

The Ambassador

May 22, 1965

W. H. Weathersby

The Soviet Propaganda Offensive in India

Handwritten signature: "H. S. India"

In our recent conversation I mentioned my concern about the dimensions of the propaganda effort of the Soviet Union in India. Judging from the evidence we are able to accumulate, there has been a Soviet decision recently to step up the campaign in India.

There follows a description of some of their activities:

1. In 1962 our estimate of Soviet propaganda expenditures within India for programs labeled informational and cultural amounted to the equivalent of \$10,413,000. We arrived at these figures by taking the end product and calculating what the cost would have been to us. Major expenditures were:

- (a) \$1,947,000 for fairs, exhibits and films;
- (b) \$1,522,000 for press releases and various publications, including News and Views from the Soviet Union;
- (c) \$1,050,000 for space purchased in the press (presumably space purchases were not only to advertise but also to influence placement of Soviet releases);
- (d) \$1,146,000 for the fortnightly magazine, Soviet Land, in English and 12 Indian languages;
- (e) \$295,000 for book publishing;
- (f) \$1,343,000 for cultural activities and presentations, including delegations from the Soviet Union;
- (g) \$2,526,000 for educational exchange; and
- (h) \$519,000 for the operation of Soviet news outlets such as Tass and Novosti, etc.

These figures did not include the direct support costs given the Indian operation from the Soviet base. We assume considerable financial support to Indo-Soviet Cultural Societies and in the form of direct subsidy to Communist newspapers, but no estimates were included in the total of \$10,413,000.

2. Since the beginning of 1965 the Soviet Union has increased its efforts in most of the activities cited above, with the notable exception of educational exchange. There have been two significant new efforts in publishing:

(a) A joint Indo-USSR board of five Indians and five Russians has been constituted for the publication of low-cost Soviet textbooks in English and other languages.

(b) Soviet Embassy publications have been considerably expanded, with the circulation of Soviet Land increased by more than 100,000 to a total of more than 400,000. (This is the largest circulating periodical in India.) The Soviet Embassy is working on a new youth magazine, scheduled to appear soon in English and Hindi with an announced circulation goal of 500,000. The Soviet Embassy has constituted the Soviet Land Nehru Award Committee (with Mrs. Indira Gandhi as patron), which is offering prizes totaling Rs. 100,000 for literary and journalistic work.

Additional branches of the Indo-Soviet Cultural Society have been opened. There are now 172 branches, claiming a membership of 17,000. Some of these societies have libraries, generally fairly small, and we view the effectiveness of the organizations primarily as transmission belts for propaganda. However, the service of K. P. S. Menon, former Indian Ambassador to the Soviet Union, as National President lends respectability to the Indo-Soviet Cultural Society and its quarterly publication, Amity, which he edits.

Our observation confirms that the Soviet Embassy has increased considerably its efforts with the indigenous Indian press, although we have no new cost figures. We assume Soviet support for the periodicals controlled by the Communist Party of India. The CPI controls 14 dailies, 20 weeklies, 6 fortnightly publications and 15 monthlies, with a total circulation of 349,241. (The total circulation is lower than the Embassy's Soviet Land.)

The purchase of advertising space in the Indian press by the Soviet Embassy has increased since 1962, although we have no new cost figures.

There has been similarly an increase in the visits of delegations and cultural activities sponsored by the Soviet Union in India. Apparently, educational exchange is the only significant area of Soviet effort in the propaganda field that has not increased since 1962. In 1962 there were 180 scholarships granted for Indians and Russians by the Soviet Union. The Ministry of Education annual report shows 16 Russian scholars in India for the academic year 1964-65. It also shows that the USSR offered 50

scholarships this year for graduate studies and research, that 40 candidates were selected by the Indian Ministry of Education, and that 24 went to the USSR. Sixteen of the Indians selected declined the offer. There are additional special training programs under which Indians are studying in the Soviet Union.

A recent agreement between the Government of India and the Soviet Union provides for expanded cultural and technical cooperation. The most significant provisions of this agreement are to establish an Institute of Russian Studies in India and to provide Soviet assistance for the establishment of 7 regional colleges of technology in India.

In the last year Radio Moscow increased the total hours of its South Asia service from 87½ to 112 a week. The major increases were from 7 to 21 hours weekly in English and the addition of Malayalam, 7 hours weekly. The Radio Moscow broadcasts to South Asia are in 8 languages.



EMBASSY
OF THE
UNITED STATES OF AMERICA

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No 1 of 5 copies, Series A.

New Delhi, India,
May 20, 1965.

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Bowles

Dear Bob:

I am enclosing a copy of a memorandum on South Asia which I have just sent to the Secretary. I will appreciate it if you will share it with Mac Bundy.

Although I am conscious of the fact that it does not deal adequately with all of the problems with which we are confronted it may give you a better feeling for what I hope may be thorough discussions when I get to Washington. Obviously it should be closely held.

In the last two years the situation in India has been close to a climax on three separate occasions when with a bit of luck we could I believe have arrived at a much closer and more advantageous relationship with India.

The first was in November 1963 when the Indians were prepared to accept a far-reaching agreement in regard to military assistance which with a budget no larger than our present one might have largely kept the USSR away from their military control levers. President Kennedy died just when this seemed to be coming to a successful conclusion.

A year ago next week with your support and Mac Bundy's we were able again to bring the situation to a head in a way that would have been I think most advantageous. Then the day before the final meeting was scheduled Nehru

Mr. Robert W. Komer,
The White House,
Washington, D. C.

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E.O. 12958, Sec. 3.5
State Dept. Guidelines
By *jc*, NARA, Date 8-27-03

MAY 24 1965

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died and it was decided to "wait and see".

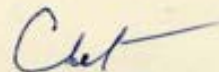
The third climax was this spring when I once again hoped that the Shastri visit with the President would give us a new solid basis for a much closer relationship. Unfortunately the chance again escaped us.

I would be delighted to start once again and try to build back this situation here. I am confident it can be done but only if we can get some hard decisions from Washington in regard to policies and priorities. Although there may be better answers than the ones I have outlined in the enclosed memorandum, we can no longer afford to duck the realities in South Asia which is what we have been doing.

Steb and I arrive in Essex just before the May 30th weekend. I am not planning to come to Washington for formal consultation before our home leave to which we are greatly looking forward. However, I believe it would be useful for me to come down for two or three days the first week of June to give Dean Rusk, George Ball, Mac, Phil, yourself and one or two others our views on where the situation here stands at present.

In the meantime, warmest regards.

Sincerely,



Chester Bowles

P. S.

I suggest that this memorandum be kept in the strictest confidence.

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MEMORANDUM

TO : Secretary Dean Rusk
FROM : Chester Bowles
SUBJECT: The Urgent Need for a Review

DATE: May 20, 1965

of United States Policy in South Asia

Recent developments in India and Pakistan indicate that our decade-old posture on the subcontinent is ill-adjusted to the present political and military realities and that some fresh thinking is required.

Ten years ago when our present policies took shape the possibility of a Soviet military thrust into the Middle East or even through Afghanistan into the subcontinent seemed very real, while Soviet political and economic influence in the subcontinent, unsupported by economic assistance or even an effective diplomacy, appeared to be negligible.

In contrast, China heavily occupied behind the Himalayas with its recent take-over of Tibet and its massive internal problems, was not considered a military threat. Our primary concern in this case was with the steady flow of economic and political missions between Delhi and Peking, and the feeling among many Indian intellectuals and planners that the Chinese experiment, tailored to fit the Indian

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NLJ / RAC 12-361

By 4412 NARA, Date 02-19-2014

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scene might become increasingly relevant to India's own development.

In the last few years this strategic situation has been turned upside down. While Chinese political and economic influence in India has sagged to the disappearing point, the Indian army along the 2200 mile border to the north now faces a formidable array of Chinese divisions supported by a vast network of newly constructed roads.

Although the possibility of Soviet armies moving through the Hindu Kush or thrusting south towards the Persian Gulf now seems remote the Soviets in South Asia have come to represent a formidable and growing economic and political challenge.

In the face of these changes, our long-established commitment to the economic development and political stability of the subcontinent remains of crucial importance. However, in view of the drastic switch in the nature of the overall challenge our military-political policies have become increasingly questionable.

The purpose of this confidential memorandum is to explore the implications of this changing situation and to propose a course of

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action to fit it. It deals specifically with five questions:

First, US objectives on the subcontinent within the current framework;

Second, India's political and military relevance to these objectives;

Third, the prospect for India's internal political and economic development as it bears on our objectives;

Fourth, the shortcomings of our present policy in South Asia as underscored by recent events;

Fifth, the steps which we believe necessary if the United States Government is to deal with this situation realistically, effectively, and in time.

I

U.S. Objectives on the Indian Subcontinent

Under current circumstances United States objectives on the Indian subcontinent are fourfold:

1. To secure the subcontinent against Chinese penetration.

Most immediately this calls for the development of South Asian military forces adequate to deter or if necessary to defeat a

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Chinese thrust into South Asia with moderate forces (a massive Chinese attack would require outside assistance).

For the longer haul it calls for the presence of a viable, friendly and militarily effective India on the flank of any Chinese aggression into Southeast Asia, and ultimately the creation of a strictly Asian defense and development organization in cooperation with Japan and perhaps Australia, the Philippines, Malaysia and Thailand to assume broader economic, political and military responsibilities.

Pakistan?

2. To contain Soviet political, economic and military influence in the subcontinent.

It is important that the Soviets be denied a revolutionary role in any future economic or military emergency in the subcontinent. Consequently the USSR should be kept as far as possible from the South Asian political control levers.

If possible this should be accomplished in a way that will leave the door open for a shift in basic Soviet policy that might ultimately permit some degree of cooperation toward shared objectives (e.g., containing Chinese aggression in Asia).

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In the meantime we should not be overly concerned about Soviet economic assistance in itself. As long as it comes without political obligations it will contribute to our primary objective -- a viable and independent India. If strings become evident we should promptly review our position.

3. To achieve dynamic and sustained economic growth in India and Pakistan.

The long-term political stability of the subcontinent will depend in large measure on the degree of economic growth and the manner in which the added production is achieved and shared.

In addition to providing substantial economic assistance we should use our leverage insofar as possible to maintain a reasonable balance in each nation between development and military defense.

4. To reduce tensions between India and Pakistan to the maximum extent possible.

The present embittered confrontation diverts the attention of both nations away from their primary objective of rapid economic growth and consequently threatens their political stability. US policy should be so conceived that it dampens rather than exacerbates Indo-Pakistani tensions.

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II

India's Relevance to US Objectives in Asia

The National Policy Paper for India (October 1964) stressed the critical importance of India to the national interests of the United States in the following terms:

"India is the only non-Communist country on the Asian mainland which by its size and resources may eventually add a substantial independent weight to the Asian power balance. Its loss to Communism would tilt the strategic balance of Asia sharply, if not decisively, against us.

"India shares a disputed 1500 mile frontier with Communist China and, like the United States, it sees China as a long-run security threat.

"India is the largest non-Communist country in Asia. Its 450 million people are more numerous than all Latin Americans and Africans together.

"India's industrial potential is great, while its position at the core of South Asia may give it increased future leverage on Asian politics."

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This statement of America's stake in a free and effective India as a fulcrum for our broader objectives between the Mediterranean and the Pacific is reflected in the substantial and remarkably effective investment in India's economic development we have been making here over the past decade.

The emergence of Communist China as an aggressive military force and our massive commitment to the defense of Southeast Asia further underscores the key importance of India.

III

The Prospects for a Viable, Independent India

It is the opinion of this Mission that India's economic and political progress and prospects are by and large favorable, and that India's policies, domestic and foreign, although often frustrating in their daily manifestations, have been moving in the right direction.

This considered judgment is shared by representatives of the World Bank, the Foundations, the United Kingdom and others.

A. The Indian economy is beginning to move ahead impressively. In the fiscal year ending March 31 the incentives to Indian

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cultivators provided by long overdue price rises plus a good monsoon resulted in a 9.8 percent increase in India's total foodgrain production over the previous all-time high.

The adoption of vigorous new agricultural policies long advocated by our Mission plus the extremely capable leadership of the Agriculture Minister promise to push production steadily higher.

The increase in India's gross national product for the recently completed fiscal year appears to be just under seven percent in real terms.

The prospect for increased private capital investment and a reduction of controls also seems favorable. Standard Oil of Indiana is undertaking a major fertilizer investment (\$60 million) in Madras. Although the proposed agreement between the Bechtel fertilizer consortium and the Indian Government has run into heavy weather the Indians are now pressing for a series of large U.S. built plants in the private sector.

Right now every American economist I know in India (including representatives of the Ford Foundation, Rockefeller Foundation, World Bank, etc.) is convinced that with adequate foreign exchange

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support the Indian economy in the next five to seven years is capable of a major breakthrough to a sustained high rate of growth.

The record is particularly reassuring in view of the fact that India is one of a half dozen countries in the emerging world which are committed to democratic development and by all odds the largest and most important.

B. The Government of India now appears committed to a massive birth control program. With the development of a simple intrauterine device plus a new sense of urgency the matter of population control is beginning to receive the top priority which we have long advocated.

C. The Government of India has been pursuing a foreign policy aimed at blocking the spread of Chinese power or influence and resolving those problems from which the Chinese might stand to gain.

At the recent Belgrade meeting the Indians were instrumental in shaping a resolution on Vietnam that coincided with the United States interests. The Radhakrishnan proposal which also reflects in a general way the American position has been given official GOI sanction as the basis for a negotiated settlement.

At present the Indians are working closely with the Japanese

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on measures to check China's influence at the Algiers conference in late June, including support for the credentials of Malaysia, encouragement of the presence of South Vietnam, and a vigorous effort to promote a moderate, constructive outcome.

D. The Government of India continues thus far to refrain from building an Indian nuclear arsenal. In view of China's second nuclear explosion and India's current sense of insecurity, the situation is admittedly fragile. Nevertheless India in spite of persistent political pressures to build its own bomb is still committed to a search for an effective way to prevent the proliferation of nuclear powers.

This is not to suggest that India's economic success and political orientation are assured, nor that some serious deviations from America's views of the world are not apparent. But we are convinced that the situation in India is generally favorable to our interests. With appropriate policies, a sensitive diplomacy and a reasonable commitment of resources the United States can go far towards assuring India's economic success and influencing Indian policy in Asia toward a moderate and constructive course.

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IV

The Relevance of Present U.S. Policy

Right now we are confronted with a disturbing paradox. India's domestic objective of a viable democratic state and her foreign policy objective of resisting Chinese aggression coincide more closely with our own interests than do those of any other major emerging nation.

This mutuality of interest is reflected in our National Policy Paper and in our past record of contributions to Indian national development.

Yet in spite of these advantages the fact remains that we have been losing influence in India to an extent that may soon begin to jeopardize our fundamental interests not only here but throughout Asia.

