

U.S. Cuts Off 40% of Economic Aid to India

Move Taken to Make Certain American Funds Don't Help New Delhi War Effort

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WASHINGTON — With India now apparently seeking to dismember Pakistan, the United States Monday temporarily suspended \$87.6 million—almost 40%—of its economic aid to India.

There were no present plans to freeze the rest, which is largely committed through letters of credit to banks and suppliers of commodities, State Department spokesman Charles Bray said, "but matters continue under review."

The purpose of the cutoff, Bray said, was "to be certain the United States was not contributing to the Indian economy in the short run to make it easier for India to sustain its military efforts."

President Nixon discussed the India-Pakistan situation late Monday with his top diplomatic and military advisers, including CIA Director Richard Helms, Secretary of State William P. Rogers, Dep. Defense Secretary David Packard, national security adviser Henry A. Kissinger and Gen. William C. Westmoreland, acting chairman of the Joint Chiefs of Staff.

Expresses Hope

Briefing newsmen afterwards, White House Press Secretary Ronald Ziegler said it was "quite contrary to recent favorable international trends" for India to use "armed force against a neighbor." He emphasized that the United States was not involved "from a physical standpoint or military standpoint" and said he hoped the parties would "sit down and talk."

"It is difficult for us to understand the resort to military confrontation, to military force, to deal with the situation," said Ziegler, who told newsmen he was relaying the President's views.

No claim was made that the U.S. economic action will have a great impact on the Indian economy. The U.S. move was primarily a tangible sign of dissatisfaction with India.

Economy Strained

On the other hand, India's economy already had been badly strained by feeding the 10 million refugees from East Pakistan inside its borders. The U.S. cutoff, plus the risk of further U.S. aid stoppages, would significantly curtail Indian development efforts over the long term.

Total U.S. economic aid loans this year were programmed at \$222.1 million. In addition, U.S. contributions to India via multilateral agencies like the World Bank total almost \$300 million.

With India's recognition Monday of Bangla Desh as the government of East Pakistan, the conclusion here was that New Delhi's aim now is to force a formal break of East from West Pakistan.

Until now, India's ostensible goal was to make Pakistani President Agha Mohammad Yahya Khan grant political concessions to his rebellious eastern countrymen — the easterners had wanted full autonomy except in foreign affairs—that would per-

to see much blood-letting between religions.

Most of the refugees—up to 80%, according to some estimates — are Hindus. Their flight was as much motivated by religion as by politics.

These Hindu refugees are unlikely to be welcomed back by the Muslim populace, particularly after a Bangla Desh government is created by Indian guns. The same Indian guns may have to force the reparation of the refugees.

Potential Trouble

A final potential for trouble is Red China. So far, India's calculation that Peking would not intervene has held up.

Any overt move by China risks bringing the Soviet Union into the conflict through its treaty of friendship with India. The Chinese could act less directly, however, through

support for the ultra-left, Maoist movement that exists in Bangla Desh.

Except for seeking to preclude a big-power clash between Russia and Chi-

na, U.S. concern in the region is minimal in terms of narrow self-interest. Some officials privately contend that no U.S. national interest is at stake.