Pak relations furnish the best example.

The dissertation has been planned as follows:

Chapter I introduces the subject and tries to see the role of politics in a historical perspective. It attempts to explain the political factor in aid as a consistent and clear diplomatic practice of the United

States.

Chapter II reviews special US-Pak relations of the cold war era and attempts to establish the fact that Americans' generosity to Pak was directly related to the latter's strategic significance in cold war calculations.

Chapter III discusses US-Pak relations, in post-cold war era, a relationship which has seen better days.

Finally, one 'concludes' that 'international aid' is no charity, more so in the case of a superpower like the United States of America.

## CHAPTER I

### THE UNITED STATES AND AID POLITICS

In an ideal world there would be no politics in aid. The industrialised countries of the north would be generous in transferring resources to the developing countries of the south. They would regard development assistance as an imperative, expressing a social ethic which paid no regard to spheres of influence, power struggles and considerations of self-interest. They would see aid as an important element in the whole complex of inter-related international Action, encompassing trade, commodity prices, public and private lending, environment protection and so on, to achieve a world of social justice.

But it is such a sad sweet innocence to suppose that the real world, nasty and brutish as it is, will allow moral principle to dominate its behaviour. It is fundamentally important to understand that aid, and its associated policies, is no soft and gentle issue. It brings into play the fundamentals of political philosophy.

The exciting period of reassessment of the relationship between the North and the South was the 1960s. That was the decade when newly independent countries all over the world considered their economic position in post-colonial era and discovered that flying of their new flags in the proud celebration of independence day hadn't ended

their dependency. It was the decade when they began to formulate their demands for a new and different relationship and also began to analyse the nature and restraints of neo-colonialism.

It was also the decade in which the imperialist countries, for their part made their adjustment to the ending of colonialism. The direct financial responsibilities and colonial administration were replaced by miniscule aid programmes, with new govt. departments or agencies to organize them, and to determine 'aid policies' towards the newly independent states.

They had a model to follow :

The USA, which from the days of post-war Marshall plan to assist Western Europe, later Truman "Point Four" programme and then 1960's impetus given by President Kennedy, had evolved a political approach to aid. The US political approach was both simple and overt, unembarrassed and self-righteous. The cold war set its own priorities. Aid was the part of the power struggle : to sustain its hegemony in Latin America, to provide economic assistance to underpin military assistance for countries ready to accept its bases or to offer military co-operation ( or to refuse co-operation with the Soviet Union) and to compete with the Soviet Union in offering aid projects to countries which were both important and neutral in their attitude.

Indeed, bilateral assistance programmes have remained prime instruments of US economic and security



policy throughout the post-war years. In the long run, development aid is expected to increase the stability of the new nations and the security of the US. As Secretary of Defence Robert S McNamara put it in May, 1966 ,

" The years that lie ahead for the nations in the southern half of the state are pregnant with violence. This would be true if no threat of communist subversion existed - as it clearly does ... whether communists are involved or not, violence anywhere in a taut world transmits sharp signals through the complex ganglia and international relations ; and the security of the US is related to the security and stability of nations half a globe away "

In countries where the US has felt it important to support a major defence effort - at different times in Greece, Turkey, Iran, Pakistan, Taiwan, Korea, Vietnam etc - economic assistance has been used to finance commodity imports that increase the supply and goods people want to buy, thereby easing the inflationary pressure. The US economic assistance has also been used to help governments maintain the forces to suppress insurgents (mostly communist insurgency), and to help remove some of the causes of the insurgency. While military assistance provides equipment, military supplies and advisors for the armed forces, economic assistance is used to equip, train and advise paramilitary forces such as the police and the border patrols.

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1) Address before the American society of Newspaper Editors, Montreal, Canada, May 18 1966. Cited in Enrico Augelli & Craig Murphy, " America's quest for supremacy & the third world " .p.10  
Primier Publishers London 1988.

Successful control of the guerilla warfare demands the active co-operation of the local people. Therefore, economic aid is also used for relief and quick-impact development programmes designed to benefit promptly and win the support of villagers. In Vietnam, A.I.D.<sup>2</sup> had provincial representatives in each of the 43 provinces directing programmes including refugee relief, agriculture extension, construction of schools and clinics and hundreds of other activities.

Again, economic aid is used in a variety of ways to try to influence the current political situation in the aided country, where the outcome appears important to more lasting US interests. For example, economic aid has been used in part in Brazil, the Dominican Republic, Guyana and elsewhere to buy time for new regimes to consolidate their positions and formulate programmes of action.

Economic assistance has also been used to try to influence the outcome of elections, or simply to ensure that the elections are held. In Venezuela, terrorists sought to sabotage the elections of autumn 1963, warning that those who went to the polls would be marks for snipers. The US stepped up support for the Venezuelan military and police. Even recently economic assistance has been withheld in certain cases after military coups to demonstrate US disapproval and to encourage early scheduling of elections

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2) Agency for International development created to administer economic aid programme in 1954.

and a return to constitutional government.

And finally, and most importantly, economic aid has been used, along with diplomacy and other foreign policy instruments, to try to influence recipient's foreign policy views - their attitudes toward the US, their cold war role, and their behaviour towards their neighbours and in international organizations outside a cold war context.

Indeed, US foreign aid policy has always been guided by political considerations and right through the post-world war II years, American policy makers have made no bones about this fact. That is, of course, not to suggest that political motives have been the only motives. To be sure, the foreign aid programmes of the US owe their existence to humanitarian, economic and political motives. As World War II approached its end, the humanitarian motive was mainly responsible for the relief and rehabilitation administration set up by the UN, to which taxpayers of the US made a contribution of some three billion dollars. At the same time the economic motive was already strong. It might have led to the adoption of a programme of large grants and cheap loans to foreign countries even if the menace of Soviet aggression had not appeared. But this Soviet menace, the threat of communism, added a strong political motive very soon to the other two. Actually, the political motive very soon became the most determining factor of economic aid.

Anti-Communism :

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There are two schools of thought on communism in America. The first holds that communist governments stem from external pressures or the violent action of an armed minority which imposes dictatorship on a subject population. This concept relies on the image of the Soviet army shaping Eastern Europe after the Second World War. Extended to the whole world, this image suggests that no communist regime could arise with public consent. This image was widely disseminated by popular press throughout the Truman years.

In December 1950, for example the 'New York Herald Tribune' promoted a declaration of state of war against Mao's faction intending it not ... (as) war against China or the chinese people but against one faction in China namely the communists.<sup>4</sup> The second American image of communism originates in social scientific analysis, but remains quite simplistic. According to this theory "hunger and want (were) so severe and widespread that people were ready to grasp at any new hope, any utopian promise. What was there to lose".<sup>5</sup> Poverty causes communism.

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3) " America's quest for supremacy and the third world Enrico Angelli and Craig Murphy, Premier Publishers, London, 1988 p.59

4) Ibid

5) Cited in Pakenhem p.28 'Liberal America and the Third World' Princeton, Univ. Press, 1973

Both concepts of communism allow America a special position in the world. The first sees this special reality in more overtly religious terms; it justifies American crusades against communism. The second incorporates religious impulses into liberal theory : America is a model that all would like to emulate but not being able to, some are driven to communism in desperation or envy. If the first image of communism leads to crusades and military assistance so people can resist violent communist minorities, the second image leads to liberal evangelism and using economic assistance to avoid the desperate turn to communism.

### Truman Doctrine

Truman Doctrine was a product of the same thinking process. It was under this Doctrine that the US sought to underwrite the defence of Greece and Turkey against the communist inspired movements. Enunciated by President Truman in a speech before the US congress on 12 March 1947, the Doctrine proclaimed that " it must be the policy of the US to support free peoples who are resisting attempting subjugation by armed minorities or by outside pressure".<sup>6</sup>

6) Henry Steele Canmager 'Documents of American History ' , New York, 1949 p.47

For this purpose, the President recommended a \$400 million military assistance programme to Greece and Turkey. The 'Truman Doctrine' marked a sharp new turn in American policy. The US military assistance to Pakistan in the summer of 1954 was an eventual extension of this Doctrine further east. Truman would provide economic and military aid to Greece and Turkey in 1947, to European countries through the Marshall plan starting in 1948 and to east and southeast Asia between 1948 and 1950. Truman used aid as one way to help prevent soviet inroads in the western Europe and thus assure access to important markets.

Commenting on this obsession with 'anti-communism' of Americans, 'George Kennan' remarks in his memoirs :

" Throughout the ensuing two decades the conduct of the aid foreign policy would continue to be bedevilled by people in our own government as well as in other governments who could not free themselves from the belief that all another country had to do in order to qualify for American aid, was to demonstrate the existence of a  
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communist threat".

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7) Quoted in Packenhem, " Liberal America and the third World ", Princeton, NJ ; Princeton Univ. Press, 1973 p.39

### The Marshall Plan:

Talking about US aid programmes, one must discuss the 'Marshall Plan' the most ambitious aid effort on the part of the US. Originating with a very general offer of economic aid to war-ravaged Europe made by Secretary of State George C Marshall in a Harvard graduation day speech on 5th June 1947, there emerged ten months later - after much high-level diplomacy, intensive deliberations of an international committee of officials of European governments, exhaustive congressional hearings and three presidential Committees of inquiry -- the Foreign assistance Act of 1948.

This umbrella legislation established the Economic Cooperation Agency (ECA) to administer the European recovery programme (ERP) -- Marshall Aid. Over the next four years \$13 billion in aid was made available to sixteen Western European countries who were ready to sign bilateral agreements with the US committing themselves to four broad aims, viz. a strong production effort, expansion of foreign trade, the maintenance of financial stability, and the development of European economic co-operation. Before the four years were up the ECA was superseded in 1951 by the Mutual Security Agency (MSA) as the programme now assumed an essentially militaristic purpose. Further changes in the

structure and nomenclature followed as the MSA was transformed into the Foreign Operations Agency (FOA) in 1954, hence to become International Co-operation Agency(ICA) in 1955 and finally the Agency for International Development(AID) in 1961. By that time economic aid to Europe had ceased and other parts of the world were the focus of attention.

The Marshall Plan was definitely a multi-faceted plan:

" It was a political programme to preserve civilisation out of which the American way of life had developed ... It was an economic programme to promote Europe's financial, fiscal and political stability; to stimulate world trade; to expand American markets; to forestall an American depression ; to maintain the open-door policy; to create a multilateral trade world which could be dominated by American capitalists ; and to maintain a capitalist hegemony over the regions later to be called the Third world ... a programme to stop the communism, to frustrate socialists and leftists, to attract the Soviet Union's satellites, and to contain or roll back the Russians. It was a programme that promised reduction in military expenditures, but it also provided Americans with opportunities to stockpile strategic materials and maintain friendly access  
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to military bases abroad.

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- 8) John Gimbel, " The origins of the Marshall Plan ", 1976 cited in Anthony carew, "Labour under the Marshall Plan" p.12 , Manchester Univ. Press, 1987.



Indeed, Marshall Aid was in essence an anti-communist, anti-soviet programme designed to undermine and isolate the soviet-bloc and to defeat indigenous communism in the nations of western Europe. That is not to deny that humanitarian and economic considerations also played an important role. Marshall Aid is often represented as an act of great humanitarianism, as a result of which much needed supplies of raw materials, bread grains and other cereal crops would alleviate hunger in Europe. But this dimension of the plan has to be seen alongside the earlier decision of the United States in August 1946 to terminate its crucial contributions to the United Nations Relief and Rehabilitation Administration (UNRRA) on the grounds that further aid was not needed. The truth was that, beyond some legitimate criticisms about maladministration in UNRRA, the US had grown impatient of general relief programmes which offered no political pay-off. UNRRA finally closed down in June, 1947 just as America's massive aid programme was to be announced. Significantly, the United States deliberately chose not to have the aid administered by the United Nations recently created Economic Committee for Europe (ECE). Nor did the humanitarian element in the Marshall plan extend so far as to envisage higher general living standards for Europeans by the termination of the fair-year programme. Improved levels of consumption were deliberately deferred until after 1952. Dean Acheson was to defend the Marshall Plan in terms of 'Our duty ... as human beings', but he was more emphatic

in saying that the United States was involved in the programme 'chiefly as a matter of national self-interest'.<sup>9</sup>

Therefore, the notion of 'containment' remained the basic philosophy behind the Marshall Aid programme. It was also reflected in the selection in Spring, 1947 of the Russian specialist George Kennan to head the important Policy Planning Staff of the State Department which was given the task of drafting the outline of aid programme. Economic power was used to attack what one writer referred to as 'submerged problems like psychological and diplomatic hold of the USSR on Europe'.<sup>10</sup> For the Administrator of the Marshall Plan, Paul Hoffman, the recovery programme was the economic manifestation of what was at bottom an ideological battle needing to be fought concurrently on military, political and psychological fronts. In his pithy phrase, it was a contest between the American assembly line<sup>11</sup> and the communist party line.

In western Europe the possibility of communism triumphing on the back of extensive economic and social deprivation in countries such as France, Italy and Germany was a real one for American Foreign policy makers to reckon with.

