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E.O. 11652: XGDS-1
TAGS: PINT, PFOR, EGEN, BG
SUBJECT: CONVERSATION WITH PRESIDENT MUJIBUR RAHMAN

REF: STATE 039644 (NOTAL); DACCA 0942 (NOTAL)

1. SUMMARY. IN A 40-MINUTE MEETING WITH PRESIDENT MUJIB SATURDAY, WITH POLITICAL COUNSELOR COCHRAN ALSO PRESENT, (1) I TOLD MUJIB OF OUR OFFER OF ANOTHER 350,000 TONS OF PL-480 WHEAT AND HE THOUGHT THIS WOULD HELP GET THEM AT LEAST THROUGH JUNE, INDICATING HE EXPECTED HIS OWN PROCUREMENT PROGRAM TO BRING IN 125,000 TONS; (2) I EXPRESSED INTEREST IN NEW EMPHASIS HE WAS GIVING IN PUBLIC STATEMENTS TO IMPORTANCE OF POPULATION CONTROL BST. HE DISAVOWED ANY SERIOUS INTENTION TO PURSUE COMPULSORY FAMILY PLANNING, A POSSIBILITY AIRED LAST WEEK BY HIS HEALTH MINISTER; (3) I PUT IN AN ENCOURAGING WORD FOR ACCOMMODATION WITH IMF ON ECONOMIC POLICY MEASURES BUT GOT NO ENCOURAGEMENT IN RETURN; (4) HE TOLD ME THAT HE PLANNED TO ANNOUNCE ESTABLISHMENT OF ONE-PARTY SYSTEM FEBRUARY 23 (THIS HAS NOT YET OCCURRED), WHILE EMPHASIZING HIS ATTACHMENT TO DEMOCRATIC PROCESS AND FACT THAT HE IS "NOT A MARXIST;" AND (5) I REVIEWED BACKGROUND OF OUR SOUTH ASIAN ARMS POLICY AS INSTRUCTED, WHICH LED MUJIB TO SOME BITTER REFLECTION AGAINST PAKISTAN. END SUMMARY.

2. FOOD SITUATION. I TOLD MUJIB THAT I HAD JUST RE-

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CEIVED AUTHORIZATION TO NEGOTIATE A NEW AMENDMENT FOR 350,000 TONS OF WHEAT UNDER PL-480 TITLE I, BRINGING OUR TOTAL FOODGRAIN COMMITMENTS THIS FISCAL YEAR TO 750,000 TONS. I SAID THAT ACCORDING TO MY FIGURES THIS SHOULD COMPLETE COVERING THEIR ESTIMATED 2.3 MILLION TON DEFICIT FOR THIS FISCAL YEAR. MUJIB SAID HE WAS PLEASED BY THIS NEWS AND SAID HE THOUGHT IT WOULD HELP GET THEM AT LEAST THROUGH JUNE. HE SAID HE EXPECTED TO GET 125-130,000 TONS FROM HIS OWN COMPULSORY PROCUREMENT PROGRAM, A NEAR DOUBLING OF LAST YEAR'S FIGURE, AND HE THOUGHT THEY COULD PROBABLY DOUBLE IT AGAIN NEXT YEAR IF THERE WERE NO SERIOUS FLOODS. HE SAID THEY HAD COLLECTED 114,000 TONS SO FAR. HE EXPANDED ON IMPORTANCE HE ATTACHED TO "WORK FOR FOOD" PROGRAM IN THE COUNTRYSIDE, INDICATING HE HAD ABOUT SIXTY SUCH PROJECTS UNDER WAY AND INVITING ME TO MAKE A HELICOPTER VISIT WITH HIM TO ONE OF THE PROJECTS IN THE NEAR FUTURE.