In the last few weeks even those Indian leaders who have most consistently favored a close relationship with the United States have been caught up in a national wave of insecurity, frustration and uncertainty. This disturbing new mood is compounded of several elements which had been lying just under the surface. If US policy is to deal effectively with India it is

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essential that we seek to understand them.

To some extent India's present insecurity is the emotional inheritance of two hundred years of subservience to the colonial rule of a white western power. Another factor is the psychological impact of the sudden Chinese attack in 1962.

After India's long, patient effort to cultivate a friendly relationship with China the attack itself was an embarrassing testimony to the misjudgment of India's leaders; the fact that the ill-prepared Indian Army was routed added a sense of national humiliation. Two years later the successful Chinese nuclear test rubbed salt into the wound.

On top of this came the episode of the Rann of Kutch which reinforced India's sense of insecurity and opened the door further to a whole series of illogical fears, suspicions and resentments.

This reaction can best be understood in its psychological setting. Night after night in a period of deep national uncertainty the Pakistan radio in Lahore beamed to north Indian audiences, which included most members of Parliament, stories of "another crushing Indian military defeat", of 350 Indians killed (in fact

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only fifteen), of Indian troops "running like rabbits", and of Pakistani officers boasting, "We could have advanced all the way to Bombay."

Added to this emotional mixture of frustration and resentment was the widespread charge that this "great Pakistani victory" was made possible by tanks and other military equipment provided by Pakistan's ally, the United States.

For several years Indian fears of the implication of the US-Pakistan alliance have been fed by three factors:

1. The knowledge that the weapons we have given to Pakistan are better suited to a mechanized drive across the plains of the Punjab toward Delhi than to countering a Chinese or Soviet attack in the mountain passes to the North.

2. The frank assertions of many Pakistanis that their alliance with the United States is in fact aimed at India are typified by the assertion that in return for Pakistan's support for America against its enemy Russia, the United States had agreed to support Pakistan against its enemy India.

3. Our inability for security reasons to explain to the Indians

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the importance of our installation in Peshawar.

In this context the Pakistani admission of the use of United States equipment in Kutch and our reluctance publicly to criticize their use for fear of upsetting the British cease-fire negotiations was skillfully exploited by the articulate left in India to demonstrate that Pakistan's frank interpretation of the United States-Pakistan agreement was essentially correct.

Now even the most moderate Indian newspapers editorialize that the assurances of John Foster Dulles and President Eisenhower (assurances which had been repeated again and again by every American Ambassador, including myself) have been tested and proved empty.

Thus the use of United States equipment by the Pakistanis to win the "crushing victory over the Indian forces" which was vividly described by the Pakistan radio has called into serious question both American intentions in this part of the world and our ability to pursue those intentions effectively.

At the same time, India's focus has shifted from China, which a few weeks ago four out of five Indians (like most Americans) viewed as their most dangerous threat, to Pakistan with which the

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United States seeks to maintain a friendly relationship.

It is essential, however, that we not lose our perspective. Although India's tense and unreasonable reaction to recent events is disturbing, the results of our labors in India over the last ten years will not easily be washed away. The United States retains a massive reservoir of respect throughout India; with careful handling this can become the basis for a close and constructive future relationship.

Moreover, most thoughtful Indians are deeply uncertain about the future of Soviet policy in Asia; glowing Indian press accounts of Shastri's visit to Moscow may lessen this uncertainty but they will not eliminate it. Nor is there any particular sympathy for the authoritarian Soviet political system.

Most Indians recognize that there is a ceiling on the amount and kind of economic development assistance that the Communist nations can supply. They also know that Soviet interest in India is heavily contingent upon Sino-Soviet relations and that as long as the Russians continue to dream of a future rapprochement with the Chinese they cannot undertake an unrestrained political, economic and military commitment to India.

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Consequently the most prevalent attitude in India seems to be a compulsive desire for self-sufficiency in everything, and especially in defense. This is accompanied by the realization that commitments between nations are meaningless unless they are rooted in immediate mutual interests that are recognized by both parties.

At this stage no one can accurately predict how the situation will develop. If we fall prey to our frustrations and fail to mend our fences and if the Soviets act with boldness and skill, events in the subcontinent could turn even more sharply to our disadvantage. If, however, we recognize the basis of our dilemma and focus our attention on the many interests which we and the Indians have in common I believe we can almost certainly recover the lost ground and move ahead to a much more solid relationship.

The outcome in any event is not a distant matter. India is approaching a political and economic watershed of the most decisive importance. Within three to five years the shape of things to come will, I believe, begin to become evident.

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IV

A Suggested New Approach

In dealing with the situation which I have described we have a choice of four courses of action. Although none is easy, three of them, it seems to me, are impossible; the fourth, while requiring some difficult adjustments in our present posture, would enable us to bring our policies in the subcontinent into line with our basic objectives in Asia.

Here are the four choices:

1. We can continue to adhere to our present policies in both Pakistan and India doing the best we can to sweep the recurring conflicts under the rug and to ride out the inevitable storms. This, as experience demonstrates, will result in the continuing erosion of our position on both sides of the border.
2. We can abandon all United States aid to the subcontinent or cut it to a dribble. This would be to abdicate to the Soviets and/or to China our position in this critical nation and to render our present massive efforts in Southeast Asia meaningless.
3. We could maintain economic aid to Pakistan and India while cutting off military assistance to both countries. This

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would open the door for the Soviets to fill the military equipment gap in India as they have previously done in Indonesia, the UAR and elsewhere. This in turn would enable the Soviets to develop a key political position in the Indian military, and create an even greater military imbalance between India and Pakistan. Ultimately it could maneuver us into supporting the weaker of the two countries against the Soviet-armed stronger power.

In this connection, it is now clear that even during the last two years the United States has consistently underestimated the Soviet willingness to help India militarily.

In April 1963, during the review of our military assistance program just before my return to India, the possibility of Soviet assistance was largely discounted.

Yet since then the Soviets have contracted to supply the Indian Army and Air Force with 93 tanks, three squadrons of MIG 21s, a complex of three separate MIG factories capable of producing six planes a month, 500 air-to-air missiles, 17 surface-to-air missile battalions, and 20 helicopters.

Recent reports indicate that a new agreement is now

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being negotiated for the delivery of 83 additional tanks and 170 130mm. artillery guns with persistent rumors of sizable Soviet additions to the Indian Navy. Under an earlier agreement 31 AN-12 cargo-troop carrier planes were also provided.

4. We can separate economic from military aid and establish criteria which apply to both countries equally. The following interrelated steps designed to carry out the fourth approach will, I believe, give us a less contradictory and hence stronger position on the subcontinent and enable us to pursue our major objectives in Asia more effectively.

a. Military Assistance

I. We should allow no basis for compromise in regard to the paramount strategic objective of the United States in Asia: the containment of China until such time as China chooses to live peacefully with its neighbors.

As long as India and/or Pakistan is genuinely committed to the defense of the subcontinent against China and has the capacity to play a meaningful role we should provide appropriate United States military support. Such assistance need not exceed existing budget

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levels under present conditions.

However, a nation failing to subscribe to this objective and to cooperate in achieving it should receive none.

A clear statement of United States policy along these lines will give both India and Pakistan a solid reference point against which each can formulate its own policies and predict the consequences of its own actions.

It will place both nations on the same footing and subject them to the same United States judgments. It will exert pressure on the Pakistanis to abandon their flirtation with China, and to join in the defense of the subcontinent. In regard to India it will give us the advantages of a joint understanding against China without entangling us in defensive alliances and depriving us of the initiative.

ii. The type of weapons which we provide henceforth should be geared solely to the logistical and tactical requirements of a war against China in the northern mountains or on the eastern approaches.

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iii. While recognizing the right of the recipient country to use United States arms in self-defense we would naturally retain the right to cancel any or all future assistance if in our judgment our arms have been used aggressively.

The present problem of policing the use of United States equipment would remain, although it would be considerably reduced by the more clear-cut diplomatic posture which I have suggested, and hopefully by an effective effort to reduce Indo-Pak tensions.

However, for two reasons it is difficult to implement any sort of assurance that US equipment will not be used improperly by either party. First, there is usually some doubt as to precisely how the trouble started; and second the application of US sanctions, which the aggrieved party had assumed would follow automatically, may appear to us unwise in a particular instance such as the Rann of Kutch.

Consequently we should offer neither India nor Pakistan further guarantees against the use of US arms by the other, but confine ourselves to a commitment to support either in a case of clear aggression through the UN or unilaterally if

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need be.

If Pakistan is prepared to forego its present political gambit with China and join seriously in the defense of the subcontinent it should be welcomed as a recipient of military assistance, tailored however as in the case of India to defensive action in the mountains of the north, not on the plains of the south.

B. Economic Assistance

We should continue our economic assistance efforts in both countries.

In both Pakistan and India our aid is being used effectively. With continuing support there is every reason to anticipate an increasing rate of growth which will lay a firm basis for political stability.

If increased US funds are clearly needed to speed self-sufficiency, and if the recipient country is prepared to take the steps to assure its own effective performance I believe we should provide them.

The primary purpose of our economic assistance in India and Pakistan is to achieve self-sustaining growth as

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quickly as possible and ultimately to participate as free nations in the world economy. Our aid, however, constitutes an important lever in both countries. While India at least might go to the Soviet Union for military equipment, as have the UAR and Indonesia, the major inputs of foreign exchange which are essential for economic development in Pakistan and India can only come from the West.

C. The US Alliance with Pakistan

Recent events have demonstrated that our present military alliance with Pakistan has become irrelevant to the present situation in Asia. It seriously weakens our position in India and tempts Pakistan into a whole gamut of diplomatic adventures which undercut United States interests vis-a-vis both China and Russia.

When we give military assistance to India for defense against China we infuriate our so-called ally; when Pakistani pressures cause us to refuse India the tanks and fighter planes that we have already given Pakistan a frustrated India turns to the Soviet Union for the help which the United States has denied her. (India has thus far secured no military equipment

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from the USSR which has not first been requested from the US.)

United States policy toward each nation should henceforth clearly reflect our national objectives and imply no favoritism or special status except that which may be earned by a common approach to a common danger and the effective use of our assistance in respect to that danger.

History cannot be made to run uphill. It is no more possible for us to underwrite a military power balance between Pakistan and India than it would have been for the European powers to underwrite such a balance between Mexico and the United States at a comparable stage in their development. And just as it would have been folly for Mexico to attempt to hold back the development of the United States, so it is folly for Pakistan to assume it can dampen down the development of India.

Although it may be argued that this approach to military assistance may drive Pakistan into the arms of China, I do not believe the risk is significant.

United States economic aid and PL 480 shipments are

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the backbone of Pakistan's successful development effort and right now China cannot provide even for her own minimal requirements. Nor could Pakistan conceivably persuade the USSR to switch its support from India with its vast potential to a country one fifth its size.

Some may also be concerned that the proposed policy change may jeopardize our special facilities in Peshawar. However, a decisive stand by the US Government, backed by the massive leverage of our existing economic assistance programs, should insure the continued cooperation of Pakistan in regard to these installations. But even if the risk were far greater than I believe it to be the failure of our present policies and the implications of further erosion of the US position in this crucially important nation would require us to face it.

Admittedly the process of establishing the proposed new relationships may involve us in some painful exchanges. But I believe that the end result will be the creation of a far sounder and more realistic American relationship with

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both Pakistan and India which with skilled handling may eventually lead to the easing of tensions between the two.

Certainly the effect here in India would be greatly to strengthen our influence. And as India's confidence in the United States increases, this influence can effectively be used to moderate India's relationship to Pakistan.

Indeed the proposed new criteria in regard to military aid could be discreetly conditioned on India's willingness to work towards a reconciliation with Pakistan. Our economic assistance in both countries can also be used as a carrot to draw them into mutually beneficial cooperative economic ventures.

This memorandum addresses itself to one of the most complex and politically costly situations currently facing the US Government. Although it leaves many questions unanswered and possibilities unexplored I hope it may stimulate an urgently needed inquiry into a situation which will refuse to stand still.

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I am deeply fearful that the US position in South Asia is now being steadily eroded by policies which, however valid in the mid 1950's, no longer address themselves to the political, economic and military realities.

In the 1930's and 1940's those who were close to the situation in China watched the deterioration of our position there with similar forebodings. If America's China policy had been able to come to grips with the forces which were then shaping events in the most important nation in Asia we might presently be living in a different world.

In the coming years we cannot permit ourselves to slide into a similar debacle in the one Asian nation that is potentially capable of providing a counterweight to the challenge that China now poses.

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FOLLOWING MESSAGE RECEIVED
TO THE WHITE HOUSE FOR BUNDY/KOMER
FROM AMBASSADOR BOWLES.
"FOR BUNDY AND KOMER

HAVE JUST READ AYUB KHAN'S LETTER TO PRESIDENT AND I AM MOVED
TO MAKE A FEW BRIEF COMMENTS:

IT IS MY GUESS FROM THE LETTER AND FROM PAK BEHAVIOR IN GENERAL
THAT RAWALPINDI IS SEEKING TO CHECK THE DEGREE OF OUR COMMITMENT TO
THEM AND TO SMOKE OUT OUR POSITION. EACH OF THE QUESTIONS WHICH AYUB
KHAN RAISED IN HIS LETTER COULD BE PROMPTLY SOLVED OR AT LEAST EASED
IF HE WOULD AGREE TO SIGN THE AGREEMENT WHICH HIS OWN FOREIGN MINISTER
WROTE AND WHICH THE GOI HAS ALREADY ACCEPTED IN SUBSTANCE. ONCE THE
KUTCH QUESTION IS SETTLED THE WITHDRAWAL TO FORMER POSITIONS ALONG THE
WHOLE BORDER WOULD NOT BE DIFFICULT.

THE SITUATION HERE HAS QUIETED DOWN AND SHASTRI SHOWED HIS CONFIDENCE
THAT IT WILL REMAIN SO BY AGREEING TO THE UK'S PROPOSALS AND BY GOING
THROUGH WITH HIS VISIT TO MOSCOW.

THE NEXT MOVE IS UP TO AYUB KHAN. I SHOULD THINK HIS LETTER TO
THE PRESIDENT WOULD GIVE US AN EXCELLENT CHANCE TO EMPHASIZE THIS FACT
IN OUR REPLY AND ALSO TO EXPRESS OUR CONCERN IN REGARD TO RUMORS
OF PLANNED COVERT PAK ACTIVITIES IN THE KASHMIR VALLEY. A PROMPT
HARD PRIVATE PUSH MAY BE ALL THAT IS NOW NEEDED.