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- 9) McGeorge Bundy, "The Pattern of Responsibility", p.49, Houghton Mifflin, 1952.
10. Harry Price, "The Marshall Plan and its meaning" p.12, Cornell University Press, 1955.
11. Paul Hoffman, "Peace can be Won", p.49, Michael Joseph, 1951.

Point Four :

President Truman in his inaugural address of 20th Jan, 1949 outlined fair courses and action which he believed the US should emphasise in her international relations in coming years. Assuring the world of his steadfast adherence to existing American policies, he said that Americans could continue to give unfaltering support to the UN and related agencies and would continue the US programmes of world recovery and to strengthen freedom loving nations against the dangers of aggression. Then he added a fourth point :

" We must embark on a bold program for making the benefits of our scientific advances and our industrial progress available for the improvement and growth of under-developed areas ... we should make available to peace loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And in co-operation with other nations, we should foster capital investment in areas needing development. Our aim should be to help the peoples of the free world, through their own efforts to produce more food, more clothing, more materials and more mechanical power to lighten their burdens

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Out of this challenging proposal came America's 'Point Four' programme of technical assistance to most of the underdeveloped countries including Pakistan. The "Point Four" programme was eventually embodied in the 'Act for

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11. US Dept. of State, Point 4 : Co-operative programme for aid in the Dev. of Economically Underdeveloped areas(Washington, 1949)

International development' approved on 5th June 1950. This Act made the objective of assistance for the economic development of underdeveloped areas, for the first time a national policy. This was a significant development and grew out of realization by American policy-makers that economic unrest in underdeveloped countries like Pakistan could breed political instability. It was thought that such a climate of unrest must be avoided for safeguarding the growing American interest.

In the Senate Hearings on the Act for International Development, Secretary of State Dean Acheson stressed that American military and economic security was to a significant extent dependent on the economic security of other peoples and that the Point Four programme was " in a very real sense, a security measure and an essential arm of our foreign policy ".<sup>12</sup>

People in the Underdeveloped areas, according to Acheson, were not concerned with abstract ideas of democracy or communism, but were in need of practical solutions to their problems in terms of food, shelter and a decent livelihood. He argued that the American policy was broader

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12. US Senate 81 Congress Second Session Committee on foreign relations, Hearings, Act for International development(Point 4), (Washington, 1950)

than mere resistance to communism. He added that " economic development will bring us certain practical material benefits. It will open new sources of raw materials and goods which we need and markets for the products of our farms and factories".

The interest of the US in enhancing political stability in underdeveloped areas like Pakistan by increased aid for economic development was also emphasised by the so-called Gray and Rockefeller Reports on economic assistance programmes.

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13. *ibid.*

14. Gordon Gray, Report to the President on Foreign Economic policies (Washington, 1950)

15. Nelson A. Rockefeller, "Partners in progress" A Report to the President by the International Development Advisory Board (Washington, 1951).

'Gray Report' stated that the underdeveloped countries and Asia did not accept poverty as an inevitable fact of life. The contrast between their aspirations and their state of unrelieved poverty, it continued, made them susceptible to domestic unrest and provided fertile grounds for the growth of communist movement. Mentioning the nearness of some of these countries to Russian borders, the Gray Report stated that the US objective should be to help strengthen these countries to enable them to maintain their independence.

#### U S Aid and Asia : Useful Lessons

In the Asian context the experience in foreign aid was drawn from China. The failure of both economic and military aid in China determined the timing of initial aid to Southern Asia, because of a desire to avoid 'another China'. In addition, the lesson inferred from the China Aid experience, concerning both the limitations of military assistance and the possible benefits to be derived from economic assistance in the Asian context, strongly influenced the original operating philosophy of U.S. aid to Southern Asia. As a result of the China lesson, it was initially assumed that higher returns would be obtained by the United States from allocating more aid to economic (or civilian) uses than to military uses in Southern Asia. Finally, unobligated balances remaining from the China Aid Program provided the initial financing for aid in Southern Asia, while the China Aid legislation provided its initial authorization.

Compared to China Aid and E.R.P, Korean Aid during the 1948-50 period had a less immediate effect on initial U.S. aid to Southern Asia. But the Communist military attack on South Korea in the summer of 1950 had a profound and increasing effect in the following years. By demonstrating that economic and technical aid, even where it had been as effective as in Korea, could not be relied on to counter the threat of external attack, the Korean experience exerted a strongly countervailing influence to that associated with China Aid. In part, the inference drawn from Korea was that since economic aid could not deter external aggression, military aid would. Over the next five years, the influence of the Korean experience on the allocation of aid among alternative program uses and alternative country recipients grew. The Mutual security Act of 1951 could be considered a result of such experiences.

#### 'The Mutual Security Act of 1951'

The Mutual Security Act of 1951 provided the name and until 1955, the legislative model for United States foreign assistance in ensuing years. It grew from a substantive policy decision by the congress that the international situation required a more strongly necessary orientation in foreign assistance programs than the previous legislative and administrative arrangement had provided for.

" The congress declares it to be the purpose of this Act to maintain the security and promote the foreign policy of the United States by authorizing military, economic and technical assistance to friendly countries to strengthen the mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interests of the United States, and to facilitate effective participation by these countries in the United Nations system for

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collective security "

To this end, also the Act abolished ECA one year before the scheduled end of the Marshall Plan, integrated the authorization for military aid for the first time in the same legislation authorizing economic and technical assistance, and legislatively instructed the new Director for Mutual security to exercise his co-ordination and supervisory responsibilities " So as to assure that the defensive strength of the free nations of the world shall

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be built as quickly as possible."

The Act in force until 1961 required that no country was to be considered eligible to receive aid if it were not aligned with the West on major issues. At the same time the ratio of economic to military aid, which was about four to one in the second half of the 1940's was reversed to favor the military by about two to one during the 1950's.

Eisenhower became President in 1953 with the promise of stepping up its crusade against communism. Eisenhower just reinforced containment by encircling the Soviet Union with military alliances. American foreign

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15. ibid.



assistance regulated by the Mutual Security Act, was central to that policy. The Eisenhower administration conceived of and as a way to strengthen the military capability of allies under communist pressure. Based on these premises, the Eisenhower administration refused to give foreign assistance to non-aligned or neutral countries - for neutrality was 'refusal to fight the evil.'

The American policy of sending aid only to local allies changed in the late 1950's as a result of Soviet initiatives. After the death of Stalin in 1953 the Soviet Union began to take an interest in the Third World. In 1955 and 1956 the Soviet Union concluded arms and economic assistance agreements with a number of countries including Egypt, India, Syria, Indonesia and Afghanistan.

A complete and rapid reversal of U.S. aid policy would have been too difficult; Nevertheless, changes began to appear as early as 1957, after the Suez crisis, especially in U.S. policy towards the Middle East. Now some aid could be given to some non-aligned states, the direct threat of communism was no longer paramount.

Kennedy :

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J.F. Kennedy went much further. He wanted to establish democracy. Ultimately, he aimed at the wholesale transfer of the American historical model to the Third World.



As he said :

" The fundamental task of our foreign aid programme in the 1960's is not negatively to fight communism. Its fundamental task is to help make a historical demonstration that in the 20th Century, as in the 19th - in the Southern half of the globe as in the North - economic growth and political democracy can develop hand in hand."<sup>16</sup>

Kennedy replaced the Mutual security Act with the Foreign Assistance Act and created the Agency for International Development (AID), Peace corps, and a special programme for Latin America, the Alliance for Progress. By 1963, American foreign assistance grew to \$ 4 billion per year and the ratio of economic to military aid reversed in favour of the former by two to one.

Johnson was less of an evangelist. In Latin America he was primarily concerned with American geopolitical interests and the liberal world economy which supported them. With the escalation of the Vietnam war Johnson increased development assistance to Asia. He contributed to the establishment of Asian Development Bank and proposed a regional programme of assistance which was as ambitious as Kennedy's for Latin America. The Johnson administration continued to see economic development coupled with military assistance as the best way to prevent Communism from spreading, but Johnson was not interested in a global crusade.

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16. Packenhem, "Liberal America and the Third World", Princeton, 1973.

Throughout the Nixon and Ford administrations Henry Kissinger dominated American Foreign Policy. The aid budget was a much smaller percentage of national expenditures at the beginning of the 1970's than throughout the 1960's. Not only was Congress reluctant to support many Third World countries after the Vietnam debacle, Kissinger's orientation towards the Third world made aid a less significant foreign policy instrument. In real terms, the annual American aid budget dropped by over 40 percent from 1967 to 1973. The year 1973 saw upheavals in international politics as the developed world experienced the oil crisis. The Egyptian - Israeli conflict did not help matters as the United States became increasingly aware of the high stakes in that region. Consequently, the U.S. foreign assistance started to grow again, increasingly being used to bolster the allies, notably Israel and Egypt. In fact the proportion of the aid budget going to the West Asian region nearly doubled. Real U.S. foreign assistance to most of the Third world shrunk dramatically.

#### The Carter Years

Jimmy Carter's tenure in the 'White House' was characterized by carrot-and-stick aid cut-off techniques, mostly on the grounds of 'human rights.' Reaffirming his commitment to the concept of human rights in December 1979, in a speech marking the 30th anniversary of the 'Universal Declaration of Human Rights', Carter said : " As long as I

am President the government of the U.S. will continue throughout the world, to enhance human rights. No force on earth can separate us from the commitment." 17

Many observers however criticized the arbitrary and selective nature of actions taken against human rights violators." So the brunt of the Carter policy has fallen on those nations, notably in Latin America, that are still poor and friendly enough to qualify for U.S. aid, yet neither economically nor strategically important to this country." 18

A Major study of the state of human rights worldwide made this observation :

" On the minus side, it must be admitted that the Carter administration's human-rights policy has been involved selectively. It has been stated emphatically as applied to certain countries, such as South Africa, Chile, Brazil and Uruguay; in muffled tones where military allies or suppliers of oil are concerned, such as Iran or Saudi Arabia; and incoherently with regard to Communist regimes" 19

That view was partly reinforced by congressional action on the administration's foreign aid request for the fiscal year 1980. On May 1, the Senate Foreign Relations committee recommended the elimination of bilateral economic

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17. Depat. of State Bulletin January 1979, p.1

18. The Wall Street Journal, May 11, 1978.

19. Kurt Glaser and Stefan T. Possony, " Victims of Politics : The State of Human Rights " p.22, 1979.

aid to 10 countries on human rights grounds for most of them. The countries affected were Panama, Pakistan, Ethiopia, Afghanistan, Haiti, Nicaragua, El Salvador, Guatemala, Paraguay and the Central African Republic.

On the other extreme is Israel. The U.S. consistently defended Israel in international forums against Arab and Soviet charges of suppression of civil and political rights of Palestinians in the West-Bank and in Israel itself. State Department officials pointed out that no evidence of 'systematic violation' of human rights has been turned up. The high point of Carter years, the Camp David Agreement of 1979, was truly an act of grand statesmanship on the part of Carter. But it also meant in culmination of aid politics in a way. The U.S. agreed to provide massive aid to both Egypt and Israel. A week before the treaty signing ceremonies on the White House lawns on March, 26, 1979, the Carter administration pledged \$ 1.5 billion worth of planes, tanks and anti-aircraft weapons to Egypt and about \$ 3 billion of armaments to Israel. Some \$ 2.2 billion of the Israeli total were in the form of long-term loans to enable Israel to purchase arms from the U.S. In fact, between 1973 and 1979, the U.S. provided some \$ 4.2 billion in foreign aid to Egypt and some \$ 11.4 billion in arms and security assistance to Israel.

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20. *ibid.*

### The Reagan Years :

The end of the 1970's saw the beginning of the second phase of cold war. There were developments all around which threatened the U.S. interests. An Islamic revolution in Iran meant end of a cosy relationship with the United states and installation of an anti-American regime. More important, the entering of Russians in Afghanistan in 1979 threatened the U.S. supremacy in the region. It was seen as a part of a grand Soviet design to reach warm water oceans of the Gulf and Capture the source of most precious petroleum. President Reagan won the 1980 elections with a promise to fight the 'evil empire' and regain U.S. supremacy in the world. And so it began a no-holds-barred affair between the Soviets and Americans. In this situation, naturally, foreign aid assumed a stronger political colour.

Indeed, the 1980's saw aid programmes increasingly being used to achieve strategic and political interests of the U.S. . The grand aid offer of \$ 3.2 billion to Pakistan was nothing but the result of political calculations as Pakistan assumed the Front-line state status to wage a covert war against Soviet forces in Afghanistan of course, we will come to this later in details.

These were other examples of aid politicking in the 1980's. When Zimbabwe became independent in 1980 the U.S. moved quickly to establish a bilateral aid programme there. In 1981 and 1982, U.S. aid to Zimbabwe reached \$ 75 million per year intended to facilitate development process and recovery and also warm relations with U.S. . The Zimbabwe government though ideologically Marxist, was not pro-soviet, was strategically located in Southern Africa and was politically influential in the region. As with most other bilateral U.S. aid programmes, the one in Zimbabwe served a mix of political and economic objectives. But by 1985 this amount was reduced gradually from \$ 64 million in 1983 to \$ 40 million in 1984 and to \$ 30 million in 1985. The official reason for this decrease was federal budget constraints. However, it is rare for U.S. bilateral aid to be cut by as much as the Zimbabwe programmes were without the purpose of signalling dissatisfaction or punishing the recipient government for policies the U.S. does not like. In Zimbabwe's case, the U.S. disapproved both of that government's abstention on the U.N. security council Resolution condemning the Soviet Union for Shooting down Korean Airlines Flight 007 and of the active support Zimbabwe lent to the Security council resolution criticizing the U.S. invasion of Grenada.