3. POPULATION CONTROL. NOTING THAT FOOD WAS ONE PART OF BANGLADESH'S MOST PRESSING PROBLEM BUT THAT POPULATION GROWTH WAS THE OTHER, I SAID THAT I HAD BEEN INTERESTED TO SEE THE NEW EMPHASIS WHICH HE AND HIS GOVERNMENT HAD BEEN GIVING IN THEIR PUBLIC STATEMENTS RECENTLY TO THE IMPORTANCE OF POPULATION CONTROL. I ALSO REFERRED TO THE STATEMENT BY HIS HEALTH MINISTER A WEEK AGO ABOUT COMPULSORY FAMILY PLANNING AND ASKED IF THIS REFLECTED A NEW LINE IN THE GOVERNMENT'S THINKING. MUJIB EFFECTIVELY DISMISSED THIS LAST IDEA, SAYING THAT THEY WERE NOT YET READY FOR SUCH A PROGRAM WHICH WOULD RAISE SERIOUS PROBLEMS AMONG THE PEOPLE. AYUB HAD FAILED IN HIS BIRTH CONTROL PROGRAM IN THE FACE OF OPPOSITION FROM THE MULLAHS BUT BANGLADESH HAS COME A LONG WAY SINCE THEN AND HAD REACHED THE POINT THAT FAMILY PLANNING WAS ACCEPTED AS A LEGITIMATE MATTER FOR DISCUSSION. THE HEART OF THE PROBLEM, HE SAID, WAS THAT "THE BENGALEE PEASANT AFTER SUNSET HAD ONLY ONE DIVERSION--HIS WIFE." THE WAY TO ATTACK THIS WAS THROUGH THE HEALTH CENTERS HIS GOVERNMENT PLANNED TO ESTABLISH IN EACH THANA WHICH WOULD OFFER A COMBINATION OF HEALTH, MATERNITY AND BIRTH CONTROL SERVICES AND WHICH, WITH ELECTRICITY, COULD HELP DEVELOP RECREATIONAL



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POSSIBILITIES FOR THE PEOPLE. HE ADDED THAT EFFORTS WOULD BE MADE TO SPUR VASECTOMIES, OFFERING FIVE DAYS OF REST AND FIVE DAYS OF FOOD FOR THE FAMILY. HE CONCLUDED

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THAT "WE CANNOT LIVE WITHOUT FAMILY PLANNING SINCE WE CANNOT ATWAYS COUNT ON FOOD FROM ABROAD."

4. ECONOMIC POLICY MEASURES. I SAID THAT SEVERAL MEASURES OVER RECENT MONTHS AFFECTING FOREIGN INVESTMENT, SUCH AS THE OPIC AGREEMENT, HAD APPEARED TO RESULT IN SOME IMPROVEMENT IN THE INVESTMENT CLIMATE AND WEUX NOW BEGUN TO RECEIVE A FEW INQUIRIES FROM AMERICAN COMPANIES. I ADYED THAT FINEL SETTLEMENT OF CLAIMS FOR NATIONALIZED ASSETS WOULD FURTHER HELP THIS NTIMATE, TO WHICH HE REPLIED THAT HE WANTED TO INSURE AN ATTRACT VE CLIMATE FOR INVESTMENT AND THAT HE HAD NO PLANS FOR FURTHER NATIONATBA IZATION. I SAID I UNDERSTOOD HIS GOVERNMENT HAD UNDER CONSIDERATION AN ACCOMMODATION WITH THE IMF ON ECONOMIC POLICY MEASURES, A MATTER WHICH WE ALSO THOUGHT IMPORTANT. MUJIB FROWNED AND--WITHOUT MENTIONING DEVALUATION BUT OBVIOUSLY ASSUMING IT AS AN UNSPOKEN PREMISE--SAID THE PROBLEM WAS WHETHER BANGLADESH COULD AFFORD THIS. A

FURTHER RISE IN PRICES, HE SAID, WAS ONE OF HIS CHIEF FEARS. WITH UNEMPLOYMENT HIGH IN BOTH THE CITIES AND THE COUNTRYSIDE AND "THE FIXED INCOME GROUP ALMOST DEAD ALREADY, FURTHER PRICE RISES MIGHT MEAN THAT I MAY NOT SURVIVE." HE SAID THAT BANGLADESH HAD TO KNOW TWO THINGS: FIRST, THAT IT CAN EARN ENOUGH FOREIGN EXCHANGE TO MEET ITS NEEDS FOR FERTILIZERS, PETROLEUM PRODUCTS, RAW MATERIALS AND SPARE PARTS, AND, SECOND, THAT THEIR PRICES NOT BECOME UNBEARABLY HIGH. THEREFORE THEIR DECISION DEPENDED IN LARGE MEASURE ON WHETHER BANGLADESH WAS CERTAIN IT COULD OBTAIN ADEQUATE ASSISTANCE. "CAN BANGLADESH GETTHE FUNDS TO COPE? CAN IT IMPORT THE NECESSARY