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E.O. 13526, Sec. 3.5
NLJ 12-244
By ch NARA, Date 9-4-13

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Bowles

98

CROSS REFERENCE SHEET

TYPE OF DOCUMENT Cable
Letter _____
Memo _____
Other _____

DATE 5/7/65

FROM Bowles

TO Rusk, Bundy & Roborn NUMBER _____

SUBJECT India - Pakistan

SEE India

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OO ESF
DE FSI 19594 29/1310Z

~~SECRET~~

22444

TO WHITE HOUSE INTERNATIONAL SIT ROOM
O 291148Z
~~SECRET~~

*Bundy replied
that Bowles could
come as requested
but should stay
away from
Washington,
especially concerning
until end of his
leave.*

PLEASE PASS THE FOLLOWING TO THE WHITE HOUSE FOR MCGEORGE BUNDY
FROM BOWLES:

TXOR: MCGEORGE BUNDY, WHITE HOUSE
FROM: AMBASSADOR BOWLES

I APPRECIATE NOT ONLY FRANKNESS OF YOUR CABLE BUT ALSO
GRAVE AND COMPLEX PROBLEMS WITH WHICH YOU ARE CONTENDING, AND
NEEDLESS TO SAY I AM ANXIOUS TO COOPERATE FULLY WITH YOU AND
PRESIDENT AT THIS DIFFICULT TIME.

IN REGARD TO TIMING OF TWO WEEKS' CONSULTATION WHICH I
HAVE PLANNED IN WASHINGTON YOUR JUDGMENT IS OF COURSE BETTER
THAN MINE.

I HAD ACCEPTED INVITATION BY JACK MCCLOY FOR DINNER TO BE
GIVEN IN MY HONOR BY COUNCIL OF FOREIGN RELATIONS IN NEW YORK AND
ALSO DINNER SPEAKING ENGAGEMENT AT SOCIETY FOR INTERNATIONAL
DEVELOPMENT IN WASHINGTON. CHET HOLIFIELD AND OTHER OLD FRIENDS
ON HILL HAVE BEEN ARRANGING VARIOUS MEETINGS WITH CONGRESSIONAL
GROUPS WITH WHOM I HAVE HAD LONG CONTACTS.

IT HAD BEEN MY THOUGHT THAT THIS EFFORT WOULD BE HELPFUL TO
ADMINISTRATION AT THIS PARTICULAR TIME. HOWEVER IF PRESIDENT
THINKS OTHERWISE I SHALL CHEERFULLY ABIDE BY HIS DECISION AND
WILL CANCEL ENGAGEMENTS THAT HAVE ALREADY BEEN MADE.

HOWEVER IN REGARD TO SUGGESTION THAT I POSTPONE MY HOME
LEAVE FOR SIX WEEKS THERE ARE SOME QUESTIONS WHICH I BELIEVE
SHOULD BE CONSIDERED:

1. PARTICULARLY IN VIEW OF DECISION TO POSTPONE ACTION
ON SOME OF OUR CURRENT RECOMMENDATIONS IN REGARD TO INDIA IT IS
MY CONSIDERED OPINION THAT THERE IS LITTLE MORE THAT I OR ANYONE
ELSE CAN DO OR SAY HERE IN DELHI IN NEXT FEW WEEKS. WE HAVE
BEEN MAKING ALL-OUT EFFORT TO EASE PROBLEMS WHICH HAVE ARISEN
AND I THINK WE HAVE HAD SIGNIFICANT MEASURE OF SUCCESS. HOWEVER
FOR ME TO CONTINUE TO COVER SAME OLD GROUND WITHOUT BEING ABLE
TO OFFER ANYTHING NEW IN REGARD TO REQUESTS WHICH HAVE BEEN
HANGING FIRE WOULD IN MY OPINION BE COUNTER-PRODUCTIVE. IF EMERGENCY
SHOULD OCCUR, I CAN BE BACK HERE IN 48 HOURS.

2. OUR MISSION IN NEW DELHI IS IN PROCESS OF CONSIDERABLE
READJUSTMENT DUE TO OUR REORGANIZATION PLAN AND TO MORE THAN
NORMAL CHANGES IN PERSONNEL. BECAUSE OF SCHEDULE OF ARRIVALS AND
DEPARTURES IT IS MUCH MORE IMPORTANT THAT I BE HERE IN LATTER
STAGES OF SUMMER THAN IN EARLIER STAGES.

3. SIGNIFICANT CHANGE IN MY HOME LEAVE WILL AFFECT
HOME LEAVE OF MANY OTHERS HERE WHOSE PLANS ARE TIED TO
SCHOOL YEARS, PROJECTED TRAVEL, ETC. IN OTHER WORDS WE FACE
SOMETHING OF LOCAL DOMINO PROBLEM. MAY I ADD THAT THIS IS NOT
SIMPLY MATTER OF PERSONAL CONVENIENCE. IN THIS HOT COUNTRY IT
IS DIFFICULT TO WORK EFFECTIVELY OVER EXTENDED PERIODS OF TIME
AND AS YOU KNOW WE WORK HARD.

THEREFORE AS COUNTER PROPOSAL I SUGGEST THAT UNLESS FRESH
EMERGENCY OCCURS I DEPART FOR MY HOME LEAVE MAY 26TH WHICH IS
FOUR AND HALF WEEKS FROM NOW. THIS WILL BRING ME TO ESSEX IN
TIME FOR MAY 30TH REUNION OF OLD ASSOCIATES WHO WORKED TOGETHER
DURING WAR WHICH WE HAVE HELD FOR MANY YEARS AND WHICH WE PLANNED
FOR THIS YEAR WHEN SHASTRI VISIT WAS ORIGINALLY SETTLED.
I WOULD THEN RETREAT TO SECLUSION OF ESSEX AND OCEAN SAILING
AND COME TO WASHINGTON AT END OF HOME LEAVE FOR CONSULTATION
BEFORE RETURNING TO NEW DELHI. BY THEN I WOULD HOPE WE MAY BE
IN POSITION TO SHUT DOWN VARIOUS PROGRAMS WHICH ARE AWAITING
OUR DECISION.

IN ADDITION IT MIGHT BE USEFUL FOR ME TO COME TO WASHINGTON
FOR BRIEF TWO-DAY UNPUBLICIZED VISIT FIRST PART OF JUNE, AND TO
PERSONALLY BRING YOU AND SECRETARY UP TO DATE ON CURRENT ATTITUDES
AND DEVELOPMENTS HERE IN INDIA WHICH ARE IMPOSSIBLE TO CONVEY
THROUGH CABLES, AND WHICH MAY SIGNIFICALLY AFFECT OUR EFFORTS IN

By *alc*
NLJ 12-244
E.O. 13526, Sec. 3.5
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NARA, Date 9-4-13

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AND AS YOU KNOW WE WORK HARD.

THEREFORE AS COUNTER PROPOSAL I SUGGEST THAT UNLESS FRESH EMERGENCY OCCURS I DEPART FOR MY HOME LEAVE MAY 26TH WHICH IS FOUR AND HALF WEEKS FROM NOW. THIS WILL BRING ME TO ESSEX IN TIME FOR MAY 30TH REUNION OF OLD ASSOCIATES WHO WORKED TOGETHER DURING WAR WHICH WE HAVE HELD FOR MANY YEARS AND WHICH WE PLANNED FOR THIS YEAR WHEN SHASTRI VISIT WAS ORIGINALLY SETTLED. I WOULD THEN RETREAT TO SECLUSION OF ESSEX AND OCEAN SAILING AND COME TO WASHINGTON AT END OF HOME LEAVE FOR CONSULTATION BEFORE RETURNING TO NEW DELHI. BY THEN I WOULD HOPE WE MAY BE IN POSITION TO BUTTON DOWN VARIOUS PROGRAMS WHICH ARE AWAITING OUR DECISION.

IN ADDITION IT MIGHT BE USEFUL FOR ME TO COME TO WASHINGTON FOR BRIEF TWO-DAY UNPUBLICIZED VISIT FIRST PART OF JUNE, AND TO PERSONALLY BRING YOU AND SECRETARY UP TO DATE ON CURRENT ATTITUDES AND DEVELOPMENTS HERE IN INDIA WHICH ARE IMPOSSIBLE TO CONVEY THROUGH CABLES, AND WHICH MAY SIGNIFICALLY AFFECT OUR EFFORTS IN SOUTHEAST ASIA.

MAY I ADD THAT IT IS IMPORTANT THAT WE NOT EXAGGERATE DIFFICULTIES WE FACE HERE. IF WE CAN KEEP THEM IN PERSPECTIVE I AM CONFIDENT THAT THEY WILL TURN OUT TO BE MANAGEABLE.

I WOULD APPRECIATE IT IF YOU WOULD CHECK THIS OUT WITH PRESIDENT AND GIVE ME YOUR VIEWS. - IN VIEW OF MANY PLANS WHICH DEPEND ON MY OWN THE QUICKER I KNOW THE BETTER.

BOWLES

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~~SECRET~~

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1965 APR 28 16 19

Handwritten signatures and notes:
Komer
Juli
India
SECRET

OO ESI
DE ESF 763 28/1552Z
T - NEW DELHI INDIA
O 281547Z
FM THE WHITE HOUSE WASHDC

BT
~~SECRET EYES ONLY~~
PLEASE PASS TO NEW DELHI EYES ONLY FOR BOWLES FROM
BUNDY.

HAVE JUST SEEN YOUR 3057 ASKING HELP ON PENDING MATTERS BEFORE YOU RETURN HERE MID-MAY. WE ARE FULLY AND SYMPATHETICALLY AWARE OF HECTIC SITUATION IN SUBCONTINENT AND WILL DO OUR BEST TO PUSH SOME OF THESE MATTERS FORWARD. HOWEVER, WITH ALL THE CANDOR YOU HAVE COME TO EXPECT VIA THIS CHANNEL, LET ME WARN AGAINST GREAT EXPECTATIONS JUST NOW. WITH VIETNAM IN THE FOREFRONT OF ALL MINDS, THERE IS SIMPLY NOT LIKELY TO BE THE KIND OF CONSTRUCTIVE FOCUS ON THE ISSUES YOU RAISE WHICH IS NECESSARY TO PUSH THEM THROUGH.

MOREOVER, WHILE TACTICAL CONSIDERATIONS MAY ARGUE FOR EARLY GESTURES BEFORE SHASTRI GOES TO MOSCOW, WE STILL SEE MERIT IN RESERVING SOME OF THE ITEMS YOU PROPOSE TILL WE CAN FIT THEM BETTER INTO PACKAGE APPROACH BEING CONSIDERED HERE, RATHER THAN DISHING THEM OUT PIECEMEAL. TWO-YEAR PL 480 COMMITMENT NOW, FOR EXAMPLE, MIGHT DEPRIVE US OF MAJOR LEVERAGE BEFORE WE HAVE FULLY WORKED OUT WHAT WE WANT INDIANS TO DO IN RETURN, AT LEAST IN AGRICULTURE SECTOR. A ONE-YEAR, FRANKLY INTERIM, AGREEMENT MIGHT SUFFICE FOR OUR IMMEDIATE PURPOSE.

AS FOR F-5A, WE SEE LITTLE CHANCE OF PROMISING AIRCRAFT NOW WHEN PAKS AND PERHAPS INDIANS ARE USING OUR MAP FOR PURPOSES FAR AFIELD FROM WHAT WE INTENDED.

IN SUM, MY READING OF WASHINGTON END IS THAT THE WAY OF WISDOM IS NOT TO PUSH TOO HARD ON BIG NEW PROGRAMS TILL WE CAN REVALIDATE OUR INDIAN ENTERPRISE AND GET THE AID BILL THROUGH. HERE WE MUST GRANT THE PRESIDENT'S OWN UNPARALLELED SENSE OF THE ROCKY ROAD THE AID BILL IS TRAVELLING AND HIS STRONG DESIRE NOT TO ROCK THE BOAT TILL HE KNOWS WHAT'S IN HIS POCKET. NOR DOES VIETNAM, WHERE THE COURSE WE HAVE TO TAKE WILL NOT WIN US MANY SHORT TERM PLAUDITS OVERSEAS, EASE THE PROBLEM.

SO TIMING IS EVERYTHING JUST NOW. ON THIS SCORE, KOMER AND I STRONGLY URGE THAT YOU POSTPONE YOUR HOME LEAVE FOR SIX WEEKS OR SO. WHEN WE HEARD YOU WERE COMING, WE THOUGHT IT WISE ON YOUR BEHALF TO CHECK WITH THE PRESIDENT, AND THIS IS HIS OWN DISTINCT PREFERENCE. ASIDE FROM THE VALUE OF HAVING YOU AT THE HELM IN DELHI DURING A TICKLISH PERIOD IN US/INDIAN RELATIONS, WE MAY NEED YOUR GUIDING HAND IN HANDLING VIETNAM AFFAIRS WITH THE INDIANS. EQUALLY IMPORTANT, YOU COULD NOT COME BACK NOW WITHOUT TALKING INDIA AND IT IS SIMPLY NOT A PROPITIOUS TIME TO DO SO. YOU WOULD INEVITABLY BE CAUGHT IN THE BACKWASH OF THE SHASTRI AFFAIR, AND HAVE TO ANSWER EMBARRASSING QUERIES. EVEN STRICTLY HOME LEAVE MIGHT BE MISCONSTRUED, AND YOU COULDN'T REALLY COME BACK WITHOUT A WASHINGTON LEG.

THESE ARE DIFFICULT TIMES, NOT LEAST FOR YOU, AND WE ALL APPRECIATE YOUR GALLANT HANDLING OF AFFAIRS AT YOUR END. I ALSO REALIZE HOW DIFFICULT IT IS IN DELHI TO GET THE FULL FLAVOR OF THE SITUATION HERE. HOWEVER, I'M SURE YOU WILL UNDERSTAND THE PRESIDENT'S OWN JUDGMENT AS TO WHY THE TIMING WOULD BE BETTER, AND YOUR PRESENCE HERE MORE PRODUCTIVE, WHEN OUR OWN AFFAIRS ON THE HILL AND IN VIETNAM ARE MORE FULLY SORTED OUT.

BT

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E.O. 13526, Sec. 3.5

NLI/RAE 12-358

By ULD NARA, Date 08-03-2013

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E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 8-27-03

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1965 APR 27 15 29

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Kowal
I have not
sent this to
Bundy. Will
you take on?