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21. 'Africa Report', March, 1991.

The reduction in Us aid to Zimbabwe was part of a growing pattern of cases where U.S. aid to Africa was raised, lowered, changed, Frozen or eliminated based upon the recipient countries' stands as issues of importance to the U.S.. Ghana provided another example U.S. official development assistance was frozen in April, 1983 when a Ghanaian official accused the U.S. Embassy of supporting coup plotters. U.S. demanded a public apology with which the Ghanaian govt. did not comply.

In 1979 two revolutions broke the relative tranquility of the Caribbean Basin - in Grenada the New Jewel Movement overthrew the corrupt government of Sir Eric Gairy and in Nicaragua the Sandinistas emerged Victorious over the Somaza regime after a brutal civil war. In 1980 a coup ousted a democratically elected government in Surinam and the new military strongman Lt. colonel Desi Bouterse quickly opened relations with Cuba, Nicaragua and Grenada. These events awakened American fears about losing control over a region regarded as its sphere of influence.

Between 1980 ad 1983 the Reagan administration pursued a policy of reassertionism by increasing military aid to friendly nations and hostility to these governments that were not pro-U.S. . In this atmosphere, the importance of foreign aid, both in military and economic terms, was magnified as political consideration dominated who got what and why.



Grenada, Nicaragua and Surinam after December 1982, got little from the United States. Guyana, with its non-aligned foreign policy and open sympathy to the new wave of leftist groups in the Caribbean Basin also found its aid packages from the United States smaller and loans from international financial institutions not forthcoming. In Oct. 1983 the Grenadian Revolution ended in a bloody internal struggle for power followed by an American-led invasion. Later Cubans were forced out of Surinam, and Cuban-started airport in Grenada was completed by the Americans. Consequently an Eastern Caribbean defence force was created and equipped by the U.S., and millions of dollars were pumped into the Eastern Caribbean island states. In August 1981, Washington vetoed a \$20 million loan for Guyana from the Inter-American Development Bank, while at the same time American assistance for its allies in the Eastern Tier, the Greater Antilles and Central America was plentiful.

Indeed, in 1983, the Chairman of the sub-committee on Foreign Assistance of the Senate Appropriations Committee successfully sponsored a bill that required an annual report on the degree of support of U.S. foreign policy by countries in the United Nations. The data on voting at U.N. were intended to be used in determining levels of foreign aid. Over a period of time, the U.S. Ambassador to the United States enunciated, a country's votes reflect its choices about values and priorities.

Keeping in with this policy has been reduction in U.S. contributions to the International Development Association, the soft-loan window of the World Bank, I.D.A. IDA is widely regarded as the most efficient and effective source of external support for development especially for the poorest countries on highly concessional terms. Because I D A makes loans on such concessional terms, it must be replenished periodically to continue its operations. Developed countries are the main source of contributions to I D A with the U.S. providing 25% - the largest single share. The Reagan Govt. in 1985 refused to support an increase to the \$ 16 billion level over three years as the seventh replenishment. While again the principal reasons given was budget constraints and the belief that congress would not appropriate a higher annual level. But these reasons do not fully explain the matter. The administration's main objection to I D . is its inability to control aid provided through that institution. By their nature, multilateral institutions do not allow any one donor to determine policies or programmes. Therefore, loans from multilateral institutions does make that aid less useful than bilateral aid in advancing national political and security objectives abroad.

Before concluding it is pertinent to point out that this aid politicking is not confined to U.S. . Soviet Union has not been far behind. Following Secretary of State George C. Marshall's commencement Address at Harvard in June, 1947, several of the Eastern bloc countries evinced interest in co-operating with West European countries and the United States in the economic reconstruction of Europe. This forced Soviet Union into action. While warning them of the prospects of enslavement to U.S., it announced loans and aid for East European countries. In Jan. 1948, a \$450 million loans to cover machinery imports and the construction of a new steel mill at Nova Huta for Poland was announced. As Yugoslavia defected from the Soviet bloc, they extended about \$ 10 million in loans to Rumania and agreed that Romania could cancel half of its debt to U.S.S.R. . Much the same type of aid was provided to Bulgaria, which obtained a \$ 5 billion loans and was permitted to reduce reparation payments and postpone the payment of certain other debts. The Soviets even found it necessary to extend economic credit to Czechoslovakia. It was admittedly a modest beginning. However, after the Polish and Hungarian uprisings of 1956, Soviets came with massive aid programmes to help them. The Soviet aid to East Europe rose from little more than zero in 1954 and 1955 to approximately \$ 620 million in direct loans in 1956 and \$ 500 million in 1957. In addition roughly \$ 2 billion in 1956 and \$ 500 million in 1957 were provided in the form of loan cancellations and

other benefits.

Even before that in Jan, 1949, Council for Mutual Economic Assistance (COMECON) was created in Jan, 1949 with a purpose to facilitate economic relations between members of the bloc by promoting economic integration and mutual growth and the expansion of trade. In the mid 1950's, as the field of East - West countries shifted to the non - Communist world, the Russians sought to increase their influence by making inroads into areas long under the influence of the U.S. and its West European allies. As a challenger to the status quo the Russians had to adopt a much more generous policy than was necessary in Eastern Europe. Whenever possible, the Russians encouraged anti - colonial sentiments and the formation of independent states. It was anticipated that ultimately these governments would be transformed into communist regimes - the goal foreseen by Lenin and others who argued that the road to London and Paris lay through Asia and Africa. Soviet aid could help produce this desired result. As the feud between China and the Soviet Union intensified in the 1960's, foreign aid was used for a new political purpose, both countries use it to increase their national prestige at the other's expense. It is in the field of public relations that the Russians appear to be at their best. The Soviet Union was able to announce its willingness to finance the 'Aswan Dam' in Egypt soon after the Americans withdrew. They reacted the

same way after the U.S. decided against financing the Bokaro steel mill in India.

Most important result of this aid politicking over the years made neutralism or non alignment a practical alternative. The very existence of an alternative provided needed leverage for the numerous countries that obtained their independence in the 1950's and 1960's. Alas, this state of affairs was to end with the end of cold war and the reconciliation between the two super powers.

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## CHAPTER - II

### COLD WAR AND US-PAK AID RELATIONS

The relationship between the United States and Pakistan has seen many ups and downs. But one can still easily make out a pattern which suggests an alliance of convenience in which the United States was generous in offers of aid wherever it found Pakistan serving its strategical interests and whenever Pakistan does not seem to fit that role the relations have become lukewarm. Consequently, at the peaks of cold war, the United States always came forward with large economic and military aid, and whenever there appeared a thaw in this cold war, Pakistan saw declining aid commitments.

As early in October 1947, the head of Pakistan presented a memorandum to the US department of state requesting a loan of approx. \$2 billion spread over a period of about 5 years for meeting Pakistan's financial and military requirements. The state department however turned down Pakistani request as it didnot wish to do anything that might mean a 'virtual US military responsibility for Pakistan'.<sup>1</sup> Viewing regional contingencies in the context of its global posture towards the Soviet Union, the Truman Administration had 'neither the time nor the resources to spare for Pakistan'.<sup>2</sup>

1. Records of the Military Advisor of Near Eastern Affairs (NEA) cited in Venkataramani, 21.
2. ibid, 32.

It was, of course not surprising as the United States had not yet discovered Pakistan's role in its cold war strategy. And consequently during 1947-49 the US adopted a rather indifferent attitude towards the sub-continent.

### India a Factor in US-Pak Relations

Indeed, initially the US viewed India as a potential ally in the region. India's size, natural resources and its population were all considered to be the best available consortium and strength imparting factors that could be marshalled against China in the East. From the appointment of envoys<sup>3</sup> to the extension of invitation<sup>4</sup> to heads of governments; the US initially accorded India significantly more importance than Pakistan. The American admiration for Nehru was clearly demonstrated during his visit to the US in October 1949 when he was compared to America's George Washington and the 'Washington Post'<sup>5</sup> called Nehru 'the World's most popular individual'.

But that phase did not last for long as Nehru condemned the bipolarisation of the world and the creation of military blocs and declared that the greatest threat to

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3. While Charles W. Lewis the Consul General in Karachi was raised to the status of Consul and charge d'Affairs ad interim pending the appointment of an Ambassador, a senior diplomat Henry F. Grady was appointed as US Ambassador to India.
  4. Nehru was invited first to US. Liaqat Ali Khan of Pakistan was extended an invitation only after Moscow had already invited him.
  5. Cited in G.M. Burke, Pakistan's foreign policy, An historical analysis, p 120, London, 1973.

the world came from 'imperialism'. This naturally angered and disappointed Americans. India's initial support in joining the West in declaring that North Korea was the aggressor generated considerable support for India in the US. However India's refusal to condemn China for its role in the Korean war disappointed India's friends in the US. While on the other hand although Pakistan didnot condemn China for its role in the Korean war, it neverthelesswas the only Asian nation to hold that the UN troops should not have stopped at the 38th parallel but crossed over to the Northern part as well. Writing about the Indian stance, the 'New York Times' wrote :

" One can feel certain that history will condemn the Nehru policy as well intentioned but timid, short sighted and irresponsible".<sup>6</sup>

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6. NYT, 12 Oct. 1950 cited in R.C Gupta, 'US policy towards India & Pak', Delhi, 1977.



In the same vein, the same paper called Nehru the 'lost leader' and referred to Pakistan as America's one sure friend in South Asia. Later, when US convened a conference in San Francisco to conclude the Japanese Peace Treaty along with a security agreement with Japan, Pakistan signed it and voiced strong support to it. India, on the other hand, refused to attend this conference and criticized the treaty.

Pakistan support to US foreign policy objectives during the Korean war, support for the 'Uniting for Peace' resolution and the Japanese Peace Treaty especially when viewed in comparison to India's attitude, was widely appreciated by the Americans. While India was viewed as an appeaser of China in the wake of the Korean crisis, Pakistan found an image of a staunch supporter of the West.

Meanwhile, disillusionment with Nehru, the intervention of chinese 'volunteers' in Korea as well as developments in Southeast Asia and the Middle East led to a reappraisal of US policy towards South Asia. A statement of policy prepared by the staff of the National Security Council and approved by President Truman on 25 January 1951, asserted that the United States must "henceforth more frequently accept calculated risks in attacking the problems  
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of South Asia".

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7. NSC Staff study 98/1. Documents of the National Security Council. cited in M.S.Venkataramani, "The American role in Pakistan", 1947-1958, p.137.

It observed :

"Air bases at such places as Karachi, Rawalpindi and Lahore in Pakistan would be nearer a larger portion of Soviet territory including the industrialized area east of the Urals, than bases in any other available location in Asia or the Near East ". Pakistan was considered more likely to follow a policy of "rather close association with western democracies" in resisting communist aggression and to grant such military rights in South Asia as the US Govt. had may determine to be essential".<sup>8</sup>

For that matter US was prepared to offer a similar understanding with India as with Pakistan if the former was "willing to accept the same commitments with regard to the utilization of its forces on the western front or elsewhere".<sup>9</sup>

Even now however the US was not in favour of commitments of aid to Pakistan. Consequently, Pakistani requests for military supplies were refused by saying that the US was already committed to supplying military equipment for several parts of the world, especially for the armies in Korea. It was also pointed out that it was difficult for the US authorities to give much consideration to supplying arms to a country which didnot have a problem of internal security or was not in need of protection from outside aggression".<sup>10</sup>

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8. *ibid.* p 138-39.

9. US department of State, 'Foreign Relations of the US, '1951, Vol VI part 2, 1667. Cited in Rashmi Jain, 'US-Pak Relations 1947-83' p.7

10. Memorandum of conversation between Assistant Secy. of State McGhee and M. Ikramullah, former secy of Pakistan, 18 Oct 1951, cited in Rashmi Jain, 7.

It was only after the assassination of Liaquat Ali Khan that the Truman Administration supplied a modest quantum of arms to Pakistan as a gesture to the new regime of Ghulam Mohammad, which was considered in Washington to be Pro-American.

As its final testament to the incoming Eisenhower Administration, the Secretaries of State and Defence of the Truman Administration submitted a report to the National Security Council (19 Jan, 1953) in which they observed that "the strengthening of Pakistan on the Eastern flank of Iran, in conjunction with Turkish Strength on the Northwest ... would exercise stabilizing influence in the area ... The first instalments of substantial military aid to Pakistan should be supplied at an early date, provided this can be done in a manner which does not involve unmanageable problems with India".<sup>11</sup>

#### Pakistan, a confirm Ally

The election to the White House of the Republican President Dwight D. Eisenhower in the beginning of 1953 and appointment of John Foster Dulles as the Secretary of State quickened the pace of emerging American perception of South Asia. It finally saw the end of the regard for Indian Susceptibilities and beginning of strong military ties

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11. Documents of the NSC, cited in Venkataramani, p201.

between Pakistan and the US.