SPARE PARTS AND RAW MATERIALS?" HE ASKED. I POINTED OUT THAT THESE POLICY MEASURES WERE BELIEVED TO BE IN BANGLADESH'S OWN SELF-INTEREST OVER THE LONGER TERM, BUT THE PRESIDENT SIMPLY RESPONDED THAT THE IMF WOULD HAVE TO BE SYMPATHETIC TO BANGLADESH'S PLIGHT.


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5. DOMESTIC POLICY. AS REPORTED IN SEPTTEL, MUJIB CONFIDED THAT HE PLANNED TO ANNOUNCE ESTABLISHMENT OF HIS ONE-PARTY SYSTEM FEBRUARY 23 (THIS TIMETABLE HAS EVIDENTLY BEEN DELAYED). HE EMPHASIZED, HOWEVER, THAT HE INTENDED TO PRESERVE DEMOCRATIC PROCESS UNDER THE NEW SYSTEM. HE SAID THE NEW PARTY WOULD STILL BE THE AWAMI PARTY "ALTHOUGH IT MIGHT BE CALLED THE SOCIALIST AWAMI PARTY OR THE PEASANTS AND WORKERS AWAMI PARTY." THE NAME DID NOT MATTER, HE SAID, ADDING THAT HE WAS NOT A MARXIST BUT KNEW HOW TO DEAL WITH THEM. HE SAID THAT ANYONE COULD JOIN THE NEW PARTY AND WOULD HAVE THREE MONTHS IN WHICH TO PROVE THEMSELVES. HE SAID THE NEW SYSTEM WOULD HAVE NO EFFECT ON EITHER HIS FOREIGN OR ECONOMIC POLICY, ADDING THAT HE WAS NOT GOING THE BURMESE ROUTE AND WOULD CONTINUE TO WELCOME FOREIGN INVESTMENT. HE SAID THAT HE HAD REORDERED HIS DOMESTIC PRIORITIES. BEFORE HIS FIRST PRIORITY HAD BEEN FOOD PRODUCTION. NOW HIS PRIORITIES WERE 1) FIGHTING CORRUPTION, FOLLOWED BY 2) FOOD PRODUCTION, 3) POPULATION CONTROL, AND 4) NATIONAL UNITY.

6. SOUTH ASIAN ARMS POLICY. I DREW ON STATE'S 039644 AND 029538 TO PROVIDE BACKGROUND ON OUR ARMS POLICY, INFORMING MUJIB THAT WE EXPECTED TO ANNOUNCE A DECISION SHORTLY AND ASSURING HIM THAT WE HAD HAD NO DISCUSSION WITH BHUTTO OF A NAVAL OR AIR BASE IN PAKISTAN. I EMPHASIZED THE THREE PRINCIPLES UNDERLYING OUR POLICY: THAT WE WOULD

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NOT CONTRIBUTE TO AN ARMS RACE IN SOUTH ASIA; THAT WE WOULD NOT DO ANYTHING TO ALTER THE STRATEGIC BALANCE IN THE AREA; AND THAT WE WOULD CONTINUE TO ENCOURAGE RECONCILIATION IN SOUTH ASIA. MUJIB EXPRESSED APPRECIATION FOR THIS INFORMATION BUT WENT ON TO EXPRESS HIS CONCERN ABOUT PAKISTAN'S INTENTIONS AND HIS FEAR THAT, IF PERMITTED TO PURCHASE ARMS AGAIN IN THE U.S., PAKISTAN WOULD CAUSE INSTABILITY IN SOUTH ASIA. THEY WANTED TO DEFEAT INDIA ONE TIME, HE SAID, AND WENT ON TO DEPLORE THE DIVERSION OF PAKISTANI RESOURCES FROM PRODUCTIVE CHANNELS INTO AN UNPRODUCTIVE ARMS RACE. I ASSURED HIM THAT WE WOULD NOT CONTRIBUTE TO AN ARMS RACE IN SOUTH ASIA, TO WHICH HE RESPONDED THAT THIS WAS NOT OUR INTENTION BUT HE WAS NOT SURE IT WASN'T BHUTTO'S.