BICS

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RR RUEHEX
DE RUSBAE 1386 27/1500Z
R 271414Z ZEA
FM AMEMBASSY NEW DELHI
TO RUEHCR/SECSTATE WASHDC 3057
RUEHEX/WHITE HOUSE UNN
STATE GRNC
BT
SECRET APRIL 27

~~SECRET~~

EX-103

E X D I S

FOR SECRETARY RUSK AND MCGEORGE BUNDY

IN VIEW OF RATHER HECTIC SITUATION HERE IN INDIA IT WOULD BE MOST HELPFUL IF AS FAR AS POSSIBLE WE COULD CLEAR UP SOME OF PENDING DECISIONS BEFORE I LEAVE HERE IN MID-MAY FOR WASHINGTON. THE THREE PRINCIPAL ITEMS ARE AS FOLLOWS:

1. OUR REPLY TO INDIAN REQUEST FOR TWO-YEAR AGREEMENT ON PL480 TO INCLUDE TOTAL OF 14 MILLION TONS OF WHEAT AND 600,000 TONS OF RICE. ALTHOUGH I UNDERSTAND THERE IS SOME FEELING IN WASHINGTON THAT WE SHOULD CONFINE OURSELVES TO ONE-YEAR AGREEMENT I

PAGE TWO RUSBAE 1386 ~~SECRET~~

FEEL THERE ARE OVERRIDING ADVANTAGES AOG HIS TIME IN AGREEING TO INDIAN PROPOSAL (A) BECAUSE ONLY WHEN THIS FLOW OF WHEAT HAS BEEN ASSURED WILL GOI FEEL FREE TO TAKE OFF REGIONAL MARKETING RESTRICTIONS WHICH NOW LARGELY DEPRIVE THEM OF ADVANTAGES OF NATIONAL MARKET, AND (B) BECAUSE GOI URGENTLY NEEDS TO BUILD UP ITS RESERVE SUPPLIED TO KEEP PRICES FROM RISING AGAIN IN NEXT YEAR RO TWO.

EVEN IF DETAILS OF AGREEMENT ARE NOT FINALLY SETTLED, IT WOULD BE MOST USEFUL TO US HERE IF I COULD MAKE PUBLIC ANNOUNCEMENT THAT USG AGREES IN PRINCIPLE TO TWO-YEAR AGREEMENT AND TO REQUESTED AMOUNTS. IT WOULD BE PARTICULARLY USEFUL IF THIS ANNOUNCEMENT, HOWEVER CONDITIONED, COULD COME BEFORE MOSCOW WING OF COMMUNIST PARTY PUTS ON ITS BIG SHOW ON MAY 10TH AND PRIMIN LEAVES FOR MOSCOW ON MAY 12.

2. NEHRU-KENNEDY FOUNDATION. ALTHOUGH I APPRECIATE COMPLI-
CATIONS IN REGARD TO BEST MEANS OF SECURING CONGRESSIONAL
APPROVAL I WILL BE GRATEFUL IF YOU CAN PROVIDE TOP LEVEL PUSH
NEEDED TO GIVE US GREEN LIGHT, AT LEAST IN PRINCIPLE, BEFORE I
LEAVE HERE. AS YOU KNOW WE HAVE REACHED CLEAR UNDERSTANDING
WITH INDIANS AS TO WHAT FORM THIS FOUNDATION SHOULD TAKE AND

PRESERVATION COPY

PAGE THREE RUSBAE 1386
BALL IS VERY MUCH IN OUR COURT.

THIS IS BIG DRAMATIC CONCEPT THAT COSTS US TAXPAYER LITERALLY NOTHING AND WHICH HAS NOW BEEN IN WORKS FOR MORE THAN YEAR.

3. IN REGARD TO F5S WE ARE KEENLY AWARE OF INADVISABILITY OF MAKING PUBLIC ANNOUNCEMENT AT THIS TIME IN VIEW OF CURRENT EMERGENCY WITH PAKISTAN. HOWEVER I WONDER IF IT WOULD NOT BE POSSIBLE FOR US TO SAY TO SHASTRI AND CHAVAN IN CONFIDENCE THAT WE HAVE APPROVED THEIR REQUEST IN PRINCIPLE AND WHEN AND IF BORDER SITUATION QUIETS DOWN WE WILL BE PREPARED TO DISCUSS DETAILS AS TO DELIVERIES, PRICES, ETC. AGAIN THERE IS MUCH TO BE SAID HERE BY OFFERING THIS PRIVATE ASSURANCE BEFORE SHASTRI LEAVES FOR MOSCOW.

BECAUSE I AM DEEPLY CONSCIOUS OF MANY PROBLEMS THAT CROWD IN ON YOU FROM MANY DIRECTIONS I HESITATE TO PUT IN THIS PERSONAL CALL FOR HELP. HOWEVER IN VIEW OF RATHER ITCHY SITUATION HERE IN INDIA DECISIONS ON THESE THREE ITEMS WOULD HAVE PARTICULARLY FAVORABLE IMPACT EVEN THOUGH IT MIGHT BE NECESSARY TO HEDGE ON SOME OF DETAILS.

GP-3.

BOWLES
BT

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THIS IS BIG DRAMATIC CONCEPT THAT COSTS US TAXPAYER LITERALLY NOTHING AND WHICH HAS NOW BEEN IN WORKS FOR MORE THAN YEAR.

IN REGARD TO THE WE ARE KEENLY AWARE OF INADVISABILITY OF MAKING PUBLIC ANNOUNCEMENT AT THIS TIME IN VIEW OF CURRENT EMERGENCY WITH PAKISTAN. HOWEVER I WONDER IF IT WOULD NOT BE POSSIBLE FOR US TO SAY TO SHAETRI AND CHAVAN IN CONFIDENCE THAT WE HAVE APPROVED THEIR REQUEST IN PRINCIPLE AND WHEN AND IF BORDER SITUATION QUIETS DOWN WE WILL BE PREPARED TO DISCUSS DETAILS TO DELIVERIES, PRICES, ETC. AGAIN THERE IS MUCH TO BE SAID BY GETTING THIS PRIVATE ASSURANCE BEFORE SHAETRI LEAVES FOR MOSCOW.

BECAUSE I AM VERY CONSCIOUS OF MANY PEOPLE THAT CROWD IN ON YOU FROM MANY DIRECTIONS TO PUT IN THIS PERSONAL CALL FOR HELP. HOWEVER IN VIEW OF WHETHER ITCHY SITUATION HERE IN INDIA DECISIONS ON THESE THREE ITEMS WOULD HAVE PARTICULARLY FAVORABLE IMPACT EVEN THOUGH IT MIGHT BE NECESSARY TO HEDGE SOME DETAILS.

Boaguba
off record on

X B. wd. be caught in backwash
and have to answer embarrassing

Pres. want me to have Bunker lunch
w. Nehru. Explain to Indian folks
7 What's the in
lose votes.

mem to Pres → S. Ahmed - talk w.
Leave in left field
thy behaving id. well

102

Bowles
X Shastri Visit
X India

New Delhi - April 14, 1965

~~SECRET~~

Dear Bob:

I am enclosing a copy of a letter I have sent to the President regarding the forthcoming visit of Prime Minister Shastri to the United States.

In it I try to convey something of the atmosphere here as well as my specific thoughts concerning the substance of their meetings. I hope that this will serve as a useful companion piece to the briefing materials you will be preparing in Washington.

Everyone is looking forward to the visit with keen anticipation.

With warmest regards,

Sincerely,

Chester Bowles

Enclosure:
Copy of Letter to President

Mr. Robert Komer,
The White House,
Washington, D.C.

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines

By pc, NARA, Date 8-27-03

Declassified when
separated from attachment.

~~SECRET~~

APR 19 1965

New Delhi, India
April 8, 1965

Bowles
x Shastri

OFFICIAL INFORMAL

~~SECRET~~

Dear Bob:

We are already beginning here to focus on the Shastri visit and are preparing a series of papers on various problems which may come up. Enclosed are copies of these papers which we have done well in advance since the subjects relate to the Ayub visit as well. We plan to complete the rest of the papers by May 1 and hope they will be useful in preparations for the Shastri visit.

I have sent the papers to Bill Handley who is control officer for the Ayub visit.

With my warmest regards,

Sincerely,

Chester Bowles

Enclosures

Mr. Robert W. Komer,
The White House,
Washington, D. C.

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By *jc*, NARA, Date 8-27-03

Brooks + J. [unclear]

New Delhi, India,
March 12, 1965.

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Dear Bob:

I am enclosing a copy of a letter I wrote to the Secretary some months ago on our relations with Nasser.

I believe a review of the record of these conversations will indicate that there was a clear understanding that we were considering this assistance only on the assumption that he would forego interference in Africa south of the Sahara and do his best to downgrade the Israeli-UAR conflict. It would seem to me that both of these understandings have been violated.

One more point that you may want to explore: Our massive wheat shipments to the UAR allow the latter to feed the people and still raise large quantities of cotton with which to finance foreign imports including arms from the USSR. If we cut off the wheat gradually on a two or three year basis, couldn't the UAR solve its food problem by switching cotton acreage to rice or wheat? If so, the effect would be not to squeeze the Egyptian people who are relatively innocent bystanders, but to mess up the UAR's trade relationship with the USSR, and reduce their capacity to finance covert and overt gambits in Africa.

If this reasoning is borne out by the facts, we should consider an announcement to the UAR that our wheat shipments will first be reduced and then eliminated, so they may have reasonable time to make the agricultural adjustment.

Mr. Robert Komer,
The White House,
Washington, D. C.

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E.O. 12958, Sec. 3.5
State Dept. Guidelines

By *jc*, NARA, Date 8-27-03

MAR 16 1965

~~CONFIDENTIAL~~

-2-

With my warmest regards,

Sincerely,

Chester Bowles

Enclosure:

Copy of letter to the Secretary,
December 18, 1964.

~~CONFIDENTIAL~~



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

Bowles 105
/

New Delhi - March 2, 1965.

Dear Bob:

This was written just before I heard you were coming to India with Averell, and since I now hear you have had to return I am sending it on anyway. I am so disappointed to miss you here.

Warmest regards,

Sincerely,

Chester Bowles

P.S. I leave this morning for Assam but will overlap for one day with Averell.

Mr. Robert Komer,
The White House,
Washington, D.C.



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

105a

New Delhi - March 2, 1965.

CONFIDENTIAL

Dear Bob:

I have just sent by special channel and with some reluctance a cable to Mac in regard to the Indian request for F-5s. I take advantage of this means of communication only when I feel that I have no alternative in reaching Mac's, yours and the President's ear.

Although I have sent a series of letters and cables through the normal channels in the last several weeks on what we believe to be important subjects, there has been either no response or only a most fragmentary one. It is fair to say we have not received a substantive communication from anyone in Washington since my return in early December.

I realize, of course, that this can be explained in terms of the inevitable pulling and hauling that accompanies any change of Administration. Nevertheless it does create problems here particularly since India is going through a difficult situation itself.

I do wish, Bob, that you would give me whatever frank, personal background that you can. We hear a great many stories about changes in the State Department. Is the Secretary staying? Phil Talbot? Will there be anyone in the upper reaches of the Department who is tuned in effectively to this part of the world?

What about McCone? Is there anything to the rumor that Dillon will replace Dean? (Some presumably knowledgeable recent visitors insist that this is in the wind.) Believe me,

Mr. Robert Komer,
The White House,
Washington, D.C.

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E.O. 12958, Sec. 3.5
State Dept. Guidelines
By jc, NARA, Date 8.27.03

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-2-

these questions reflect more than my own idle curiosity. The answers will have a profound effect on the whole situation in India.

In the last year or so I think we have built an extraordinarily competent integrated mission here, and the Indian economic situation in general looks more favorable than in a long time. In regard to foodgrains, we expect a windfall this fiscal year on the order of a ten percent increase over the previous high, there is steadily increasing receptivity to the private sector, and a growing desire to break loose from some of the most enervating controls.

Although the political situation is deeply worrisome in some respects, the present problems in retrospect are likely to appear as the inevitable growing pains of a democratic society. (I am in the midst of Sandburg's Abraham Lincoln, and India's current problems do not begin to match those which we overcame in 1864.)

Moreover, India's faith in the USSR's reliability is visibly slipping and the general friendliness and warmth here for the United States has to be seen and felt to be understood. At the same time numerous American businessmen have come through who seemed keenly interested in India and impressed with the investment possibilities.

However, on the negative side of the ledger we in the United States are going through a difficult emotional period and are facing some critical questions at just the moment when we could begin to see some daylight at the end of the Indian economic tunnel. We have been hit by setbacks in the Congo, Southeast Asia and elsewhere and there is an uneasy feeling creeping around the world that the new Administration is not simply undertaking a reassessment of where to place its major overseas bets (which I have been pleading for for years) but rather preparing for a gradual withdrawal.

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-3-

If, as a consequence, United States aid to India is cut at this stage, the Germans, Japanese and others will almost certainly follow our lead and these cuts will come at the very moment when there is a step-up in India's payments of interest and amortization, and when the foreign exchange shortage is presenting grave difficulties. The result will be the necessity for additional controls, which in turn means further discouragement in the private sector, and a general decline of the whole situation.

At the same time, Bob, there isn't a single economist here in the Mission or in the Ford Foundation (and this includes some outstanding men) who does not believe that the Indian economy with adequate assistance is now in a position to move ahead rapidly, and that Indian leadership is in the mood for a major economic bargain which in return for such assistance would provide important concessions to the private sector and remove the wraps on the Indian economy generally.

Doug Dillon had the insight and courage to sense the Indian foreign exchange crisis in 1958 and consequently we came through with a major increase in United States aid. Moreover, he did so at a time when the political situation could not have been more adverse (this was in the heyday of Krishna Menon).

Today, with a far more favorable outlook and the end of the road dimly beginning to come in sight, we face an even greater need for vision and courage; and yet outside of yourself, Mac, Dave Bell, Tom Hughes, Averell and a few others, I do not see anyone who can be expected to grasp the implication of the challenge and who is in a position to really carry weight. Jack McCloy was here last week and we had several long talks. He sees the situation very much as we do and says he is anxious to see the President and tell him so.

As I see it, Bob, the decisive elements in world affairs in the next few years will be the interplay of Russia, Western Europe, India, Japan and Latin America. Until the USSR has a

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-4-

solid fling at trying to patch up its difference with Mao's successors, the best we can expect to get from Moscow is a kind of stalemate as the Soviets mark time and wait for the inevitable changing of the guard in Peking.

Our current ability to influence events in Europe is limited. Africa as a whole must wait until a new leadership begins to emerge.

This leaves two major areas where we have an opportunity for more than rear guard actions, where bold, creative United States policies can currently produce creative results--India and Latin America.

These, as I see it, are the only two areas where the President has an opportunity to chalk up the foreign policy successes which he simply must have if he is effectively and successfully going to ride out the political storms of the next eight years.

On the other hand, if our aid is cut and the situation slips here, we may well face a disaster in South Asia which will have far graver implications than the Congo or, in the long run, Southeast Asia--and at the very moment when our massive investment in money and energies seems ready to pay off.

Is there any chance of Doug Dillon again taking the leadership on the situation I have described? What about George Woods? (The coming World Bank report will almost certainly bear out what I say.) The necessary funds to provide India with the same amount of per capita assistance that we are giving Pakistan might be achieved for a year by holding the aid program to its present levels and sharply upping the contributions from the Export-Import and the World Banks with a solid assist from the IMF. Although I am keenly aware of the extraordinary obstacles that face such an operation, it is important that at least the President should fully recognize what is at stake.