During his inaugural address itself, Eisenhower made it clear that the "proven friends of freedom" - meaning nations which shared with Washington its abhorrence for the communist system - would find special favour in Washington.  
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The Secy. of State saw the struggle against communism as a moral crusade. In his belief there was no place for 'fence sitters', either a nation could be pro-Soviet or pro-US and India came in the former category because of its refusal to side with Americans in Cold War calculations.

The new Administration, therefore completely tilted in favour of Pakistan as it sought the co-operation of Pakistan in promoting its global objectives, especially in West Asia, in order to contain its main adversary - the Soviet Union. Pakistan which had persistently been keen to forge closer ties with the United States appeared only too willing to assume obligations which would ensure US military and economic assistance. Things became urgent when in 1954 the Soviet Union exploded a thermonuclear device breaking the US monopoly and for the first time Americans felt really threatened.

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12. Burke, p.159

To most Americans the issue at stake was nothing less than national survival. To counter this new threat, military strategists thought of establishing a string of bases around the Soviet Union and China, the so-called 'encirclement strategy'. In this context, military bases in Pakistan, because of its strategic location was considered both desirable and obtainable.

Pakistan's importance increased in the eyes of the Pentagon in the context of the non-availability of the vital 'suez base' facility following the Egyptian revolution and erosion of the western position in Iran consequent on accession to power of Dr. Mossadeq. It was concluded that achieving a co-operative attitude on the part of Pakistan called for offering it modern and sophisticated military equipment.

#### The 'Most-Favoured Ally !'

The announcement of military aid to Pakistan was made on 25 February 1954, i.e. soon after Pakistan signed a Friendship Treaty with Turkey. The announcement of military aid was followed in quick succession by the signing of the US-Pakistan Mutual Defence Agreement (19 May, 1954), the formation of the Southeast Asia Treaty Organization (September 1954) and the Baghdad Pact in 1955.

The Mutual Defence Agreement of 1954 provided for the United States to supply Pakistan with "Such equipment, material services or other assistance" as it deemed necessary to strengthen Pakistan. However, Art(2) of the Agreement clearly stated " The Government of Pakistan will use this assistance exclusively to maintain its internal security, its legitimate self-defence ... Pakistan will not undertake any act of aggression against other nation." It is noteworthy in this context that while action on India's request for two million tonnes of foodgrains was taken after more than 1 1/2 years, Pakistan's request in 1953 for 1 1/2 million tonnes of wheat elicited prompt action on the part of Washington.

The signing of Baghdad Pact in 1955 (later named CENTO, after Iraq withdrew in 1958 leaving Iran, Turkey, Britain and Pakistan) was significant for it firmly established Pakistan's place in American cold war strategy. Although the United States was not a signatory to the pact, it was wholly an American creation. Nevertheless, anxious about its formal non-membership in the treaty, the US Congress through a resolution in 1958 demonstrated the importance it attached to the area and the member nations. Paragraph(4) of this resolution authorized the US govt. to enter into separate agreements with the members of the CENTO in accordance with 'existing congressional authorization' for their security and defence. Drawing legitimacy from this

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13. Cited in Burke, p,167.

resolution the United States concluded bilateral agreements with Iran, Turkey and Pakistan. These agreements became effective in 1959.

The operational clause of the agreement signed with Pakistan read :

" The Govt. of Pakistan is determined to resist aggression. In case of aggression against Pakistan, the Govt. of Pakistan, the Govt. of United States of America, will take such appropriate action, including the use of armed forces, as may be mutually agreed upon and is envisaged in the joint resolution to promote peace and stability in the Middle East, in order to  
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assist the Govt. of Pakistan at its request."

The 'existing congressional authorization' was a real catch. For it restricted the use of US forces only in the event of a 'communist aggression' and not in a conflict with a non-communist neighbour, for instance.

By 1959 Pakistan was well ensconced in US containment devices. Dulles was to a large extent responsible for assigning Pakistan the 'link' function in the US alliances and thereby increasing its importance for the US. He was of the strong conviction that overlapping membership would help co-operation and consultations among the treaty members while strengthening the very purpose of these alliances. Besides helping to forge links between alliances, Pakistan was viewed as a Muslim nation well placed to help form a 'belt of Muslim nations as a barrier

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14. Cited on Harold A. Havey, "US Military Assistance : A study of politics and practices", p.295, New York, 1965.

against international communism and its design on West Asian Oil'.

"Quid Pro Quo"

Consequently, Pakistan obtained large quantities of arms and other forms of assistance which would have been otherwise difficult to come by. This served Pakistan well for it " was perfectly willing to exchange base rights, treaty commitments and her U.N. vote for a reliable flow of weapons and political support against India." 15

In July 1959, the two countries entered into an agreement about establishment of a communications unit at Peshawar in Pakistan which the US had sought for a long time. In fact, the United States gained the use of an airfield at Peshawar for intelligence - gathering missions and a massive electronic observation post both located at Peshawar. This base served as the staging area for the high flying U-2 reconnaissance aircrafts whose photography missions over Soviet Union and China were considered strategically indispensable. In addition, Pakistan provided the United States with a relatively pliant ally which supported the American approach on many International issues, including suez crisis, the landing of American

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15. Stephen P. Cohen ., " US weapons and South Asia : A policy analysis " Strategic Digest, Delhi,1977.



marines in Lebanon, the question of Chinese representation in the United Nations and on Formosa. The signing of the Treaty of Friendship and Commerce in Nov. 1959 facilitated the entry of American private capital and investment.

However, the alliance also facilitated substantial aid to Pakistan in the form of US military hardware, training and security supporting assistance. Between 1954 and 1965 when the US military assistance programme to Pakistan terminated the US programmed \$ 672 million in direct transfers of defence material and services and almost \$ 700 million in security supporting assistance and defence related PL 480 Title I grants. During the same period, Pakistan bought some \$35 million in military material through the foreign military sales programme.<sup>16</sup>

Furthermore substantial economic aid was provided for fostering economic development, which at times constituted as much as 40 percent of Pakistan's total budget outlays. During the 1950's total US economic assistance to Pakistan amounted to \$ 960 million or 80 percent of total foreign assistance. The US bilateral programme reached its zenith during the decade 1958-68 when the US committed approximately \$2.8 billion. In the early 1960s, annual commitments approached the \$400 million mark. Within the second five year plan period (1960-65) the US provided 55 percent of the total foreign assistance received by

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16. Congression Hearings, 93rd Cong, In. First Sess. 20 March 1973 cited in 'Rashmi Jain', p.15.

Pakistan, covering 35 percent of the government's  
development budget and 45 percent of its import bill. 17

The early programme focussed on technical assistance and disaster relief, but increasingly shifted, particularly after 1958 to capital assistance, providing the basic infrastructure of the nation, on fundamental development problems such as increased industrial and agricultural production improved public administration, expanded social and essential capital equipment. The US was also Pakistan's most important trading partner.

Indeed, the impressive economic growth of Pakistan in the later 1950's and the 1960's was largely because of US aid. Substantial economic aid also strengthened the administrative capacities of the central government and thus bought time for the resolution of internal political difficulties.

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17. USAID, A Review of United States Dev. Assistance to Pakistan 1952-1980 & Congressional Hearings, 97th Cong Ist Sess. 16 Sept 1981. Cited in Rashmi Jain, p.15

US - Pak Honeymoon over !

The 1960's on the whole can be regarded as a watershed in international relations. This decade witnessed the abatement of the brinkmanship policies of the cold war. Although the 1960's was a period of transition from the politics of cold war, the 1970's was a decade of 'compulsive negotiations' or 'detente'. Inevitably, along with the change in the perception of the Superpowers, a re-alignment of forces and a review of costs and benefits and the reliance on military alliances was only natural. The perceived threat which accompanied the cold war thinking became less convincing, more so in view of the increasing evidence of the split between the Soviet Union and China. Not all the allies were regarded as of continuing importance in the changing context. The importance of America's allies in the critical area of western europe remained largely unaffected. On the other hand, allies in the regions of only peripheral interest lost their significance for the US. Pakistan was one such nation. This was primarily because the United States had no significant economic or military interests in Pakistan or in South Asia for that matter. US trade with Pakistan was almost negligible. Neither did it have any large economic investments in this South Asian nation nor was Pakistan the source of any strategic materials. Even during the height of the cold war south

asia's importance was only 'derivative'. Policy makers assessed it in terms of the extent US policy in the region could affect other areas and greater American interest such as West and South East Asia. South Asia being an area of only marginal importance Pakistan was not important for the US except for a brief 'interlude' when it had some reconnaissance and monitoring bases in Pakistan.

Thus, when it appeared that the communist powers would not be in a position to pursue 'expansionist policies' especially in Asia there appeared to be no meaning in continuing Washington's military strengthening of those nations whose importance was only in as much as they could contribute to the encirclement policy. The tense jockeying for technical advantage around the globe which characterised the cold war days was now replaced by subtler strategies. Also, the 1960's witnessed an unprecedented growth of Soviet military might which eroded American military superiority. Faced with the approach of parity, the superpowers recognised that the peace between them would rest on the tenuous concept of 'mutual assured destruction'. Under such circumstances when the cold war enmities were sought to be tempered down and there appeared no direct communist threat. Pakistan, whose utility rested on the contribution it could make to the containment policy in an area of relative unimportance was relegated by American Planners to the status of a vestige.

Moreover the spectacular progress in Military technology especially the development of long range nuclear-head missiles, virtually did away with the need for "bases" close to the enemy territory. This meant further decline in the Pakistan's utility to the US. The attempts by the Pakistan to improve its relationship with China, especially after the Sino-Indian War of 1962 was definitely a setback to the US - Pak relations. It was quite evident that the Pakistan's membership in American security schemes was primarily sought to contain the alleged chinese expansionism. Now with the growing Sino-Pak relation the very purpose behind the Pak's membership in SEATO and CENTO got defeated. On the other hand, the extra zeal on the part of Pakistan to forge closer ties with China was understandable, the latter being its 'enemy's enemy'. In March, 1963 a border agreement was signed between China and Pakistan, and the former in its earnestness to improve its relations with India's enemy ceded large chunks of disputed land to it. This border agreement was quickly followed by an 'air agreement' between the two nations which made the Pakistan the first non-communist nation to be accorded the landing rights in China.

The close relationship that was being established between China and Pakistan could not but spawn adverse reactions in the US. After the 'air agreement' was signed, the US suspended a promised loan of \$4.3 million to Pakistan

for the construction of an International Airport at Dacca and threatened further action if US supplied spare parts were used by the Pakistan International Airlines at the chinese airports. Bhutto wrote that the Pakistan's increasing contacts with China even resulted in the "cancellation of an invitation to Ayub Khan to visit the US, the postponement in July 1965 of Aid-to-Pakistan consortium meeting, the Pakistan embargo of arms during the 1965 war".<sup>18</sup> Of course, the US imposed arms embargo on both India and Pakistan in the event of 1965 war. Assistance on grant basis to Pakistan was terminated in 1967 and the same year, the US Military Supply Mission and the Military Assistance Advisory Group (MAAG) in Pakistan was withdrawn. Even when the embargo was slightly modified in 1966, it was only to the extent that Pakistan could receive 'spare parts' for previously supplied 'non-lethal' equipment on a 'case-by-case basis' on credit or cash. Indeed, a declassified US defence department record revealed that although Pakistan purchased arms worth \$60.1 million and India \$11.6 milion from 1965 to 1971, India received \$10.9 million in aid while the amount in regard to Pakistan was only \$0.6 million.<sup>19</sup> The figures truly tell the story of friends drifting apart.

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18. Zulfikar Ali Bhutto , 'New Directions' p.49, (London, 1980).

19. 'Asian Recorder' (Delhi) Vol.18, 17-27 June, 1972 p.10835.

Nixon Doctrine or (Guam Doctrine) Announced in 1969, it reflected a desire on the part of the Americans to adjust their foreign policy to the new international situation much necessitated by the trauma of Vietnam war. It emphasized that the US should not directly get involved in distant conflicts and instead it decided to encourage the important nations in Asia to assume the burden of their security with appropriate military and economic assistance from the US.

But although the Nixon Doctrine's focus was on strengthening the nations of Asia through an 'elaborate' aid policy with the US ready to fulfill " its commitments while looking to friends and allies to play a greater role in providing for their own defence " <sup>20</sup> the US had no intentions of extending such assistance to Pakistan. Nixon while identifying nations that were to be given the 'elaborate' aid, ignored Pakistan. In contrast, nations like South Korea, Greece, Republic of China, Iran and Saudi Arabia among other nations figured prominently. That is not to deny, of course, tremendous support extended to Pakistan by US during Indo-Pak War of 1971. And even before that

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20. US Foreign Policy for the 1970's. The emerging structure of Peace, A Report to the congress by Richard Nixon. 9 Feb 1972. Department of State Bulletin, 13 March 1977 p.397

decision to make a limited exception to its embargo on arms for Pakistan and to offer to sell several items of military equipment in October 1970. But even then Nixon Administration asserted that the sale was " a one time limited exception" to the embargo and " not an opening of the gates " to a renewal of a regular annual military assistance programme. <sup>21</sup> It was widely believed to be the result of Pakistani help to Nixon Administration in seeking a rapprochement with China. In fact, Pakistan played a significant role as a channel to China during Kissinger's secret trip to Beijing in July 1970.