7. BANGLADESH-PAKISTANI RELATIONS. OUR DISCUSSION OF ARMS POLICY LED MUJIB TO REHEARSE HIS DIFFICULTIES IN DEALING WITH PAKISTANIS: THEIR FAILURE TO ACT ON THE REPATRIATION OF THE 63,000 FAMILIES OF NON-BENGALEES TO PAKISTAN AND THEIR ALLEGED EFFORTS TO AVOID ANY REAL DISCUSSION OF A DIVISION OF ASSETS. MUJIB SAID THE HE HAD NOT OBJECTED TO THE FORMATION OF A COMMISSION TO DISCUSS ASSETS BUT HAD ASKED FOR AN EARNEST IN THE FORM OF A PARTIAL RETURN OF READILY IDENTIFIABLE ASSETS BUT BHUTTO HAD SAID THAT "HE HAD NOT BROUGHT HIS CHECKBOOK." "BHUTTO IS A USURPER," HE REMARKED BITTERLY. "I LED A MAJORITY OF PAKISTANIS AND HE WAS ONLY A MINORITY LEADER. BENGAL WAS THE SCENE OF GENOCIDE BUT I HAVE RELEASED THE PRISONERS OF WAR AND ABANDONED WAR CRIMES TRIALS AND STILL NOTHING HAS BEEN RECEIVED FROM PAKISTAN." I REMINDED HIM THAT SECRETARY HAD TOLD BHUTTO OF BDG'S READINESS TO TALK WITHOUT PRECONDITIONS AND THAT WE HAD BEEN IN TOUCH WITH FOREIGN SECRETARY ABOUT PAKISTAN'S REPLY THAT IT WAS READY TO TALK AT ANY TIME. MUJIB SAID HE WAS FAMILIAR WITH THIS AND THANKED US FOR OUR EFFORT TO BE HELPFUL.

8. COMMENT: IT IS WORTH REMARKING THAT MUJIB SEEMED PARTICULARLY SENSITIVE TO OUR POSSIBLE REACTION TO HIS CHANGES IN GOVERNMENTAL STRUCTURE, APPARENTLY FEARING THAT WE MAY BELIEVE HE HAS KILLED DEMOCRACY HERE AND THAT THE STRUCTURE

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AND TERMINOLOGY OF HIS NEW PARTY MAY REMIND US OF SOVIET MODELS--HENCE THE PROTESTATIONS THAT HE IS NOT A MARXIST AND THAT NONE OF HIS POLICIES WILL CHANGE.

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9. WHILE MUJIB AVOIDED A DEFINITIVE RESPONSE TO MY IN-QUIRY ABOUT AN ACCOMMODATION WITH THE IMF ON ECONOMIC POLICY ISSUES, THERE WAS NO MISTAKING THE NEGATIVE TERMS IN WHICH HE CHOSE TO DESCRIBE THE PROBLEM HE BELIEVES THIS PACKAGE--AND CERTAINLY THE EXCHANGE RATE PORTION OF IT--WOULD CREATE FOR HIM. I COULD ONLY CONCLUDE THAT HE PROBABLY INTENDS TO REJECT THE PACKAGE OR THAT HE INTENDS AT BEST TO ASK FOR A SUBSTANTIAL QUID PRO QUO IN THE FORM OF INCREASED AID COMMITMENTS WHICH WOULD RELIEVE HIS FOREIGN EXCHANGE SITUATION.

10. MUJIB APPEARED FIT AND AS SUPREMELY SELF-CONFIDENT AND EXPANSIVE AS EVER, BETRAYING EDGINESS ONLY WHEN OUR REVIEW OF SOUTH ASIAN ARMS POLICY LED HIM ON TO HIS FAMILIAR GRIEVANCES AGAINST PAKISTAN AND BHUTTO.
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