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-5-

These rather drab views reflect the deep concern of many of us here; the feeling that after a very great effort over a period of years we have reached a watershed. It is summed up by a conversation I had a few days ago in our living-room. Someone asked the question, "How long will it take for us to see whether India is headed for success or failure?" John Lewis expressed the view that we could make a pretty accurate guess by next Christmas. Although this may overstate the case somewhat, I think he has a very, very real point.

The purpose of this letter, Bob, is not to harry an already heavily burdened person but simply to share with you frankly some of our concerns and ask whatever help you can give and any guidance which may be available to you.

With warmest regards and appreciation,

Sincerely,



Chester Bowles

cc: McGeorge Bundy

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Bowles
See it is 90
2/26/65

~~SECRET~~ HANDLE VIA COMINT CHANNELS ONLY
FOLLOWING RECEIVED

PLEASE PASS FOLLOWING TO MCGEORGE BUNDY, WHITE HOUSE.
*TO MCGEORGE BUNDY, WHITE HOUSE
FROM AMBASSADOR POLES, NEW DELHI

ALTHOUGH WE HAVE HAD NO SUBSTANTIVE WORD IN REGARD TO F-58 REQUESTED BY GOI WE UNDERSTAND MEETING IS BEING HELD WITH BRITISH FIRST THREE DAYS THIS WEEK TO EXPLORE THIS AND RELATED PROBLEMS. IN VIEW OF MANY DIFFICULTIES WE FACE, NATURAL TENDENCY WILL BE TO POSTPONE DECISION OR TO EQUIVOCATE UNTIL AYUB KHAN-SHASTRI VISITS IN MAY-JUNE.

FOR FOLLOWING REASONS EARNESTLY HOPE WE WILL FOREGO THIS TEMPTATION AND COME UP WITH FAVORABLE ANSWERS:

1. POSTPONEMENT OF DECISION WILL FEED GOI BELIEF THAT SPITE OF PAKISTAN'S WARM RELATIONS WITH CHINA SHE STILL EXERTS DOMINANT INFLUENCE OVER US MILITARY AID TO INDIA.
2. POSTPONEMENT OF DECISION OR TOP OF LONG DELAYS OF YEAR AGO AND FINAL FIZZLING OUT OF AIR FORCE PACKAGE IN JUNE WILL ALSO FEED IMPRESSION HERE THAT USG IS INDECISIVE AND UNPREDICTABLE
3. FAILURE TO DECIDE QUESTION PRIOR TO AYUB KHAN'S VISIT TO US IN LATE APRIL WILL ENCOURAGE HIM TO EVEN TOUGHER BARGAINING FOR OFFSETTING AID AND OTHER ADVANTAGES.
4. FINALLY AS I EMPHASIZED IN RECENT REPORT OF FIVE-DAY VISIT TO ASSAM ACCOMPANIED BY ARMY AND AIR ATTACHES AND POLITICAL OFFICERS (EMTEL 2520) F-5-AS ARE URGENTLY NEEDED TO BOSTER INDIA'S DEFENSE CAPABILITY VIS-A-VIS CHINA, PARTICULARLY FROM CHUMBI VALLEY TO BURMA.

ALTHOUGH I KNOW YOU HAVE OUR SITUATION VERY MUCH IN YOUR MIND ALONG WITH MANY OTHERS, I AM TAKING LIBERTY OF EMPHASIZING SPECIAL SIGNIFICANCE OF THIS DECISION IN VIEW OF STATE DEFENSE MEETING WHICH IS NOW UNDER WAY.

BOWLES

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had that these points may already have occurred to you

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09/0325Z CORRECT LAST PARA TO READ "ALTHOUGH I KNOW THAT YOU HAVE OUR SITUATION VERY MUCH IN YOUR MIND ALONG WITH MANY OTHERS AND THAT THESE POINTS MAY ALREADY HAVE OCCURRED TO YOU, I AM TAKING LIBERTY OF EMPHASIZING SPECIAL SIGNIFICANCE OF THIS DECISION IN VIEW OF STATE DEFENSE MEETING WHICH IS NOW UNDER WAY."

BTB

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E.O. 13526, Sec. 3.5
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By *ch*
NARA, Date 6-27-13

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FOLLOWING MESSAGE RECEIVEDPLEASE PASS THE FOLLOWING FROM AMBASSADOR BOWLES TO ROBERT KOMER,
WHITA 973.~~CONFIDENTIAL~~

FROM: AMBASSADOR BOWLES

TO: MR. ROBERT KOMER, WHITE HOUSE.

WHEN I LEFT WASHINGTON ON DECEMBER 7 I FELT WE WERE
ALL AGREED ON BOTH CRITICAL IMPORTANCE OF PERSUADING INDIA NOT
TO PRODUCE NUCLEAR WEAPONS AND ALSO ON BEST MEANS OF ACHIEVING
THIS.IN MY MEETINGS WITH PRESIDENT, SECRETARY, MAC, PHIL,
YOU, ETC. I SUGGESTED THAT THIS COULD BE BEST ACCOMPLISHED BY
(A) CREATING SENSE OF PRIDE ON PART OF INDIAN GOVT AND PEOPLE IN
THEIR OWN SCIENTIFIC CAPACITY AND AS CONTRIBUTING FACTOR,
DEMONSTRATE TO PEOPLE ALL OVER WORLD INDIA'S SCIENTIFIC PROWESS;
(B) ENCOURAGING INDIA TO TAKE LEAD NOT ONLY IN CONDEMNING CHINA'S
DISREGARD OF MOSCOW TREATY BUT IN LEADING FIGHT AGAINST FURTHER
PROLIFERATION; AND (C) BEING ALERT TO ANY OPPORTUNITIES THAT MIGHT
COME OUR WAY TO ASSURE INDIA THAT IF SHE WERE BLACKMAILED OR
ATTACKED BY CHINA WITH OR WITHOUT NUCLEAR WEAPONS, WE WOULD NOT
STAND ON SIDELINES. SINCE MY RETURN HERE, I SENSE THAT THESE
OBJECTIVES ARE NOT AS CLEAR IN SOME PEOPLES' MINDS AS I ASSUMED
THEM TO BE.INDIANS ARE STILL EAGER TO TAKE MAJOR ROLE ON PROLIFERATION
ISSUE AND AS I STRESSED WITH NO NEGATIVE REACTIONS IN WASHINGTON,
WE SHOULD BE TRYING IN EVERY WAY TO ENCOURAGE THEM. IF THEY
WILL TAKE LEAD POSITION AS NON-NUCLEAR COUNTRY THAT IS EASILY
CAPABLE OF PRODUCING WEAPONS, OUR INTERESTS WILL BE FAR BETTER
SERVED THAN BY TEAMING UP WITH WHITE NATION OF FOUR MILLION
PEOPLE WITH NO SUCH NUCLEAR POTENTIAL OR POLITICAL WEIGHT.IN REGARD TO DETERRENT QUESTION AND US POSITION IN SUPPORT
OF INDIA, I DO NOT THINK WE NEED TO DO ANYTHING AT PRESENT MOMENT.
INDIANS ARE AWARE OF PRESIDENT'S OCT 16 STATEMENT. HOWEVER WE
SHOULD BE FLEXIBLE ENOUGH TO GRAB ANY OPPORTUNITY THAT COMES ALONG,
CONCEIVABLY BY SOME KIND OF PARALLEL ACTION WITH RUSSIANS.PURPOSE OF THIS MESSAGE IS TO ALERT YOU TO OPPORTUNITIES WE
SEE HERE OUTSIDE FLOW OF TRAFFIC THROUGH STATE DEPT.JERRY WIESNER CAN BE EXTRADORDINARILY PERSUASIVE IN EDUCATING
SUCH HIGH INDIAN OFFICIALS AS SHASTRI, IN BACKGROUND DISCUSSIONS
WITH INDIAN PRESS, IN EXPLORING SCIENTIFIC PROJECTS ON WHICH WE
CAN COOPERATE, IN COMING UP WITH FRESH IDEAS AND ON HIS RETURN
HOME IN PRESENTING THESE IDEAS TO PEOPLE IN WASHINGTON.

I KNOW AS ALWAYS THAT YOU WILL GIVE US ALL HELP YOU CAN.

C
GP-1
400*Irish Bear.*~~CONFIDENTIAL~~

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By ch NLJ 12-244
NARA, Date 8-23-13



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EMBASSY
OF THE
UNITED STATES OF AMERICA

This document consists of 2 pages.
No 1 of 5 copies, Series A.

New Delhi, India,
May 20, 1965.

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Dear Bob:

I am enclosing a copy of a memorandum on South Asia which I have just sent to the Secretary. I will appreciate it if you will share it with Mac Bundy.

Although I am conscious of the fact that it does not deal adequately with all of the problems with which we are confronted it may give you a better feeling for what I hope may be thorough discussions when I get to Washington. Obviously it should be closely held.

In the last two years the situation in India has been close to a climax on three separate occasions when with a bit of luck we could I believe have arrived at a much closer and more advantageous relationship with India.

The first was in November 1963 when the Indians were prepared to accept a far-reaching agreement in regard to military assistance which with a budget no larger than our present one might have largely kept the USSR away from their military control levers. President Kennedy died just when this seemed to be coming to a successful conclusion.

A year ago next week with your support and Mac Bundy's we were able again to bring the situation to a head in a way that would have been I think most advantageous. Then the day before the final meeting was scheduled Nehru

Mr. Robert W. Komer,
The White House,
Washington, D. C.

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State Dept. Guidelines
By jc, NARA, Date 8-27-03

MAY 24 1965

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died and it was decided to "wait and see".

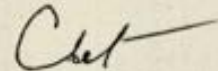
The third climax was this spring when I once again hoped that the Shastri visit with the President would give us a new solid basis for a much closer relationship. Unfortunately the chance again escaped us.

I would be delighted to start once again and try to build back this situation here. I am confident it can be done but only if we can get some hard decisions from Washington in regard to policies and priorities. Although there may be better answers than the ones I have outlined in the enclosed memorandum, we can no longer afford to duck the realities in South Asia which is what we have been doing.

Steb and I arrive in Essex just before the May 30th weekend. I am not planning to come to Washington for formal consultation before our home leave to which we are greatly looking forward. However, I believe it would be useful for me to come down for two or three days the first week of June to give Dean Rusk, George Ball, Mac, Phil, yourself and one or two others our views on where the situation here stands at present.

In the meantime, warmest regards.

Sincerely,



Chester Bowles

P. S.

I suggest that this memorandum be kept in the strictest confidence.

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MEMORANDUM

TO : Secretary Dean Rusk

DATE: May 20, 1965

FROM : Chester Bowles

SUBJECT: The Urgent Need for a Review

of United States Policy in South Asia

Recent developments in India and Pakistan indicate that our decade-old posture on the subcontinent is ill-adjusted to the present political and military realities and that some fresh thinking is required.

Ten years ago when our present policies took shape the possibility of a Soviet military thrust into the Middle East or even through Afghanistan into the subcontinent seemed very real, while Soviet political and economic influence in the subcontinent, unsupported by economic assistance or even an effective diplomacy, appeared to be negligible.

In contrast, China heavily occupied behind the Himalayas with its recent take-over of Tibet and its massive internal problems, was not considered a military threat. Our primary concern in this case was with the steady flow of economic and political missions between Delhi and Peking, and the feeling among many Indian intellectuals and planners that the Chinese experiment, tailored to fit the Indian

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By LICIA NARA, Date 02-19-2014
NLJ / RAC 12-361

MAY 24 1965

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scene might become increasingly relevant to India's own development.

In the last few years this strategic situation has been turned upside down. While Chinese political and economic influence in India has sagged to the disappearing point, the Indian army along the 2200 mile border to the north now faces a formidable array of Chinese divisions supported by a vast network of newly constructed roads.

Although the possibility of Soviet armies moving through the Hindu Kush or thrusting south towards the Persian Gulf now seems remote the Soviets in South Asia have come to represent a formidable and growing economic and political challenge.

In the face of these changes, our long-established commitment to the economic development and political stability of the subcontinent remains of crucial importance. However, in view of the drastic switch in the nature of the overall challenge our military-political policies have become increasingly questionable.

The purpose of this confidential memorandum is to explore the implications of this changing situation and to propose a course of

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action to fit it. It deals specifically with five questions:

First, US objectives on the subcontinent within the current framework;

Second, India's political and military relevance to these objectives;

Third, the prospect for India's internal political and economic development as it bears on our objectives;

Fourth, the shortcomings of our present policy in South Asia as underscored by recent events;

Fifth, the steps which we believe necessary if the United States Government is to deal with this situation realistically, effectively, and in time.

I

U.S. Objectives on the Indian Subcontinent

Under current circumstances United States objectives on the Indian subcontinent are fourfold:

1. To secure the subcontinent against Chinese penetration.

Most immediately this calls for the development of South Asian military forces adequate to deter or if necessary to defeat a

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Chinese thrust into South Asia with moderate forces (a massive Chinese attack would require outside assistance).

For the longer haul it calls for the presence of a viable, friendly and militarily effective India on the flank of any Chinese aggression into Southeast Asia, and ultimately the creation of a strictly Asian defense and development organization in cooperation with Japan and perhaps Australia, the Philippines, Malaysia and Thailand to assume broader economic, political and military responsibilities.

2. To contain Soviet political, economic and military influence in the subcontinent.

It is important that the Soviets be denied a revolutionary role in any future economic or military emergency in the subcontinent. Consequently the USSR should be kept as far as possible from the South Asian political control levers.

If possible this should be accomplished in a way that will leave the door open for a shift in basic Soviet policy that might ultimately permit some degree of cooperation toward shared objectives (e.g., containing Chinese aggression in Asia).

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In the meantime we should not be overly concerned about Soviet economic assistance in itself. As long as it comes without political obligations it will contribute to our primary objective -- a viable and independent India. If strings become evident we should promptly review our position.

3. To achieve dynamic and sustained economic growth in India and Pakistan.

The long-term political stability of the subcontinent will depend in large measure on the degree of economic growth and the manner in which the added production is achieved and shared.

In addition to providing substantial economic assistance we should use our leverage insofar as possible to maintain a reasonable balance in each nation between development and military defense.

4. To reduce tensions between India and Pakistan to the maximum extent possible.

The present embittered confrontation diverts the attention of both nations away from their primary objective of rapid economic growth and consequently threatens their political stability. US policy should be so conceived that it dampens rather than exacerbates Indo-Pakistani tensions.

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II

India's Relevance to US Objectives in Asia

The National Policy Paper for India (October 1964) stressed the critical importance of India to the national interests of the United States in the following terms:

"India is the only non-Communist country on the Asian mainland which by its size and resources may eventually add a substantial independent weight to the Asian power balance. Its loss to Communism would tilt the strategic balance of Asia sharply, if not decisively, against us.

"India shares a disputed 1500 mile frontier with Communist China and, like the United States, it sees China as a long-run security threat.