Apart from political support to Pakistan during 1971 war, the USA also endeavoured to help Pakistan in the rehabilitation of its war-damaged economy from January 1972 to May 1973, the US provided over \$300 million to assist Pakistan's programme of economic recovery. The United States also provided \$51 million - 22 % of the total emergency debt relief of \$234 million agreed upon by Aid-to-Pakistan consortium in May 1972 for the 26-month period ending <sup>22</sup> 30 June 1973. The United States thus maintained its position as the largest single donor among the Aid-to Pakistan consortium group of western countries.

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21. New York Times, 11 October, 1970, cited in R.C Gupta. 'US Policy towards India & Pak' p.31, (1977) Delhi.

22. Statement by Assistant Adm. of AID bureau for Asia, 15 March, 1973 cited in Rashmi Jain, p.40.



The arms embargo on military supplies to Pakistan was also relaxed. On 14 March 1973 Washington decided to fulfil outstanding contractual obligations to Pakistan for limited quantities of military equipment whose delivery had been suspended in 1971. The decision provided for the release of approx. \$1.1 million in miscellaneous spare parts, parachutes and aircraft engines previously ordered, but barred from shipment by the 1971 embargo. The relaxation, however limited military sales to non-lethal end items and spare parts only for equipment previously supplied by the United States. <sup>23</sup> This was not to the satisfaction of Pakistan as Prime Minister Bhutto made it clear during his visit to the US in september 1973 that what they were interested was not obsolete spare parts but in red-hot weapons. Washington however refused to budge on this issue. Gerald Ford, who succeeded President Nixon after the Watergate Scandal, continued Nixon's policy of friendship towards Pakistan. Though the heydays of this relationship were over long back. The modest aid flows continued. In 1974, the A.I.D. proposed a loan of \$7.6 million and about \$300,000 annually in dollar grants over the next five years for the development of a national agricultural research network; loan of about \$30 million in Financial Year (FY)

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23. Statement by Naves, 20 March, 1973, US interests in and policies toward South Asia, 87-9 cited in Rashmi Jain, p.40

1975 for the construction of a plant to manufacture urea from Pakistan's abundant supplies of natural gas, and another \$15 million AID loan to modernise cottonseed oil extraction plants.<sup>24</sup> The arms embargo continued however till 1975 when it was lifted following Prime Minister Bhutto's visit to the US in Feb. 1975. The American congress in permitting the 10-year embargo to be lifted insisted that transactions with Pakistan be on a cash basis and carried out under strict legislative surveillance.

#### NUCLEAR SHADOW

Following Pokharan explosion by India in May, 1974, Pakistan, too intensified its nuclear programme. In this pursuit, Pakistan signed a bilateral agreement with France for the purchase of a plutonium reprocessing plant in March 1976. The agreement worth \$150 million became a subject of considerable controversy between Pakistan & the United States and a major irritant in their relations, with the US exerting pressure on both Pakistan and France to abandon the contract. Repeated warnings were issued to Pakistan that its military supplies and economic aid would be cut off under the 'Symington Amendment', if it went ahead with the nuclear reprocessing plan deal.

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24. Congressional Hearings, 'South Asia 1974 : Political, Economic and Agricultural challenges (Washington, 1974) pp.2-7.

Assuming of Presidency by Democrat Jimmy Carter in 1977 saw fast deterioration in US-Pak relations over nuclear issue. Even otherwise Pakistan's geographic location was of dwindling interest to the US since Iran had become the US listening post and along with Saudi Arabia, the principal support of US in West Asia. The US was seeking to negotiate itself and the Soviets out of the Indian ocean power race. Pakistan's other key asset in its relations with the United states in the Nixon years had disappeared since Washington now had direct access to China. Besides Brezezinski's thesis that the United States should identify its interests in the Third World with those of " regional influentials" (India in South Asia) reflected further downgrading of Pakistan's importance by the Carter Administration. Carter years saw passing of the Nuclear Non-proliferation Act of 1977 and the Glenn and Symington amendments to the foreign Assistance Act, which banned security assistance to countries engaged in the production of nuclear material outside of international controls. Pakistan's refusal to give up its french contract of the reprocessing plant, invited punitive actions by the US which suspended all new development aid and project assistance to Pakistan in April 1977. Moreover, the Carter Administration lobbied in international financial institutions to curtail aid to Pakistan. Thus the September 1977 meeting of the Aid-to-Pakistan consortium was cancelled ostensibly on the ground that these institutions could not make new pledges

prior to elections in Pakistan. Washington also took a tough stand on Islamabad's pleas for debt rescheduling. In FY 1977-78, the Aid-to-Pakistan consortium after considerable delay committed \$700 million, which was several hundred million dollars less than what Pakistan had sought. In fact, the US bilateral aid commitments in 1978 and 1979 amounted to merely \$77.8 million and \$ 50.4 million respectively, the lowest since 1954. France finally cancelled the contract for the reprocessing plant in August 1978. Project Assistance to Pakistan was resumed in October 1978 but in early 1979, intelligence reports revealed equipment and components necessary for building a centrifuge uranium enrichment plant capable of producing weapon-grade enriched Uranium for an atomic bomb at Kahuta, about 25 miles southeast of Islamabad. The United States acting on this 'authoritative' information decided to cut-off economic (non-food) and military assistance, including the military training programme for a second time on 7 April, 1979 in conformity with Section 669 of the Foreign Assistance Act of 1961 or what is more commonly known as the Symington Amendment of 4 August 1977. This decision affected \$40 million in development assistance programmed for FY 1979 and \$45 million planned for FY 1980. PL 480 food assistance, however, was not affected.

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25. Congressional Hearings, Crisis in Subcontinent: Afghanistan and Pakistan, Washington, 1980.

### 'Rediscovery' of Pakistan : A Second Honeymoon !

The Soviet intervention in Afghanistan towards the end of December 1979 brought about a dramatic change in the situation. Pakistan again was strategically important to the US. The days of indifferent relationship were over and suddenly issues like nuclear proliferation lost their significance. American policy-makers 'rediscovered' Pakistan which now became an essential line of defense and an indispensable element of any strategy that sought to punish the Soviets for their action. The Carter Administration was quick to override its nuclear concerns as the second phase of cold war started in full earnest.

This American response has to be viewed in the wider context of other developments in the region. The fall of the Shah of Iran in January, 1979, a strong American Ally in West Asia and the Persian Gulf and the coming to power of a revolutionary regime under Ayatollah Khomeini, extremely hostile to America, was a matter of great significance to Washington. On the top of it, Soviet-intervention in Afghanistan presented a sphere of Soviet central and Persian Gulf which still remained the greatest source of oil to western world. Consequently, shortly after the Soviet intervention in Afghanistan, President Carter telephonically informed President Zia-ul-Haq that he was willing to join other nations in giving necessary protection to Pakistan and

meet its "legitimate defensive military needs." The purpose of such aid was to impart Pakistan an ability " to repel ( a soviet) invasion if it should occur and particularly to let Pakistan be known as a strong nation able to protect itself, so that a possible invasion will be prevented." <sup>26</sup> The quantum of such 'consortium' would depend on the co-operation of other nations, the "amount of aid and the specific form of it that the Pakistanis would like to have."

#### 'PEANUTS'

As a first step towards this goal, America offered \$400 million divided equally between economic and military assistance to Pakistan. It was a two-year package of \$100 million of Economic support funds (ESF) and a similar amount of Foreign Military Sales (FMS) aid credits for FY 1980 as well as FY 1981. <sup>28</sup> This was said to be part of the larger consortium effort washington was endeavouring to work out assist Pakistan. The American offer of \$400 million fell however for too short of Pakistani expectations. President Zia ul-Haq called it "peanuts" <sup>29</sup> He added that it was too small to be effective but large enough to provoke the Soviets.

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26. Statement by President Carter, Interview of NBC News, 7 Janaury, 1980, 'Department of State Bulletin', March 1980, p.32.

27. *ibid.*

28. Department of State Bulletin, April 1980, p.62.

29. Zia-Ul-Haq's Interview Published in 'Washington Post', 18 January, 1980.

Again on 12 June, 1980 at the Aid-to-Pakistan consortium meeting in Paris, the United States offered to participate in a multilateral exercise on postponement of FY 1981 debt repayments from Pakistan. Approval of the debt rescheduling of considerable importance to Pakistan because its annual debt service amounted to \$ 700 million, putting greater pressure on its economy. In July 1980 textile imports from Pakistan were exempted from countervailing duties.

In Nov 1980, the IMF extended a three year \$1.7 billion extended fund facility to Pakistan. In addition, the United States provided or pledged \$ 92.2 million in aid of the Afghan refugees in Pakistan. The bulk of this assistance, \$ 34 million in FY 1980 and \$ 28.2 million in FY 1981 was in form of food donated for free distribution to Afghan refugees through World food Programme (WFP). The US also provided / pledged \$ 12 million in FY 1980 and \$ 18 million in FY 1981 to the UN High Commissioner for Refugees (UNHCR) to fund the distribution of other goods and services for Afghan refugees.

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30. USAID Pakistan, 'Welcome to Islamabad- Pakistan, Breifing Book, Islamabad, .1981

Reagan & Massive Aid Flows to Pakistan :

The hopes and expectations of Pakistani leaders were finally realized with the installation of Republican President Ronald Reagan in office. President Reagan who had come with a mandate to fight the 'evil empire' was naturally much more favourably disposed towards extending substantial economic and military assistance to Pakistan.

Package of \$ 3.2 billion :

The package of \$3.2 billion, a five-year package, definitely brought about a qualitative change in US-Pak relations. This package of bilateral aid, finalised in June, 1981 was divided equally between economic assistance and foreign military sales credit guarantees of \$ 1.6 billion each. Of the \$1.6 billion economic aid component of the package, \$ 1 billion was in the form of a grant. The remaining \$600 million had a 10-year grace period and 20-year repayment period at 2 and 3 percent interest respectively. The military sales component of \$1.6 billion carried an interest rate of 14 percent with a repayment period of 30 years with a 7-10 year grace period on the principal.

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31.  
31. Report by Staff Study Mission to Pakistan and India, Proposed US Assistance and Arms Transfers to Pakistan : An Assesment, p.39, Washington, 1981.



Pakistan announced its formal acceptance of the US aid package on 15 September 1981. On 20 November 1981, the American congress finally cleared the Reagan Administration's package to Pakistan. Under Secretary of State James L. Buckley, appearing in the House hearings on economic and security assistance to Pakistan, justified the package as follows :

" Pakistan's strategic location athwart the sea lanes to the Persian Gulf has taken an added importance with the advance of Soviet forces through Afghanistan to its very borders."<sup>32</sup>

Describing the two-fold objectives of the US in giving military assistance to Pakistan, he said : " ... the purpose of our proposed military assistance ... is two-fold : To give Pakistan the ability to handle with its own resources incursions and limited cross-border threats from Soviet-backed Afghan forces, and to keep the Soviets from thinking they can coerce and subvert Pakistan with impunity aggression."<sup>33</sup>

Secretary of State Alexander Haig, Jr similarly observed that the American five-year programme of military modernization and economic assistance would "help Pakistan

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32. Cited in Rashmi Jain, p.122.

33. Ibid.

meet the soviet threat from Afghanistan and facilitate the development the development essential to internal stability." <sup>34</sup>

Before that Haig urged the congress to soften the ban on aid for countries which were keen to acquire nuclear technology in the larger interests of helping a strategically located country which was subject to soviet pressures. To that end, the Administration had also moved an amendment to the Symington Amendment.

It is significant to note that in the military package, the US proposed to sell, inter alia, 40 F-16 aircraft to Pakistan, which have been described the "keystone of the US aid package". Apart from the \$ 3.2 billion aid package, the United States also sought to assist Pakistan through multilateral forms. Thus, during the June 1981 Pakistan consortium meeting in Paris, the donors pledged \$1.2 billion for Pakistan for FY 1981-82 which was \$270 million more than last year and represented a 20 % increase over previous pledges. Of course, the United States continued to donate generously to aid international relief effort for the Afghan refugees.

However, the five-year \$3.2 billion package was subject to annual congressional approval and Glenn

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34. Department of State Bulletin, April 1982, p.36

Amendment makes it obligatory on the part of the President to suspend economic and military assistance should Pakistan go nuclear.

Package of \$ 4.02 billion

Even as the previous aid package period terminated, a new six-year \$4.02 billion package aid agreement was signed in 1986 and approved by the US Congress in December 1987. With this Pakistan became the third highest recipient of American assistance, eclipsed only by Israel and Egypt. Thereafter, Prime Minister Benazir Bhutto's visit to the US in June, 1989, provided the occasion for announcing congressional approval for 60 additional F-16s as requested by Pakistan in the new package deal.

Thus, massive American aid to Pakistan continued through the 80's even as the covert war against Soviet army in Afghanistan bore desired fruits. The Soviet army had to incur massive losses in this sea-saw battle. It is significant to note that Pakistan's nuclear efforts during this period failed to bring any punitive action against it. In fact, Presidential annual certifications to the effect that Pakistan did not possess any nuclear device, as required by Pressler Amendment of 1985 for aid approval by the congress, remained a routine affair throughout this period.