"India is the largest non-Communist country in Asia. Its 450 million people are more numerous than all Latin Americans and Africans together.

"India's industrial potential is great, while its position at the core of South Asia may give it increased future leverage on Asian politics."

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This statement of America's stake in a free and effective India as a fulcrum for our broader objectives between the Mediterranean and the Pacific is reflected in the substantial and remarkably effective investment in India's economic development we have been making here over the past decade.

The emergence of Communist China as an aggressive military force and our massive commitment to the defense of Southeast Asia further underscores the key importance of India.

III

The Prospects for a Viable, Independent India

It is the opinion of this Mission that India's economic and political progress and prospects are by and large favorable, and that India's policies, domestic and foreign, although often frustrating in their daily manifestations, have been moving in the right direction.

This considered judgment is shared by representatives of the World Bank, the Foundations, the United Kingdom and others.

A. The Indian economy is beginning to move ahead impressively. In the fiscal year ending March 31 the incentives to Indian

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cultivators provided by long overdue price rises plus a good monsoon resulted in a 9.8 percent increase in India's total foodgrain production over the previous all-time high.

The adoption of vigorous new agricultural policies long advocated by our Mission plus the extremely capable leadership of the Agriculture Minister promise to push production steadily higher.

The increase in India's gross national product for the recently completed fiscal year appears to be just under seven percent in real terms.

The prospect for increased private capital investment and a reduction of controls also seems favorable. Standard Oil of Indiana is undertaking a major fertilizer investment (\$60 million) in Madras. Although the proposed agreement between the Bechtel fertilizer consortium and the Indian Government has run into heavy weather the Indians are now pressing for a series of large U.S. built plants in the private sector.

Right now every American economist I know in India (including representatives of the Ford Foundation, Rockefeller Foundation, World Bank, etc.) is convinced that with adequate foreign exchange

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support the Indian economy in the next five to seven years is capable of a major breakthrough to a sustained high rate of growth.

The record is particularly reassuring in view of the fact that India is one of a half dozen countries in the emerging world which are committed to democratic development and by all odds the largest and most important.

B. The Government of India now appears committed to a massive birth control program. With the development of a simple intrauterine device plus a new sense of urgency the matter of population control is beginning to receive the top priority which we have long advocated.

C. The Government of India has been pursuing a foreign policy aimed at blocking the spread of Chinese power of influence and resolving those problems from which the Chinese might stand to gain.

At the recent Belgrade meeting the Indians were instrumental in shaping a resolution on Vietnam that coincided with the United States interests. The Radhakrishnan proposal which also reflects in a general way the American position has been given official GOI sanction as the basis for a negotiated settlement.

At present the Indians are working closely with the Japanese

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on measures to check China's influence at the Algiers conference in late June, including support for the credentials of Malaysia, encouragement of the presence of South Vietnam, and a vigorous effort to promote a moderate, constructive outcome.

D. The Government of India continues thus far to refrain from building an Indian nuclear arsenal. In view of China's second nuclear explosion and India's current sense of insecurity, the situation is admittedly fragile. Nevertheless India in spite of persistent political pressures to build its own bomb is still committed to a search for an effective way to prevent the proliferation of nuclear powers.

This is not to suggest that India's economic success and political orientation are assured, nor that some serious deviations from America's views of the world are not apparent. But we are convinced that the situation in India is generally favorable to our interests. With appropriate policies, a sensitive diplomacy and a reasonable commitment of resources the United States can go far towards assuring India's economic success and influencing Indian policy in Asia toward a moderate and constructive course.

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IV

The Relevance of Present U.S. Policy

Right now we are confronted with a disturbing paradox. India's domestic objective of a viable democratic state and her foreign policy objective of resisting Chinese aggression coincide more closely with our own interests than do those of any other major emerging nation.

This mutuality of interest is reflected in our National Policy Paper and in our past record of contributions to Indian national development.

Yet in spite of these advantages the fact remains that we have been losing influence in India to an extent that may soon begin to jeopardize our fundamental interests not only here but throughout Asia.

In the last few weeks even those Indian leaders who have most consistently favored a close relationship with the United States have been caught up in a national wave of insecurity, frustration and uncertainty. This disturbing new mood is compounded of several elements which had been lying just under the surface. If US policy is to deal effectively with India it is

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essential that we seek to understand them.

To some extent India's present insecurity is the emotional inheritance of two hundred years of subservience to the colonial rule of a white western power. Another factor is the psychological impact of the sudden Chinese attack in 1962.

After India's long, patient effort to cultivate a friendly relationship with China the attack itself was an embarrassing testimony to the misjudgment of India's leaders; the fact that the ill-prepared Indian Army was routed added a sense of national humiliation. Two years later the successful Chinese nuclear test rubbed salt into the wound.

On top of this came the episode of the Rann of Kutch which reinforced India's sense of insecurity and opened the door further to a whole series of illogical fears, suspicions and resentments.

This reaction can best be understood in its psychological setting. Night after night in a period of deep national uncertainty the Pakistan radio in Lahore beamed to north Indian audiences, which included most members of Parliament, stories of "another crushing Indian military defeat", of 350 Indians killed (in fact

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only fifteen), of Indian troops "running like rabbits", and of Pakistani officers boasting, "We could have advanced all the way to Bombay."

Added to this emotional mixture of frustration and resentment was the widespread charge that this "great Pakistani victory" was made possible by tanks and other military equipment provided by Pakistan's ally, the United States.

For several years Indian fears of the implication of the US-Pakistan alliance have been fed by three factors:

1. The knowledge that the weapons we have given to Pakistan are better suited to a mechanized drive across the plains of the Punjab toward Delhi than to countering a Chinese or Soviet attack in the mountain passes to the North.

2. The frank assertions of many Pakistanis that their alliance with the United States is in fact aimed at India are typified by the assertion that in return for Pakistan's support for America against its enemy Russia, the United States had agreed to support Pakistan against its enemy India.

3. Our inability for security reasons to explain to the Indians

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the importance of our installation in Peshawar.

In this context the Pakistani admission of the use of United States equipment in Kutch and our reluctance publicly to criticize their use for fear of upsetting the British cease-fire negotiations was skillfully exploited by the articulate left in India to demonstrate that Pakistan's frank interpretation of the United States-Pakistan agreement was essentially correct.

Now even the most moderate Indian newspapers editorialize that the assurances of John Foster Dulles and President Eisenhower (assurances which had been repeated again and again by every American Ambassador, including myself) have been tested and proved empty.

Thus the use of United States equipment by the Pakistanis to win the "crushing victory over the Indian forces" which was vividly described by the Pakistan radio has called into serious question both American intentions in this part of the world and our ability to pursue those intentions effectively.

At the same time, India's focus has shifted from China, which a few weeks ago four out of five Indians (like most Americans) viewed as their most dangerous threat, to Pakistan with which the

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United States seeks to maintain a friendly relationship.

It is essential, however, that we not lose our perspective. Although India's tense and unreasonable reaction to recent events is disturbing, the results of our labors in India over the last ten years will not easily be washed away. The United States retains a massive reservoir of respect throughout India; with careful handling this can become the basis for a close and constructive future relationship.

Moreover, most thoughtful Indians are deeply uncertain about the future of Soviet policy in Asia; glowing Indian press accounts of Shastri's visit to Moscow may lessen this uncertainty but they will not eliminate it. Nor is there any particular sympathy for the authoritarian Soviet political system.

Most Indians recognize that there is a ceiling on the amount and kind of economic development assistance that the Communist nations can supply. They also know that Soviet interest in India is heavily contingent upon Sino-Soviet relations and that as long as the Russians continue to dream of a future rapprochement with the Chinese they cannot undertake an unrestrained political, economic and military commitment to India.

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Consequently the most prevalent attitude in India seems to be a compulsive desire for self-sufficiency in everything, and especially in defense. This is accompanied by the realization that commitments between nations are meaningless unless they are rooted in immediate mutual interests that are recognized by both parties.

At this stage no one can accurately predict how the situation will develop. If we fall prey to our frustrations and fail to mend our fences and if the Soviets act with boldness and skill, events in the subcontinent could turn even more sharply to our disadvantage. If, however, we recognize the basis of our dilemma and focus our attention on the many interests which we and the Indians have in common I believe we can almost certainly recover the lost ground and move ahead to a much more solid relationship.

The outcome in any event is not a distant matter. India is approaching a political and economic watershed of the most decisive importance. Within three to five years the shape of things to come will, I believe, begin to become evident.

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IV

A Suggested New Approach

In dealing with the situation which I have described we have a choice of four courses of action. Although none is easy, three of them, it seems to me, are impossible; the fourth, while requiring some difficult adjustments in our present posture, would enable us to bring our policies in the subcontinent into line with our basic objectives in Asia.

Here are the four choices:

1. We can continue to adhere to our present policies in both Pakistan and India doing the best we can to sweep the recurring conflicts under the rug and to ride out the inevitable storms. This, as experience demonstrates, will result in the continuing erosion of our position on both sides of the border.
2. We can abandon all United States aid to the subcontinent or cut it to a dribble. This would be to abdicate to the Soviets and/or to China our position in this critical nation and to render our present massive efforts in Southeast Asia meaningless.
3. We could maintain economic aid to Pakistan and India while cutting off military assistance to both countries. This

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would open the door for the Soviets to fill the military equipment gap in India as they have previously done in Indonesia, the UAR and elsewhere. This in turn would enable the Soviets to develop a key political position in the Indian military, and create an even greater military imbalance between India and Pakistan. Ultimately it could maneuver us into supporting the weaker of the two countries against the Soviet-armed stronger power.

In this connection, it is now clear that even during the last two years the United States has consistently underestimated the Soviet willingness to help India militarily.

In April 1963, during the review of our military assistance program just before my return to India, the possibility of Soviet assistance was largely discounted.

Yet since then the Soviets have contracted to supply the Indian Army and Air Force with 93 tanks, three squadrons of MIG 21s, a complex of three separate MIG factories capable of producing six planes a month, 500 air-to-air missiles, 17 surface-to-air missile battalions, and 20 helicopters.

Recent reports indicate that a new agreement is now

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being negotiated for the delivery of 83 additional tanks and 170 130mm. artillery guns with persistent rumors of sizable Soviet additions to the Indian Navy. Under an earlier agreement 31 AN-12 cargo-troop carrier planes were also provided.

4. We can separate economic from military aid and establish criteria which apply to both countries equally. The following interrelated steps designed to carry out the fourth approach will, I believe, give us a less contradictory and hence stronger position on the subcontinent and enable us to pursue our major objectives in Asia more effectively.

a. Military Assistance

1. We should allow no basis for compromise in regard to the paramount strategic objective of the United States in Asia: the containment of China until such time as China chooses to live peacefully with its neighbors.

As long as India and/or Pakistan is genuinely committed to the defense of the subcontinent against China and has the capacity to play a meaningful role we should provide appropriate United States military support. Such assistance need not exceed existing budget

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levels under present conditions.

However, a nation failing to subscribe to this objective and to cooperate in achieving it should receive none.

A clear statement of United States policy along these lines will give both India and Pakistan a solid reference point against which each can formulate its own policies and predict the consequences of its own actions.

It will place both nations on the same footing and subject them to the same United States judgments. It will exert pressure on the Pakistanis to abandon their flirtation with China, and to join in the defense of the subcontinent. In regard to India it will give us the advantages of a joint understanding against China without entangling us in defensive alliances and depriving us of the initiative.

ii. The type of weapons which we provide henceforth should be geared solely to the logistical and tactical requirements of a war against China in the northern mountains or on the eastern approaches.

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iii. While recognizing the right of the recipient country to use United States arms in self-defense we would naturally retain the right to cancel any or all future assistance if in our judgment our arms have been used aggressively.

The present problem of policing the use of United States equipment would remain, although it would be considerably reduced by the more clear-cut diplomatic posture which I have suggested, and hopefully by an effective effort to reduce Indo-Pak tensions.

However, for two reasons it is difficult to implement any sort of assurance that US equipment will not be used improperly by either party. First, there is usually some doubt as to precisely how the trouble started; and second the application of US sanctions, which the aggrieved party had assumed would follow automatically, may appear to us unwise in a particular instance such as the Rann of Kutch.

Consequently we should offer neither India nor Pakistan further guarantees against the use of US arms by the other, but confine ourselves to a commitment to support either in a case of clear aggression through the UN or unilaterally if

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need be.

If Pakistan is prepared to forego its present political gambit with China and join seriously in the defense of the subcontinent it should be welcomed as a recipient of military assistance, tailored however as in the case of India to defensive action in the mountains of the north, not on the plains of the south.

B. Economic Assistance

We should continue our economic assistance efforts in both countries,

In both Pakistan and India our aid is being used effectively. With continuing support there is every reason to anticipate an increasing rate of growth which will lay a firm basis for political stability.

If increased US funds are clearly needed to speed self-sufficiency, and if the recipient country is prepared to take the steps to assure its own effective performance I believe we should provide them.

The primary purpose of our economic assistance in India and Pakistan is to achieve self-sustaining growth as

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quickly as possible and ultimately to participate as free nations in the world economy. Our aid, however, constitutes an important lever in both countries. While India at least might go to the Soviet Union for military equipment, as have the UAR and Indonesia, the major inputs of foreign exchange which are essential for economic development in Pakistan and India can only come from the West.

C. The US Alliance with Pakistan

Recent events have demonstrated that our present military alliance with Pakistan has become irrelevant to the present situation in Asia. It seriously weakens our position in India and tempts Pakistan into a whole gamut of diplomatic adventures which undercut United States interests vis-a-vis both China and Russia.

When we give military assistance to India for defense against China we infuriate our so-called ally; when Pakistani pressures cause us to refuse India the tanks and fighter planes that we have already given Pakistan a frustrated India turns to the Soviet Union for the help which the United States has denied her. (India has thus far secured no military equipment

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from the USSR which has not first been requested from the US.)

United States policy toward each nation should henceforth clearly reflect our national objectives and imply no favoritism or special status except that which may be earned by a common approach to a common danger and the effective use of our assistance in respect to that danger.

History cannot be made to run uphill. It is no more possible for us to underwrite a military power balance between Pakistan and India than it would have been for the European powers to underwrite such a balance between Mexico and the United States at a comparable stage in their development. And just as it would have been folly for Mexico to attempt to hold back the development of the United States, so it is folly for Pakistan to assume it can dampen down the development of India.

Although it may be argued that this approach to military assistance may drive Pakistan into the arms of China, I do not believe the risk is significant.

United States economic aid and PL 480 shipments are

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Some may also be concerned that the proposed policy change may jeopardize our special facilities in Peshawar. However, a decisive stand by the US Government, backed by the massive leverage of our existing economic assistance programs, should insure the continued cooperation of Pakistan in regard to these installations. But even if the risk were far greater than I believe it to be the failure of our present policies and the implications of further erosion of the US position in this crucially important nation would require us to face it.