As Richard Nixon observed in a book : " We issued a pledge in 1959 to come to the assistance of Pakistan in event of a communist attack. Today, we must make good on that promise. Congress must not cut our military and economic assistance to Pakistan, notwithstanding its concerns about whether Islamabad is developing the capability to build nuclear weapons."<sup>35</sup>

This generosity was however not to last too long conditioned as it was by purely strategical considerations. As Gorbachev initiatives first resulted in Soviet forces pulling out of Afghanistan and gradually virtual end of the 'cold war', Pakistan again lost its 'star status' in American eyes. Very soon, Americans were as business like as in the 1970's and long relegated issues like nuclear proliferation came to the fore. Pakistan was in for some rough time as far as American assistance was concerned. This was definitely the end of the second Honeymoon !.

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35. Richard Nixon, '1999: Victory without War', 1988.

## CHAPTER -III

### POST -COLD WAR:END OF THE ALLIANCE?

It was in the last week of August 1990 that American ambassador Robert Oakley arrived in Islamabad from Washington with an aid cut message from President George Bush. Such a message had come in the backdrop of some growing irritants in the US - PAK relationship and weeks after President Ghulam Ishaq Khan of Pakistan had dismissed the democratically elected government of Benazir Bhutto, dissolved the National and provincial Assemblies and proclaimed a state of National emergency.

This aid cut followed when President George Bush did not issue the annual certification under the 1985 'Pressler Amendment' to US Congress giving a clearance to Pakistan that it did not possess a nuclear device. The move seemed to have shocked the Pakistani politicians and pundits alike. For such annual certification had been a ritual 'go ahead' signal to the congress since 1985 for giving the final approval to the amount earmarked for Pakistan as the US military and economic assistance. Moreover, as Saddam Hussein invaded Kuwait on August 2, 1990, the coterie of power in Islamabad thought they had discovered yet another opportunity to stake new claims for another round of US assistance in the post-Afghanistan crisis period. The initial Pakistan support for American retaliatory moves against Iraq was thus a well thought strategy designed to claim further US assistance.

Things however did not move according to the plan. The increasing American concern for nuclear proliferation, especially in view of Saddam's belligerence, ensured America would give priority to 'non-proliferation' and would no longer turn a blind eye to Pakistan's covert nuclear ambitions.

The American aid cut was to severely affect Pakistani economy since Pakistan spends about 42 percent of its fiscal resources on old debt servicing, and 39 percent on the defence sector<sup>1</sup> every year. While the American economic assistance already sanctioned was not to be affected by the aid cut measures, the political fall out of Washington's 'punitive' action was quickly visible in Pakistan. In the face of continued suspension of US assistance, General Beg declared his 'doctrine of defiance' by praising the Iraqi potentate and then bragging about Pakistani nuclear capability. Pakistan lost all hopes of receiving American assistance through tough postures once the Gulf war ended with tremendous American victory.

The cut-off of American military and economic assistance to Pakistan started gradually biting Pakistan defence programmes and the national economy. Again, Islamabad could do nothing except accuse Washington of violating international law when the Bush administration took the decision to stop the supply of 13 F-16 aircrafts,

1. Daily News, January 31, 1991.

although Pakistan had already made payment for these. To add to the accumulated worries of Islamabad, a senior USAID official disclosed on 3 december, 1991 the details of the American plan to phase out the USAID programme which would render 80 percent of the programme employees jobless by 1994. The USAID mission in Pakistan no longer receives new funding from the US government and an amount of \$464 million in the pipeline would be depleted in about three years time. Although the US congress kept an indicative amount of \$ 100 million for Pakistan, the money would not be released until Pakistan is taken out of the presseler's restriction.

Islamabad has been trying very hard to wriggle out of the American pressure and restore US military and economic aid. Two important parleys between the American and Pakistani officials did not succeed in resolving the issue.

The venue of the first parley was washington where a Pakistani delegation headed by Wasim Sajjad, chairman of the senate, arrived on 9 June, 1992 with a proposal, first announced at the National Defence college, Rawalpindi, by Prime Minister Nawaz sharif on a 'five-nation meet' to discuss and resolve the issue of nuclear poliferartion in South Asia. Wasim met and had discussion with a number of US lawmakers and government officials, such as vice President Dan Quayle, Secretary of State James Baker, Defence

Secretary Dick Cheney. But the mission failed to achieve the desired goal.

The state department and the pentagon officials remained unconvinced of Pakistan's 'peaceful' nuclear policy and repeatedly conveyed to him the tough US line that Pakistan must prove it neither has nor is building a nuclear bomb before the US will resume sales of conventional military hardware and other assistance.

The Second round of parleys took place in the beginning of August 1992, when the US Under secretary of State Reginald Bartholomew visited Pakistan. Unlike the hard line attitude shown to 'Wasim Sajjad' in Washington this time Bartholomew adopted a soft posture and sought to ally Pakistan's fears of loss of US interest in its military establishment. But behind this facade of good gestures and soft behaviour there was a clear message from America that Islamabad would have to roll back its nuclear weapons programme to qualify for restoration of US military and economic assistance. It was more than symbolic that a technical expert on the nuclear issue accompanied the US Under Secretary of State. And, in fact, Bartholomew informed the Pakistanis that their compliance with the Pressler Amendment alone could remove the strains in US-Pak relation.

Of course, this was not for the first-time that the United States cut - off aid to Pakistan on account of



latter's nuclear activities, but they were always restored for the reasons other than the commitment by the Pakistani government to abandon the nuclear path. The 1980's saw a massive amount of military and economic assistance by the United States to Pakistan even as Pakistan's clandestine nuclear weapons programme continued. Totally blinded by the cold war calculations, Washington, during the Reagan Administration paid no serious attention to series of intelligence reports and media revelations about Pakistan's secret nuclear deal with the People's Republic of China, stealing of nuclear weapons from abroad, including from the United States and its total devotion to making of a nuclear bomb.

It was only when Mikhail Gorbachev came to power in Moscow and showed signs of interest in ending the cold war that the first step towards containing the Pakistani bomb programme was taken in the United States in form of the enactment of the 'Pressler Amendment. Since Gorbachev's plans and motivations were still uncertain, the amendment included provision for presidential certification. So that the US President could decide when to put the real pressure on Pakistan. During the uncertain years, the Reagan Presidency certified to the US Congress that Pakistan did not possess a nuclear device. So did Reagan's successor George Bush.

Not until the Kuwaiti crisis erupted could George Bush realise the dangers involved in letting Pakistan go

nuclear . The aid cut to Pakistan that took effect in October 1990 on account of President Bush's inability to provide the annual certification to the congress under the Pressler Amendment, hit Pakistan hard at a time when the latter had gone along with the US policy towards Iraq with political support and a token military contribution as well.

Shifting Perceptions : One of the important factors that has led to a change in the American perception of Pakistan is dramatic turnaround in world political scenario causing fundamental changes in American strategic thinking. More than four decades of U.S. strategic planning aimed at containing the spread of Soviet influence and rolling it back whenever possible has changed after a perceived reduction in such threat . The end of cold war has been accompanied by the very disintegration of Soviet Union, leaving Russia not strong enough to challenge US interests. The spectre of a unipolar world stares in our face even as the United States continues to enjoy an unprecedented military predominance. This has naturally meant a reassessment of the role of the hitherto strategic partners in the US-led security structures around the world.

Pakistan was one such strategic ally. At various points of the post-war world history, Pakistan enlisted itself as member of the US-led bilateral and multilateral alliance structures and willingly sided with the United States during the prolonged cold-war. However, India was

perceived as more real an enemy than the Soviet Union by Pakistan and thus the policymakers in Islamabad decided to support the US policy in exchange of American Military and economic assistance that was expected to strengthen Pakistan vis-a-vis India. This Pakistani thinking was not unknown to the American policy makers.

As Chester Bowles, a former US Ambassador to New Delhi, put it

" If the Pakistan Army were actually designed to become part of a US sponsored defence system to discourage a Soviet or Chinese military movement through the Himalayas or the Hindukush mountains it would be seeking a equipment appropriate to fighting in the mountain areas. However, the equipment we supplied Pakistan - Tanks, motorised artillery and the like - was suitable for use only on a relatively flat terrain, in other words, on the plains of North India. Moreover, from the outset, the Pakistani govt. had itself made clear that it had no quarrel with either the USSR or China and privately admitted that its military

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buildup was, infact, directed against India".

The US-Pak alliance was thus a peculiar bilateral system in which partners came together not to fight a common enemy but to exchange each other's support whenever necessary, to deal with their respective enemies. On the basis of this understanding, Islamabad requested the US to support it during the Indo-Pak Wars. Pakistan's turn to assist the big brother came in late 1979 when Washington

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2. Chester Bowles ' Promises to keep : My Years in Public Life 1941-67' ( New York, 1971)

sought Pakistan's help to fight the new round of cold-war that seemingly started with the Soviet military intervention in Afghanistan. The Pakistan Government, headed by a military officer, General Zia-ul-Haq did a lot of hard bargaining to secure massive military and economic assistance from Washington in return for making the country a conduit for the supply of weapons to anti-government and anti-soviet rebels and subsequently a safe haven for the rebels.

During the decade long Soviet involvement in Afghanistan, Pakistan acquired a large numbers of sophisticated military weapons and equipments from the United States in exchange of its assistance to America's proxy war against the Soviet troops stationed in Afghanistan. Like on previous occasions, the types of weapons supplied to Pakistan were not suitable for fighting a war against the Soviet Union or even Afghanistan. This time also India was the target. Washington perhaps had to concede this, along with a massive aid package of military and economic assistance for Pakistan as part of the deal.

However once an accord for the Soviet withdrawal from Afghanistan was signed, Pakistan appeared to be in trouble. A rapid succession of events that led to a cessation of the cold-war and ushered in an era of unprecedented Soviet-American rapprochement, meant that Pakistan would no longer be special for Americans.

### End of 'Special Status'

This perception became increasingly clear. After an embarrassing delay of many months Pakistan's Ambassador 'Abida Hussain' was granted audience to present her credentials to the United States President. Despite ceremonial nature of the occasion, the American President raised some of the pertinent questions having caused the lowest ebb in an otherwise "most allied ally among the allies" sort of relationship. Mr. Bush was quite emphatic in stressing upon the resolution of differences on the nuclear issue " If full relationship was to be resumed".<sup>3</sup>

Again the U.S. authorities announced controls on people and materials that could be useful in building missiles in 21 countries, including Pakistan, effective from June 16, 1992.<sup>4</sup>

### 'Indo-US Naval Exercises : '

Indo-US naval joint exercises were a further jarring note in Pak-US relations. The joint exercises in June 1992, virtually assured Pakistanis that they no longer could rely on Americans in their 'low-intensity war' against India.

Commenting on the joint Indo-US naval exercise, a newspaper editorial said : " The exercise is a firm reminder to all that while India may have differences with U.S.A, the

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3. Frontier Post, March 14, 1992

4. Nation, June 17, 1992

overall U.S. policy 'tilt' is clear ... This symbiotic  
relationship does not bode well for Pakistan." <sup>5</sup> Commenting  
further it says " India has clearly been selected as the  
heir-apparent in the contest for regional supremacy and  
Pakistan, a long-time U.S ally, has evidently been passed  
over." <sup>6</sup>

Writing further on this issue Humayun akhtar, a  
well known political commentator, termed it " ominous ", but  
draws satisfaction from the fact that the " track record of  
friendship with Washington shows that the other party has  
been eventually sacrificed at the altar of self-interest." <sup>7</sup>  
He further laments that " there was a time when we enjoyed  
similar position and privileges. Now we have to fallback  
on our own resources and efforts." <sup>8</sup>

#### EASING OF STRAINS :

On 6 October 1992, when the Pakistan premier Nawaz  
Sharif was in Beijing the U.S congress gave final approval  
to an amendment that was a " minor break" for Pakistan in  
terms of renewed American assistance to that country  
through waiver in two items from the Pressler Amendment. The  
congressional waivers as part of the 1993 Foreign Aid Bill,  
were applicable to assistance to non-governmental  
organisations(NGO's) and under public law - 480.

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5. 'News', May 18, 1992

6. Ibid

7. 'Muslim', June 24, 1992

8. Ibid

While the quantum of American aid flow to Pakistan under the waivers was not very substantial, this move appeared to be an indication that Washington might gradually try to normalise its relations with Pakistan strained since October 1990. Even before that the White House had in fact gone ahead with the commercial sales of military equipment despite stiff protests from the Congress. Those legislators opposing such sales, held it as a violation of the spirit of the Pressler Amendment in force.

The Pressler Amendment, according to them, made it very clear that "no assistance shall be furnished to Pakistan and no military equipment or technology shall be sold or transferred to Pakistan, pursuant to the authorities contained in this act, unless the President shall have certified in writing to the Speaker of the House of the Representatives and the Chairman of the Committee on foreign relations of the Senate, during the fiscal year in which assistance is to be furnished or military equipment or technology is to be sold or transferred, that Pakistan does not possess a nuclear explosive device."