Admittedly the process of establishing the proposed new relationships may involve us in some painful exchanges. But I believe that the end result will be the creation of a far sounder and more realistic American relationship with

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Certainly the effect here in India would be greatly to strengthen our influence. And as India's confidence in the United States increases, this influence can effectively be used to moderate India's relationship to Pakistan.

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In the coming years we cannot permit ourselves to slide into a similar debacle in the one Asian nation that is potentially capable of providing a counterweight to the challenge that China now poses.

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~~SECRET~~MEMORANDUM

TO : Secretary Dean Rusk
 FROM : Chester Bowles
 SUBJECT: The Urgent Need for a Review

DATE: May 20, 1965

of United States Policy in South Asia

Recent developments in India and Pakistan indicate that our decade-old posture on the subcontinent is ill-adjusted to the present political and military realities and that some fresh thinking is required.

Ten years ago when our present policies took shape the possibility of a Soviet military thrust into the Middle East or even through Afghanistan into the subcontinent seemed very real, while Soviet political and economic influence in the subcontinent, unsupported by economic assistance or even an effective diplomacy, appeared to be negligible.

In contrast, China heavily occupied behind the Himalayas with its recent take-over of Tibet and its massive internal problems, was not considered a military threat. Our primary concern in this case was with the steady flow of economic and political missions between Delhi and Peking, and the feeling among many Indian intellectuals and planners that the Chinese experiment, tailored to fit the Indian

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 E.O. 13526, Sec. 3.5
 NJ 121AC 12-361
 By UUA NARA, Date 2-19-2014

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scene might become increasingly relevant to India's own development.

In the last few years this strategic situation has been turned upside down. While Chinese political and economic influence in India has sagged to the disappearing point, the Indian army along the 2200 mile border to the north now faces a formidable array of Chinese divisions supported by a vast network of newly constructed roads.

Although the possibility of Soviet armies moving through the Hindu Kush or thrusting south towards the Persian Gulf now seems remote the Soviets in South Asia have come to represent a formidable and growing economic and political challenge.

In the face of these changes, our long-established commitment to the economic development and political stability of the subcontinent remains of crucial importance. However, in view of the drastic switch in the nature of the overall challenge our military-political policies have become increasingly questionable.

The purpose of this confidential memorandum is to explore the implications of this changing situation and to propose a course of

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action to fit it. It deals specifically with five questions:

First, US objectives on the subcontinent within the current framework;

Second, India's political and military relevance to these objectives;

Third, the prospect for India's internal political and economic development as it bears on our objectives;

Fourth, the shortcomings of our present policy in South Asia as underscored by recent events;

Fifth, the steps which we believe necessary if the United States Government is to deal with this situation realistically, effectively, and in time.

I

U.S. Objectives on the Indian Subcontinent

Under current circumstances United States objectives on the Indian subcontinent are fourfold:

1. To secure the subcontinent against Chinese penetration.

Most immediately this calls for the development of South Asian military forces adequate to deter or if necessary to defeat a

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Chinese thrust into South Asia with moderate forces (a massive Chinese attack would require outside assistance).

For the longer haul it calls for the presence of a viable, friendly and militarily effective India on the flank of any Chinese aggression into Southeast Asia, and ultimately the creation of a strictly Asian defense and development organization in cooperation with Japan and perhaps Australia, the Philippines, Malaysia and Thailand to assume broader economic, political and military responsibilities.

2. To contain Soviet political, economic and military influence in the subcontinent.

It is important that the Soviets be denied a revolutionary role in any future economic or military emergency in the subcontinent. Consequently the USSR should be kept as far as possible from the South Asian political control levers.

If possible this should be accomplished in a way that will leave the door open for a shift in basic Soviet policy that might ultimately permit some degree of cooperation toward shared objectives (e.g., containing Chinese aggression in Asia).

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In the meantime we should not be overly concerned about Soviet economic assistance in itself. As long as it comes without political obligations it will contribute to our primary objective -- a viable and independent India. If strings become evident we should promptly review our position.

3. To achieve dynamic and sustained economic growth in India and Pakistan.

The long-term political stability of the subcontinent will depend in large measure on the degree of economic growth and the manner in which the added production is achieved and shared.

In addition to providing substantial economic assistance we should use our leverage insofar as possible to maintain a reasonable balance in each nation between development and military defense.

4. To reduce tensions between India and Pakistan to the maximum extent possible.

The present embittered confrontation diverts the attention of both nations away from their primary objective of rapid economic growth and consequently threatens their political stability. US policy should be so conceived that it dampens rather than exacerbates Indo-Pakistani tensions.

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II

India's Relevance to US Objectives in Asia

The National Policy Paper for India (October 1964) stressed the critical importance of India to the national interests of the United States in the following terms:

"India is the only non-Communist country on the Asian mainland which by its size and resources may eventually add a substantial independent weight to the Asian power balance. Its loss to Communism would tilt the strategic balance of Asia sharply, if not decisively, against us.

"India shares a disputed 1500 mile frontier with Communist China and, like the United States, it sees China as a long-run security threat.

"India is the largest non-Communist country in Asia. Its 450 million people are more numerous than all Latin Americans and Africans together.

"India's industrial potential is great, while its position at the core of South Asia may give it increased future leverage on Asian politics."

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This statement of America's stake in a free and effective India as a fulcrum for our broader objectives between the Mediterranean and the Pacific is reflected in the substantial and remarkably effective investment in India's economic development we have been making here over the past decade.

The emergence of Communist China as an aggressive military force and our massive commitment to the defense of Southeast Asia further underscores the key importance of India.

III

The Prospects for a Viable, Independent India

It is the opinion of this Mission that India's economic and political progress and prospects are by and large favorable, and that India's policies, domestic and foreign, although often frustrating in their daily manifestations, have been moving in the right direction.

This considered judgment is shared by representatives of the World Bank, the Foundations, the United Kingdom and others.

A. The Indian economy is beginning to move ahead impressively. In the fiscal year ending March 31 the incentives to Indian

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cultivators provided by long overdue price rises plus a good monsoon resulted in a 9.6 percent increase in India's total foodgrain production over the previous all-time high.

The adoption of vigorous new agricultural policies long advocated by our Mission plus the extremely capable leadership of the Agriculture Minister promise to push production steadily higher.

The increase in India's gross national product for the recently completed fiscal year appears to be just under seven percent in real terms.

The prospect for increased private capital investment and a reduction of controls also seems favorable. Standard Oil of Indiana is undertaking a major fertilizer investment (\$60 million) in Madras. Although the proposed agreement between the Bechtel fertilizer consortium and the Indian Government has run into heavy weather the Indians are now pressing for a series of large U.S. built plants in the private sector.

Right now every American economist I know in India (including representatives of the Ford Foundation, Rockefeller Foundation, World Bank, etc.) is convinced that with adequate foreign exchange

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support the Indian economy in the next five to seven years is capable of a major breakthrough to a sustained high rate of growth.

The record is particularly reassuring in view of the fact that India is one of a half dozen countries in the emerging world which are committed to democratic development and by all odds the largest and most important.

B. The Government of India now appears committed to a massive birth control program. With the development of a simple intrauterine device plus a new sense of urgency the matter of population control is beginning to receive the top priority which we have long advocated.

C. The Government of India has been pursuing a foreign policy aimed at blocking the spread of Chinese power of influence and resolving these problems from which the Chinese might stand to gain.

At the recent Belgrade meeting the Indians were instrumental in shaping a resolution on Vietnam that coincided with the United States interests. The Radhakrishnan proposal which also reflects in a general way the American position has been given official GOI sanction as the basis for a negotiated settlement.

At present the Indians are working closely with the Japanese

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on measures to check China's influence at the Algiers conference in late June, including support for the credentials of Malaysia, encouragement of the presence of South Vietnam, and a vigorous effort to promote a moderate, constructive outcome.

D. The Government of India continues thus far to refrain from building an Indian nuclear arsenal. In view of China's second nuclear explosion and India's current sense of insecurity, the situation is admittedly fragile. Nevertheless India in spite of persistent political pressures to build its own bomb is still committed to a search for an effective way to prevent the proliferation of nuclear powers.

This is not to suggest that India's economic success and political orientation are assured, nor that some serious deviations from America's views of the world are not apparent. But we are convinced that the situation in India is generally favorable to our interests. With appropriate policies, a sensitive diplomacy and a reasonable commitment of resources the United States can go far towards assuring India's economic success and influencing Indian policy in Asia toward a moderate and constructive course.

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IV

The Relevance of Present U.S. Policy

Right now we are confronted with a disturbing paradox. India's domestic objective of a viable democratic state and her foreign policy objective of resisting Chinese aggression coincide more closely with our own interests than do those of any other major emerging nation.

This mutuality of interest is reflected in our National Policy Paper and in our past record of contributions to Indian national development.

Yet in spite of these advantages the fact remains that we have been losing influence in India to an extent that may soon begin to jeopardize our fundamental interests not only here but throughout Asia.

In the last few weeks even those Indian leaders who have most consistently favored a close relationship with the United States have been caught up in a national wave of insecurity, frustration and uncertainty. This disturbing new mood is compounded of several elements which had been lying just under the surface. If US policy is to deal effectively with India it is

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essential that we seek to understand them.

To some extent India's present insecurity is the emotional inheritance of two hundred years of subservience to the colonial rule of a white western power. Another factor is the psychological impact of the sudden Chinese attack in 1962.

After India's long, patient effort to cultivate a friendly relationship with China the attack itself was an embarrassing testimony to the misjudgment of India's leaders; the fact that the ill-prepared Indian Army was routed added a sense of national humiliation. Two years later the successful Chinese nuclear test rubbed salt into the wound.

On top of this came the episode of the Rann of Kutch which reinforced India's sense of insecurity and opened the door further to a whole series of illogical fears, suspicions and resentments.

This reaction can best be understood in its psychological setting. Night after night in a period of deep national uncertainty the Pakistan radio in Lahore beamed to north Indian audiences, which included most members of Parliament, stories of "another crushing Indian military defeat", of 350 Indians killed (in fact

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only fifteen), of Indian troops "running like rabbits", and of Pakistani officers boasting, "We could have advanced all the way to Bombay."

Added to this emotional mixture of frustration and resentment was the widespread charge that this "great Pakistani victory" was made possible by tanks and other military equipment provided by Pakistan's ally, the United States.

For several years Indian fears of the implication of the US-Pakistan alliance have been fed by three factors:

1. The knowledge that the weapons we have given to Pakistan are better suited to a mechanized drive across the plains of the Punjab toward Delhi than to countering a Chinese or Soviet attack in the mountain passes to the North.

2. The frank assertions of many Pakistanis that their alliance with the United States is in fact aimed at India are typified by the assertion that in return for Pakistan's support for America against its enemy Russia, the United States had agreed to support Pakistan against its enemy India.

3. Our inability for security reasons to explain to the Indians

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the importance of our installation in Peshawar.

In this context the Pakistani admission of the use of United States equipment in Kutch and our reluctance publicly to criticize their use for fear of upsetting the British cease-fire negotiations was skillfully exploited by the articulate left in India to demonstrate that Pakistan's frank interpretation of the United States-Pakistan agreement was essentially correct.

Now even the most moderate Indian newspapers editorialize that the assurances of John Foster Dulles and President Eisenhower (assurances which had been repeated again and again by every American Ambassador, including myself) have been tested and proved empty.

Thus the use of United States equipment by the Pakistanis to win the "crushing victory over the Indian forces" which was vividly described by the Pakistan radio has called into serious question both American intentions in this part of the world and our ability to pursue those intentions effectively.

At the same time, India's focus has shifted from China, which a few weeks ago four out of five Indians (like most Americans) viewed as their most dangerous threat, to Pakistan with which the

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United States seeks to maintain a friendly relationship.

It is essential, however, that we not lose our perspective. Although India's tense and unreasonable reaction to recent events is disturbing, the results of our labors in India over the last ten years will not easily be washed away. The United States retains a massive reservoir of respect throughout India; with careful handling this can become the basis for a close and constructive future relationship.

Moreover, most thoughtful Indians are deeply uncertain about the future of Soviet policy in Asia; glowing Indian press accounts of Shastri's visit to Moscow may lessen this uncertainty but they will not eliminate it. Nor is there any particular sympathy for the authoritarian Soviet political system.

Most Indians recognize that there is a ceiling on the amount and kind of economic development assistance that the Communist nations can supply. They also know that Soviet interest in India is heavily contingent upon Sino-Soviet relations and that as long as the Russians continue to dream of a future rapprochement with the Chinese they cannot undertake an unrestrained political, economic and military commitment to India.

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Consequently the most prevalent attitude in India seems to be a compulsive desire for self-sufficiency in everything, and especially in defense. This is accompanied by the realization that commitments between nations are meaningless unless they are rooted in immediate mutual interests that are recognized by both parties.

At this stage no one can accurately predict how the situation will develop. If we fall prey to our frustrations and fail to mend our fences and if the Soviets act with boldness and skill, events in the subcontinent could turn even more sharply to our disadvantage. If, however, we recognize the basis of our dilemma and focus our attention on the many interests which we and the Indians have in common I believe we can almost certainly recover the lost ground and move ahead to a much more solid relationship.

The outcome in any event is not a distant matter. India is approaching a political and economic watershed of the most decisive importance. Within three to five years the shape of things to come will, I believe, begin to become evident.

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IV

A Suggested New Approach

In dealing with the situation which I have described we have a choice of four courses of action. Although none is easy, three of them, it seems to me, are impossible; the fourth, while requiring some difficult adjustments in our present posture, would enable us to bring our policies in the subcontinent into line with our basic objectives in Asia.

Here are the four choices:

1. We can continue to adhere to our present policies in both Pakistan and India doing the best we can to sweep the recurring conflicts under the rug and to ride out the inevitable storms. This, as experience demonstrates, will result in the continuing erosion of our position on both sides of the border.
2. We can abandon all United States aid to the subcontinent or cut it to a dribble. This would be to abdicate to the Soviets and/or to China our position in this critical nation and to render our present massive efforts in Southeast Asia meaningless.
3. We could maintain economic aid to Pakistan and India while cutting off military assistance to both countries. This

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would open the door for the Soviets to fill the military equipment gap in India as they have previously done in Indonesia, the UAR and elsewhere. This in turn would enable the Soviets to develop a key political position in the Indian military, and create an even greater military imbalance between India and Pakistan. Ultimately it could maneuver us into supporting the weaker of the two countries against the Soviet-armed stronger power.

In this connection, it is now clear that even during the last two years the United States has consistently underestimated the Soviet willingness to help India militarily.

In April 1963, during the review of our military assistance program just before my return to India, the possibility of Soviet assistance was largely discounted.

Yet since then the Soviets have contracted to supply the Indian Army and Air Force with 93 tanks, three squadrons of MIG 21s, a complex of three separate MIG factories capable of producing six planes a month, 500 air-to-air missiles, 17 surface-to-air missile battalions, and 20 helicopters.