And this the U.S President had not been able to do since October 1990. But then the U.S state department had its own interpretation of the Pressler Amendment. Commercial sales of selected military equipment according to it, didnot violate the letter or the spirit of the same law and thus the Bush Administration allowed commercial sales of

9. Independent (Bombay) 3 Aug, 1992

military equipment to Pakistan in 1990 which was over \$ 800 million by 1991.<sup>10</sup>

The second step that Washington took in this normalisation process was related to allaying Pakistan's fears about increasing Indo-U.S. co-operation. Since the downturn in US-Pak relations and improvement in Indo-U.S. relations in the post-cold war era were coincidental, Pakistani policy makers had begun to perceive American policy towards India through the Prism of the Zero sum game. Already frustrated over the U.S. aid cut and disappointed over rising Indo-American Co-operation, the Pakistani ruling elites also became more suspicious about the new U.S. designs in South Asia. Infact General Aslam Beg former Chief of Staff of the Pak Army, said at a seminar on 28 July that "most important development affecting Pakistan's security is the new strategic alignment between U.S. and India."<sup>11</sup>

Since one of the watermarks of Indo-U.S. defence co-operation was the Indo-U.S Naval exercises in the Indian Ocean, Washington decided to hold similar exercises with Islamabad without undue delay. In mid-august 1992, two American Navy ships which were on an operational visit to the region held two day joint exercises with the naval fleet units of Pakistan in the Arabian sea.<sup>12</sup> The third signal

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10. Asian Strategic Review, 1991-92 'Trends in Defence Expenditure' Jasjit Singh

11. Dawn, 30 July, 1992

12. Muslim, 17 August, 1992



from Washington indicating it's desire to renew friendly relations with Pakistan came on 26 August, 1992. On this date, a friendly feeler was sent to Islamabad through the U.S. department of agriculture's decision to increase by \$ 50 million the credit guarantee available to U.S. exporters for the sale of wheat to Pakistan .

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Indeed, the strategic significance of the Congress "waivers" gets reflected in the fact that the amendment containing the waivers also stipulated a provision that requires an annual report from the U.S. President on the state of the nuclear and ballistic missile programmes of Pakistan, India and China. However, the provision regarding India and China in the amendment was not linked with American aid to these two countries.

Now both the White House and the US congress continued to be very serious in their new active diplomatic offensive against nuclear proliferation. American policy makers seem to be fully aware that it would be imprudent as well as difficult to restore all economic and military assistance to Pakistan suspended under the Pressler amendment. At the same time there seems to be a growing realisation in the US that Pakistan has already suffered a lot for quite some time and that normalcy in the relations between the two countries has to be restored before they are seriously ruptured.

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13. Business Recorder, 28 August, 1992

There are reasons for this urge for normal relationships. In order to meet the challenges arising out of the suspension of U.S. military assistance, Pakistan moved towards France and China. On 25 June, 1992 Pakistan defence minister, Pierre Joxe, signed an important agreement on defence co-operation to strengthen French-Pak links in the field of research and development, production and acquisition of defence system and equipment. By early September, there were talks about supply of defence equipment by France to Pakistani Air Force and Navy and a bilateral arms deal worth about \$ 900 million.<sup>14</sup>

On 23 September the Pakistani daily "Frontier Post" reported that the PAF had finally given its consent to purchase Mirage - 2000 Aircraft from France. A little more than a week later "Le Monde", a French daily, reported that France would sell four diesel-powered submarines of the Agosta 90 Class to Pakistan. In addition, there were attempts to sign Sino-Pak defence agreements including the ones on M-11 missiles and F-7P Aircraft. After Nawaz Sharif's visit to Beijing in early October, Islamabad intended to project more forcefully its strategic connection with Beijing. Pakistan also sought to make common cause with China which was undoubtedly upset over President George Bush's announcement to sell F-16 aircraft to Taiwan.

While the Pakistani government challenged the legality of the US refusal to sell the F-16 Aircraft which

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14. Hindu, 15 September, 1992.

was part of a 1989 deal predating the imposing of the sales ban under the Pressler amendment and even threatened to take the case to International Court of Justice, the Chinese characterised the U.S. decision to sell F-16 Aircraft to Taiwan as clear violation of the 1982 Sino-U.S. communique.

Amidst all these developments, the growing instability in the Central Asian Republics was regarded in many quarters, including Washington, as a disturbing development. At least one of these Republics, Kazakhstan, has Nuclear Weapons of the former Soviet Union on its soils. Then there were concerns in certain circles about the possible rise of Islamic fundamentalism in Central Asia. Such concerns got strengthened when countries such as Iran and Saudi Arabia flooded the Central Asia Republics with Islamic literatures as well as funds for the renovation of the mosques.

Now, Pakistan seems to make use of its state religion as one of the means to achieve its foreign policy goals. It has been trying to build bridges to Central Asia and seems to be hopeful of reviving its ties with the United States by playing a Central Asian Card, if and when it is available. In March, 1992, when Washington (Pentagon in particular) gave indications of a desire to restore cordial relations with Pakistan, the interpretation given to the Pentagon's move by the Pakistani press provided an index to Pakistan way of thinking.

The 'Muslim' said that " If there is any logic in Washington having such loud second thoughts about Pakistan then most probably the real consideration was the U.S. interest in having a habitation and a name in the 'new world', opening up in the heart of Asia, most of which is predominantly muslim." The 'Frontier Post' likewise commented in its editorial that " Pakistan's importance appears to have been established as an actor in Central Asia capable of playing a crucial role."

A commentator wrote in the 'Pakistan Times' that the emergence of the new Muslim countries in Central Asia has provided 'strategic depth' to Pakistan.

Pakistan has already become part of a regional economic forum called the 'Economic co-operation Organisation' (ECO) along with Turkey and Iran and has enrolled 5 Central Asian Republics as members of the ECO. Pakistan, infact, has begun to see itself as uniquely situated to provide tranist-trade facilities to the Land - locked states of Central Asia.

The American move to restore cordial ties with Pakistan has to be understood in the light of these developments. The Congressional waivers, the authorisation

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15. Muslim, 10 March, 1992

16. Frontier Post, 10 March, 1992

17. Pakistan Times, 29 March, 1992

18. Five New Members Azerbaijan, Kirghizstan, Tasikistan, Turkmenistan and Uzbekistan.

of commercial sales of a selected variety of military spare-parts, holding of joint naval exercises etc were steps that were taken with consideration of the future role of Pakistan in the evolving geostrategic realities in this part of the world.

## Nuclear Issue : Major Irritant

These moves by the United States, however, are a far cry from the heydays of the 1980's. To be sure, the ban on military and economic assistance under Pressler Amendment continues. Even USAID projects are not being fully financed and are in danger of being closed down. It is clear that the most important irritant of US-PAK relations continue to be Pakistan's nuclear ambitions.

In an interview with Syed Rifad-Hussain, Dr. Stephen P. Cohen, Professor of Political science at Illinois University, conceded that for deterioration in US-PAK relations and aid-cuts "Pakistan's nuclear programme is the primary reason. The fact that Pakistan went ahead and the US President could not certify triggered all kinds of US laws." He however admitted that "they (Pressler laws) may have been interpreted more rigorously after the Russians left Afghanistan. But there was always anxiety, there was always concern and everybody who dealt that issue knew that this could lead to a break in some aspect of US-PAK relations."

Again on 24 September, testifying at his confirmation hearing before the Senate Foreign Relations Committee in Washington, Mr. John C. Manjo, Ambassador-

19. 'News' July 8, 1992.

20. *ibid.*

designate of the USA to Pakistan, said that " While we hope new economic aid and US security assistance to Pakistan suspended under the Pressler Amendment can be resumed, we will not compromise our non-proliferation principles to do so"<sup>21</sup> . He said we wish to co-operate with Pakistan in helping Afghanistan overcome the present internal struggles and build a new future with a representative government and to assist the world's largest refugee population to return to their homes in Afghanistan. He noted that USA has enjoyed a long and mutually beneficial relationship with Pakistan that spans nearly 45 years of Pakistan's existence. Pakistan stood together " with the USA throughout the cold war but end of the cold war and of the soviet occupation of Afghanistan have changed the strategic context of our long relationship"<sup>22</sup> . He said he looked forward to the new opportunities and challenge of building "our post-cold war relationship with Pakistan".

Continued nuclear irritant and changed strategical configuration ensured that Pakistan didnot figure in the list of countries to get US foreign aid under a bill approved by the US house of Representatives in October 1992.

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21. 'Pakistan Times', september 28, 1992.

22. ibid

Ironically, welcoming the non-inclusion of Pakistan in a US bill listing foreign aid recipients, a Pakistani editorial commented "Pakistan is fortunate enough to have been able to discard the crutches of US aid. It is an opportunity once again to stand on our own feet ... The peanuts we used to receive from our one-time most allied of allies was a constant cudgel held over our heads by the USA. In retrospect it is mind-boggling how much we were made to surrender in terms of our sovereignty and independence.<sup>23</sup> Brave words indeed ! But one can easily trace out the helplessness and anguish contained in them.

It is true that Pakistanis have not yet come to terms with changed geo-political realities that have rendered them rather of marginal significance in American calculations. Consequently, a Pakistani political commentator "Mushahid Hussain, advised Pakistani policy-makers to understand fundamental reality that the "special relationship " that marked the ties between Islamabad and Washington has been permanently terminated in the post-cold war period and it is unlikely to return.<sup>24</sup>

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23. Muslim, October 8, 1992

24. 'Muslim' November 8, 1992.



## Further Apprehensions:

### Carnegie Report : A pro-India tilt !

The release of Carnegie Endowment study group report <sup>25</sup> recently has made Pakistani policy-makers more apprehensive regarding future US policy in South Asia. This group comprised scholars, area specialists and diplomats in and outside the US government.

The report outlines some recommendations based on certain assumptions, the most important being that India will emerge as a major military and economic force despite what the US does and that given a proper context of improved Indo-US relations, the Indian military power could be harnessed for serving common goals and resolving global problems.

More important, the Report terms America's 1959 defence pact with Pakistan " an anachronism" and recommends that Washington should formally terminate its military alliance with Pakistan and upgrade relations with New Delhi. The report says that having artificially inflated Pakistan's power, US should abstain from it now allowing a natural growth. Regarding arms sale, the Report recommends no concessional sale, either to India or to Pakistan, and as

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25. Carnegie Endowment Study Group on USA-India Relations in a changing International environment. Authored by Selig Harrison and Geoffery Kemp.

a corollary to this provides for screening the commercial sales of equipment on a case by case basis so as to avoid any conflict between the two countries. It also mentions that with the demise of the cold war the strategic importance of Pakistan has been nullified.

In the context of freezing the development of military related capability by both India and Pakistan, the Report suggests that the most effective way to do this would be to bring Pakistan and India into the realm of global treaties like the Comprehensive Test Ban Treaty (CTBT). The Report makes it clear that India will not give away its nuclear option and also that the United States does not have much credibility in this area. Thus the US should stop pressing India to sign the NPT, but instead India should take the pledge to abide by the provision of the NPT, without signing the NPT as done by Argentina and South Africa.

Finally, while recommending increase in Indo-US military co-operation, the Report visualised a future in which the growth of Islamic fundamentalism "adjacent to India" can lead to the possibility that "New Delhi and Washington will share common security concerns in decades ahead".<sup>26</sup> Admittedly, the Report is not an official document and cannot be taken as reflective of government thinking, nevertheless, it cannot either be ignored. Prepared by a

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26. *ibid.*

group of people, who have an important say in American policy-making structures, the Report must be considered significant enough to set off alarm bells in Pakistani circles.

### Pakistan : A Terrorist State ?

When in the very beginning of this year, the Bush administration issued a list of countries declaring them 'terrorist states', it also contained a rude shock for Pakistan. While declaring Iran, Iraq, Libya, Syria, Cuba and North Korea as 'terrorist-states', the Bush Administration also placed Pakistan along with Sudan under four months observation. During this period the USA was to further investigate and determine whether Pakistan is providing arms, training and financial aid to Kashmiri and Sikh Separatists in the Indian states of J&K and Punjab respectively.

This was indeed a serious development with grave implications for future US-Pak relations. Predictably, this move drew bitter reaction from Pakistani Press. Calling it a 'blinker<sup>27</sup>ed vision' by USA, this was interpreted as the proverbial last straw so far as the US-Pak relations are concerned. They were quick to point out that barring Cuba and North Korea, all other so-called terrorist states were Muslim states.

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27. 'News', 16 Jan, 1993

If declared a 'terrorist state', the US law applies various economic, legal, financial and military sanctions against such listed countries under section 6(J) of the Export Administration Act.

Clinton Administration : No Respite for Pakistan !

As President Bill Clinton, a Democrat, entered office, there were both expectations and apprehensions in Pakistan. But overall Clinton Administration was not expected to depart radically from the continuing foreign policy. If anything, the Democrat's obsession with nuclear non-proliferation is well known and so Pakistan could not expect respite on that count.

Indeed, the Secretary of State, Mr. Warron Christopher, even before assuming the office, told a Senate foreign relations committee confirmation hearing that he was aware of Pakistan's "obsession" with the nuclear bomb and would support any proliferation legislation with teeth to impose "substantial sanctions". In his reply to a question raised by Republican Senator, Mr. Larry Pressler who pointed out efforts to change legislation that banned aid to Pakistan; Mr. Christopher replied : " I am strongly in favour of anti-proliferation legislation, and legislation that imposes substantial sanctions if there is a violation. I have not studied that particular case in recent years although my memory goes back to the problem with Pakistan and their obsession with getting a nuclear capability and what we do know now in that case. They have probably

crossed the threshold already.

Mr. Christopher further said that without committing himself to any particular piece of legislation, he could say that in an overall sense " I know there is an issue there, and in overall sense I would be prepared to support of continuation of strong anti-profleration legislation with teeth."<sup>29</sup>

Mr. Christopher stressing committment to non-profleration said : " We need to use all of our leverage to keep that (profleration) from happening. We have the customary tools - aid of various kinds, trade, vote in multilateral institutions. We ought to examine the full range of our options in order to accomplish our non-profleration purposes."<sup>30</sup>

This was not mere rhetoric was clear very soon when there were reports that virtually the entire 'G-7', led by Japan and Germany, were closely co-ordinating their aid policies with the United States. The message being conveyed to Pakitan was crystal clear : no more economic aid to Pakistan until it signs the NPT and sorts out the terrorism issue. Writing in Times of India,<sup>31</sup> Mr. M.B. Naqvi referred to reports that talked about the tough

28. Times of India, January 15, 1993

29. ibid.

30. ibid.

31. Times of India, February 17, 1993.

stand taken by Japanese and European Community ambassadors who made it clear that unless Pakistan signs the NPT, reduces its defence budget and tension in the region, the usual economic aid through the World Bank organised aid-to-Pakistan consortium will remain suspended.

It is clear, therefore, that if anything Clinton Administration is hell bent on preventing Pakistan from going nuclear. In the circumstances, it is difficult to see in near future resumption of US aid to Pakistan especially considering Pakistan's rigid stand on the issue.

The question is : why such rigid stand by Pakistan when all the western aid and not simply military and economical aid, is at stake ?

The answer is Pakistan's game of one-upmanship with India. The Pakistani generals seems to have concluded that, given the different sizes of resource endowments between India and Pakistan, the former can always outspend the latter and win in conventional armaments. Thus, Pakistan needs a nuclear shield, no matter how small, which will deter India from taking advantage of its superiority. Hence their stolid refusal to countenance compromising the undoubtedly tiny nuclear deterrant. A whole panoply of policies and strategic perceptions have evolved as a result of this question of the nuclear shield.

It remains to be seen for how long Pakistan can stand this pressure. One can however safely predict that

Pakistan would unlikely to get away with its nuclear weapons programme without further damaging its relationship with the United States and hence also its aid prospects. Coupled with the nuclear issue, the threat of being branded a 'terrorist state' by the US presents quite a bleak future for aid flows to Pakistan. If Pakistan is declared a terrorist state, not only would the US administration stop all types of assistance, including humanitarian assistance to Pakistan, but it would also have to vote against any loans to Pakistan in all multilateral institutions. This means that Pakistan will find it virtually impossible to get any aid from any multilateral institution like from the World Bank and the International Monetary Fund.

Again on this issue, Pakistan's approach is far from accomodating. Despite all evidences pointing to the contrary, the Pakistan government issued bland denials. What is conceded was that it was giving only political, diplomatic and moral support to the militants in Kashmir. It strongly denied giving military assistance to separatists in Kashmir and Punjab. Speaking in the National Assembly, in this context, Pakistan's foreign minister, Mr. Siddique Khan Kunju said that Pakistan had tried to draw a clear distinction between the legitimate political support for the just struggle for self-determination in Kashmir and allegations of material assistance to groups alleged to be involved in terrorist activities.<sup>32</sup> Saying Pakistan had

32. Times of India, 14 January, 1993

consistently supported and will continue to support the liberation struggle in Kashmir, Mr. Kanju added that the struggle was based on the UN security council resolutions which remain as valid today as they were 40 years ago.

Apparantly, these excuses have not convinced many Americans. Central Intelligence Agency (CIA) chief Mr. James Woolsey was definitely not convinced of Pakistan's innocence. He told the Senate Judiciary Committee on April 21, that "Sudan and Pakistan while not yet on state department's list of state sponsors, are on the brink. Last January, the US warned each of these countries that it could soon be listed."<sup>33</sup> The CIA chief said "Pakistan has supported the Kashmiri and Sikh groups, which have been waging long running insurgencies against the Indian government. The Kashmiris and sikhs have found safe haven and other support in Pakistan." He described the state-sponsored terrorism as the most important component of the international terrorism problem. The reasons for this are obvious - money and power. Nation-states make terrorists more lethal and more ambitious.

Consequently, in its latest report on terrorism, released on April 30, the US has kept Pakistan on its 'watch list' of terrorist states in spite of intensive efforts by the latter to get itself removed from the

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33. Times of India, April 23, 1993



watch list. Pakistani efforts are however continuing. During her visit to Washington in the first week of May, 1993, the Pakistani opposition leader, Ms Benazir Bhutto in her meetings with the state department and pentagon officials, pleaded for the postponement of the proposed US action to declare Pakistan a terrorist state. She is said to have pleaded for deferral of the issue until after the scheduled general election on July 14 when an elected ministry would be in place in Islamabad. Around the same time, Islamabad announced removal of two former Director-generals of the Inter-services Intelligence from the army. The removal of these officers, Lt. General Javed Nasir and Lt. General Asad Durrani, was seen as Pakistani attempt to appease the United States. In fact in an interview to 'Jang', the newly appointed foreign minister, Mr Sharifuddin Pirzada admitted that the recent changes in the ISI had some impact on the Pak-US relations, adding that the Damocle's sword was still hanging over Pakistan but the situation had improved considerably.

In the third week of May itself, the US deputy assistant Secretary of state, John R. Mallot visited Islamabad and New Delhi in order to help them sort out their differences over Kashmir and other matters.

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34. 'Jang' May 4, 1993

During this visit, Mallot stressed that the US was informally watching Pakistan to decide whether it should be added to the list of state sponsors of terrorism. He said that Washington had not asked Islamabad to take any specific actions. "We have just said that they must stop activities in Punjab and Kashmir", adding that this information of 'credible report' of Pakistan's state sponsorship of terrorism was based on US assessment.<sup>35</sup> Mallot noted the removal and retirement of ISI chief, Lt. General Javed Nasir and of his predecessor, Lt. General Asad Durrani.

" We are still watching and we would form an opinion when we see the impact of these actions", said Mr. Mallot.<sup>36</sup> " We have to put this terrorism issue behind us"

Also Mallot urged Pakistan to roll back its nuclear programme to an acceptable level. He didnot specify what the US expected Pakistan to do, but news reports inferred that it wanted Pakistan to dismantle any facilities geared at building nuclear weapons. The reports quoted Mallot as telling local journalists in Islamabad that Pakistan's nuclear programme crossed an agreed line in 1990, resulting in the suspension of US economic and military assistance under the Pressler

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35. The Washington Times, May 15, 1993.

36. ibid.

Amendment." We kept our part of the bargain but Pakistan let  
us down by crossing the line in 1990<sup>37</sup> , Mallot said.

Finally, things are still quite fluid. Clinton Administration has kept the heat on even as Pakistan is making frantic efforts to wriggle out of this tight spot. On both issues of 'nuclear proliferation' and 'terrorism', however, deep differences continue. In the circumstances, further waiving of Pressler Amendment and resumption of American assistance do not appear a realistic possibility unless Pakistan drastically reviews its stand on the 'twin issues' of 'nuclear proliferation' and 'sponsorship of terrorism'.

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37. *ibid.*

## CHAPTER - IV

### CONCLUSIONS

To be sure, there is no 'free meal' in international relations. Charity has elements of taxation in it, but also elements of a purchase. Giving money to the poor is partly buying peace and quiet. By the same token, aid can be designed to purchase good will or votes in the United Nations or neutrality; or it can eliminate embarrassing surpluses of wheat, as in Public Law 480 in the United States.

Aid is thus primarily designed to win friends and influence people. Admittedly, the economic dimensions of aid are many ; its form, criteria for allocation, division among recipients and so on. But its purposes remain political even when the proximate purpose of aid is economic growth - a hypothesized relationship of doubtful validity.

Prior to world war II, governmental aid was rare and was forthcoming as a rule only in time of natural disaster. After world war II, foreign aid was provided for relief, for rehabilitation and reconstruction. The United States, remained the pioneer in this field. The relief assistance in the form of Marshall Plan contained an element of charity - to help allies back to their erstwhile condition. Most of its motivation, however was to repair

the political damage and calm the troubled waters in which communist parties fished. There was a vacuum of political power which could best be filled by economic revival and independence.

Assistance for economic growth also has an essentially political objective. From time to time, attempts have been made to justify it in economic terms : it might pay to subsidize customers if by so doing one stimulated a growth process which led to enormous purchases from the donor; on which he could then make high profits. No doubt, there is some truth in this explanation but most of the assistance programmes today would stand unexplained by this logic.

Aid for development began with Point -IV of President Truman's Inaugural speech of January, 1949. The purpose was political. The Truman Doctrine of March, 1947 had been negative, opposing communist penetration in the less developed world with military means. It was felt that a more positive programme was needed, along the lines of the successful Marshall Plan, of June, 1947. The result was programme of assistance for economic development in the Third World.

Privilege or Right ! Depoliticisation ?

Once begun, aid acquired an inertia of its own.

Gradually, some middle powers, several of them neutral, began to provide increasing amounts of aid with charitable intent, economic effect and no political axes to grind. The major powers, starting out with political purposes in mind, found themselves hooked. One gained little in the way of political kudos from continuing aid, but risked the loss of leadership in letting it go.

Gratitude is sometimes called a lively anticipation of favours to come, but in foreign aid, the expectation of continued assistance which made it mandatory, was accompanied by little in the way of gratitude.

Before long, aid developed from a privilege to a right and its provision from an act of grace to a duty. One is able to shrink it, confine it and alter the mechanism. But one cannot get rid of it. Consequently, the community of nations in a limited way and for a limited purpose has developed a form of sharing of the sort that takes place within families. The act remains essentially political.

#### Aid Dynamics

Interestingly, a country is likely to receive little aid if it always supports the donor country politically, or if it never supports the donor country. Generally speaking, a country can expect to get the highest amount of aid if it makes it clear that the political

position it takes will depend upon the amount of aid received. Thus, a country wishing to maximize the amount of foreign aid it receives should not be a permanent member of any international bloc but rather should make it clear that its political position can be influenced by the giving of more aid.

Again, the recipient countries may influence the amount of aid they get if the donor countries are in competition with each other : they have some measure of power because the donor countries are interested in receiving their political support. Not surprisingly, the cold war days were the heydays for non-aligned countries so far as aid flows are concerned. They were in a position to do some hard bargaining before extending their support to one donor or another.

An <sup>1</sup> econometric model tested for 17 industrialized donor countries suggests that nations resent aid being given by other nations because they fear that they thereby lose influence in the international sphere. Therefore, they tend to reciprocate by increasing their own aid expenditure when competing nations do so. This aid competition is to the benefit of the developing countries, who receive more aid than they would if the countries acted in isolation or if they considered aid to be an international public good.

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1. S. Frey Bruno , 'International Political Economics' p.101.

Finally, and most important, aid flows, its amount and direction, would largely depend on the international political dynamics. In certain situations a particular country may become important enough to be wooed by competing donors. But in different circumstances the country in question would no longer be important enough to bargain with the donors.

#### U.S. Aid to Pakistan : Prospects

Our discussion in previous chapters would clearly show that US - Pak relations has been outrightly an 'alliance of convenience'. A relationship strange in many ways for the two countries never had common strategic and security perceptions. For that matter while the U.S.A. is a leading light of democracy, Pakistan has remained throughout, barring a few exceptional years, under military regimes.

But cold war brought them close as cold war shifted towards Asia, the USA desperately needed a reliable ally in the region who would provide it with military bases and otherwise counter spread of communism. As India remained reluctant to play American game, the latter had to fall back on Pakistan. But from the very beginning Pakistan didnot share American perceptions about the 'fear of communism' and instead aimed at using it military alliance with USA against



India.

With such differences, the very base of this relationship remained shaky. The United States remained generous towards Pakistan with large amounts of economic and military assistance as long as Pakistan came handy in its strategical calculations. Consequently, the peaks of cold war saw the largest amount of aid flow to Pakistan. But as soon as cold war came to a close, Pakistan lost its earlier significance in American Strategic thinking. Before long, the massive aid flows had to turn into a mere trickle.

Admittedly, the current impasse in US-Pak relations, when US aid got suspended in October 1990, is over 'nuclear issue', but then this nuclear issue somehow was always overshadowed by looming Russian presence in Afghanistan. And one can be sure that nuclear issue or no issue, the United States would not be as generous to Pakistan as it was before.

Presently, of course, apart from the nuclear issue, the threat to declare Pakistan a 'sponsor of terrorism' by the US has caused an ominous shadow over future US-Pak relations. In the circumstances, the future of US 'assistance' to Pakistan remains bleak.

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