Recent reports indicate that a new agreement is now

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being negotiated for the delivery of 83 additional tanks and 170 130mm. artillery guns with persistent rumors of sizable Soviet additions to the Indian Navy. Under an earlier agreement 31 AN-12 cargo-troop carrier planes were also provided.

4. We can separate economic from military aid and establish criteria which apply to both countries equally. The following interrelated steps designed to carry out the fourth approach will, I believe, give us a less contradictory and hence stronger position on the subcontinent and enable us to pursue our major objectives in Asia more effectively.

a. Military Assistance

i. We should allow no basis for compromise in regard to the paramount strategic objective of the United States in Asia: the containment of China until such time as China chooses to live peacefully with its neighbors.

As long as India and/or Pakistan is genuinely committed to the defense of the subcontinent against China and has the capacity to play a meaningful role we should provide appropriate United States military support. Such assistance need not exceed existing budget

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levels under present conditions.

However, a nation failing to subscribe to this objective and to cooperate in achieving it should receive none.

A clear statement of United States policy along these lines will give both India and Pakistan a solid reference point against which each can formulate its own policies and predict the consequences of its own actions.

It will place both nations on the same footing and subject them to the same United States judgments. It will exert pressure on the Pakistanis to abandon their flirtation with China, and to join in the defense of the subcontinent. In regard to India it will give us the advantages of a joint understanding against China without entangling us in defensive alliances and depriving us of the initiative.

ii. The type of weapons which we provide henceforth should be geared solely to the logistical and tactical requirements of a war against China in the northern mountains or on the eastern approaches.

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iii. While recognizing the right of the recipient country to use United States arms in self-defense we would naturally retain the right to cancel any or all future assistance if in our judgment our arms have been used aggressively.

The present problem of policing the use of United States equipment would remain, although it would be considerably reduced by the more clear-cut diplomatic posture which I have suggested, and hopefully by an effective effort to reduce Indo-Pak tensions.

However, for two reasons it is difficult to implement any sort of assurance that US equipment will not be used improperly by either party. First, there is usually some doubt as to precisely how the trouble started; and second the application of US sanctions, which the aggrieved party had assumed would follow automatically, may appear to us unwise in a particular instance such as the Rann of Kutch.

Consequently we should offer neither India nor Pakistan further guarantees against the use of US arms by the other, but confine ourselves to a commitment to support either in a case of clear aggression through the UN or unilaterally if

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need be.

If Pakistan is prepared to forego its present political gambit with China and join seriously in the defense of the subcontinent it should be welcomed as a recipient of military assistance, tailored however as in the case of India to defensive action in the mountains of the north, not on the plains of the south.

B. Economic Assistance

We should continue our economic assistance efforts in both countries.

In both Pakistan and India our aid is being used effectively. With continuing support there is every reason to anticipate an increasing rate of growth which will lay a firm basis for political stability.

If increased US funds are clearly needed to speed self-sufficiency, and if the recipient country is prepared to take the steps to assure its own effective performance I believe we should provide them.

The primary purpose of our economic assistance in India and Pakistan is to achieve self-sustaining growth as

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quickly as possible and ultimately to participate as free nations in the world economy. Our aid, however, constitutes an important lever in both countries. While India at least might go to the Soviet Union for military equipment, as have the UAR and Indonesia, the major inputs of foreign exchange which are essential for economic development in Pakistan and India can only come from the West.

C. The US Alliance with Pakistan

Recent events have demonstrated that our present military alliance with Pakistan has become irrelevant to the present situation in Asia. It seriously weakens our position in India and tempts Pakistan into a whole gamut of diplomatic adventures which undercut United States interests vis-a-vis both China and Russia.

When we give military assistance to India for defense against China we infuriate our so-called ally; when Pakistani pressures cause us to refuse India the tanks and fighter planes that we have already given Pakistan a frustrated India turns to the Soviet Union for the help which the United States has denied her. (India has thus far secured no military equipment

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from the USSR which has not first been requested from the US.)

United States policy toward each nation should henceforth clearly reflect our national objectives and imply no favoritism or special status except that which may be earned by a common approach to a common danger and the effective use of our assistance in respect to that danger.

History cannot be made to run uphill. It is no more possible for us to underwrite a military power balance between Pakistan and India than it would have been for the European powers to underwrite such a balance between Mexico and the United States at a comparable stage in their development. And just as it would have been folly for Mexico to attempt to hold back the development of the United States, so it is folly for Pakistan to assume it can dampen down the development of India.

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EYES ONLY FOR AMBASSADOR FROM HUNDY AND KOMER

Bowles
India
(X)

DECEMBER 11, 1964

WE WISH TO UNDERLINE PRESIDENT'S VIEW, AS EXPRESSED TO YOU, THAT HE SETS GREAT STORE ON MORE FLAGS FOR VIETNAM. WHILE HE AND WE REALIZE ALL THE PROBLEMS INVOLVED IN GETTING INDIANS TO ANTE UP EVEN A HOSPITAL UNIT, YOU SHOULD KNOW OUR JUDGMENT THAT NOTHING WOULD MORE SOLIDIFY SHASTRI'S POSITION IN WHITE HOUSE ESTEEM. WE CAN ARGUE THAT SOVIETS HAVE REALLY OPTED OUT OF VIETNAM SITUATION, SO

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THAT IN HELPING US INDIANS WOULD BE STRIKING BLOW AT THEIR REAL ENEMY THE CHICOMS. IN POINT OF FACT, WE ARE FIGHTING INDIA'S BATTLE IN SOUTHEAST ASIA EVEN MORE THAN WE'RE FIGHTING OUR OWN. MOREOVER, EVEN IF SHASTRI HAD TO TURN DOWN SUCH AN APPROACH (BEST MADE TO HIM PERSONALLY AND INFORMALLY), IT WOULD MAKE HIM REALIZE MORE FULLY OUR STRONG FEELINGS ON VIETNAM
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This document consists of
4 pages, No. 4 of
5 copies, Series A.

In your
personal
information
Handy

1 for King
White House

November 18, 1964.

TO : NEA - Mr. Philips Talbot
FROM : S/P - Howard Wiggins
SUBJECT : Preparing for Discussions with Ambassador Bowles

Bowles

As we prepare for Ambassador Bowles' visit, the following points may be useful:

(1) Concentrating our Effort

I am impressed these days with the number of different ideas we have been suggesting to India at a time when they are beset with distracting difficulties at home. Our first problem, therefore, is to clarify our purposes and exert sustained influence on a few points.

(2) The Essentials

Each of us may have different conceptions of what are the essentials. My list would look something like this:

(a) Economic Development

We need to use all available means to induce the Indians to square away their agricultural policy.

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NLJ / RAC 12-361

By LCB NARA, Date 02-19-2014

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They have thus far adopted the wrong policies. They need to reverse direction in critical areas. We need to be clearer than we are on how they might more appropriately deal with this complex of problems. The LAS analyzes the problem and, as you know, urges a revision of policy on water, extension and pricing policy. AID/Delhi, however, has not yet defined its action program.

(i) Have you been able to encourage AID/W to prod the Mission to define their action program in greater detail?

(ii) Now is the time to begin thinking about how we might better use the next round of PL 480 multi-year negotiations to ensure that the Indians face up to their agricultural problems with greater imagination and energy. If the Bureau and AID/W could define a joint stand well in advance, we could probably discipline the Department of Agriculture (certainly Treasury would be on our side) so that we would be able to maximize our influence

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influence on agricultural policy -- which is to India's long-range interest.

(iii) As to the Bechtel scheme, on which so much hope is now pinned, the understanding between the GOI and the US companies will have to mature gradually as they sniff each other out. Before we can push the US companies very hard, we should probably have a pretty clear demonstration of GOI seriousness and clear-mindedness. As yet, the signs remain very mixed. Yet, if there is one single step which might open the way to improved agricultural performance, it would be opening a Bechtel-type approach to production and distribution of fertilizer. Are there any other steps we should take in Delhi (or selected Indian states?) to encourage the necessary steps by the GOI?

Given the importance of this, might there be a role for DDP activity of some kind? To my knowledge, their resources have never been used, except for only "political" matters. How about an effort to induce acceptance of the operational principles of the Bechtel proposal?

(b) Posture

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(b) Posture Toward the Russians

The Ambassador has rightly underlined to the Indians the anomaly of the Indians falling all over themselves to be responsive to the Soviets -- because they cannot count on them -- while their policies appear to ignore the concerns we take most seriously -- Article 19, our needs in South Vietnam, etc. We recognize the legitimacy of non-alignment but believe that in their anxiety over the new government, they may be neglecting their interest in sustaining their relationship with us. The Ambassador should be encouraged to continue to press this point whenever appropriate, without, however, giving the impression of seeking to preclude Soviet activities in significant areas of Indian development.

(c) Non-proliferation

Recent reports of conversations with Homi Bhaba suggest that he understands the possible strategic utility to India of obtaining assurance of protection by the US nuclear umbrella, but that non-alignment would not permit India to accept such assurances, except if Moscow would provide a parallel assurance.

If this is true, there may be virtue in exploring once again the possibility that we might want to give a slightly firmer assurance to India than that contained in the President's statement of October 18, with the understanding that India would then seek from the Soviets a parallel assurance. If the Russians agreed to give such a tacit assurance India would face an environment which would maximize the justifications for not going for a nuclear device. If the Soviets refused, they would be shown up as not being true friends of India.

The Indians profess to not believe we would come to India's assistance, for fear that Russia would come to China's assistance by using nuclear weapons against us. In order to deal with the problem of credibility, we should stress, as appropriate, the following points:

(a) When the Chinese were involved against India in the past, the Russians helped neither the Chinese nor the Indians. It is therefore, in our view, unlikely that Russia would come to China's help, unless any action we had to take in fulfilling this assurance would require the total destruction of China. No such extreme measures need be contemplated.

(b) In

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-6-

(b) In considering the Soviet calculation as to whether or not it should attack the United States in order to come to the assistance of China, it would be accepting the risk of near total destruction itself. In our view, Moscow is unlikely to run such a risk, except in the extreme situation of a threatened total destruction of the Peiping regime.

(c) It will be difficult for Indian officials to understand the extent of US readiness and the costs of maintaining a meaningful deterrent without some of them being willing to witness our Pacific capabilities. We should renew the invitation to leading Indian defense and civilian officials, journalists and selected political figures to visit our installations in the Far East. If we took some initiative, we might be able to encourage Thailand, Malayasia, the Philippines, Taiwan or Japan to issue invitations for generalized visits, in the course of which the visits to the US installations and demonstrations would be merely incidental. In this way, the visits

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-7-

visits would not expose leading Indians to the degree of embarrassment they appear ^{to} and expect from visits solely for the purpose of viewing weapons demonstrations. Have we attempted to provide this type of a diplomatic environment for such visits?

(d) India's Defense Posture

Their fishing expeditions to beef up the Navy suggest that they are not serious in their consideration of their own resource position and the military threats they foresee. Chavan, when here, dismissed the naval problem as unimportant. But now we see them about to obligate part of their own limited budget, to which we make a critical contribution, for something **their own** Defense Minister admitted he did not need. Can we not somehow more actively support the British line on this, without getting involved in the negotiations or without sharing the British burden? Could we not instruct our people in London to make clear to the Indians there that we think this naval ploy is a distraction of effort and adds to the defense burden? It also raised doubts in our mind that they have a true sense of priorities.

~~SECRET~~



EMBASSY
OF THE
UNITED STATES OF AMERICA

New Delhi - November 12, 1964.

112
Bowles
X India

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Dear Bob:

Many thanks for your letter of October 28 which has just reached me as I am preparing to return to the States by way of Moscow and London. As always, I am very glad to have your comments on what we are doing and especially on the Washington scene, and I look forward to a chance to discuss them with you very soon.

Meanwhile we have the Department's telegrams 964 and 966 on the Navy question, and I imagine that by the time I get to Washington we will have some idea whether Chavan and the British are able to agree on a satisfactory package. We can then better judge whether the balance of pros and cons should be recalculated in terms of our own interests.

I am certain that the Government and the Indian Navy would much prefer to keep the Navy a Western equipped and oriented force. But if they meet resistance or unresponsiveness they cannot be expected to ignore the fact that the Soviets are offering the moon, including the submarine arm to which you refer. The Indians have not asked for a submarine arm, and know how much one would cost. Thus it is not we and the British, but the Soviets who whether intentionally or not would help India go broke. The opportunity we and the British have is to meet what the Indians consider minimum requirements in ways which do not break the bank.

Mr. Robert W. Komer,
The White House,
Washington, D.C.

This document consists
of 2 pages. Copy L
of 5 copies, Series A.

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Authority NLS.032R.023.001/14
By JC, NARA, Date 6/29/12

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As you will have seen, prospects for a US role in the production of the HF-24 Mark I, have been reopened during Peter Solbert's visit here. The issue does not involve duplication of the MIGs as did the question of help for the Mark II; the Mark I is a different aircraft with a different mission (ground support) which if it is economically and sensibly done could save both Air Force and Army budget money in the future. I assume that this matter will be further discussed after we get the Indian report of their detailed plans for production of Mark I. Bear in mind, by the way, that the GOI is even now obtaining something like \$6.5 million worth of components for the Mark I for cash in the United States and consistency would require that if we are willing to issue export licenses, we ought also be willing to make sure that the project is successful.

I look forward to discussing with Dave Bell, Chenery and Macomber the status of GOI loan applications. I particularly want to go into the problem of nonproject loans for India. With respect to Hollis Chenery's idea about increasing aid and speeding up the growth rate, the approach is challenging, but I am not yet sure how realistic this is.

I very much look forward to seeing you again. I feel this is a particularly apt time for a thoroughgoing review of our policies on the subcontinent.

With my warmest regards,

Sincerely,



Chester Bowles

~~SECRET~~

New Delhi, India,
October 20, 1964.

~~CONFIDENTIAL~~

Bowles
orig. let's to Alice
Boyer for file
11/2/65

Dear Mac:

I am enclosing a confidential letter to Prime Minister Shastri which outlines a perspective on Indian economic development which we think is of great importance on both economic and political grounds.

If the Indian Government can be persuaded to build its fourth Five Year Plan around this people-oriented approach it will greatly strengthen its political position and at the same time release the energies of many millions of ordinary citizens who are now either apathetic or frustrated.

Although the Indian masses are already waking up to the possibilities of better housing, clothes, and simple necessities, the Communists are still concentrating their oratory on demands that the government take over the banks, which is a sterile gambit, and that the Seventh Fleet be kept out of the Indian Ocean, an issue which is even more remote from the lives of the ordinary people. The Socialists are largely splintered with a major share of their political energies going into the support of Hindi versus English.

The result is a vacuum of ideas which offers us an extraordinary opportunity to identify ourselves with the day-to-day interests of the Indian people and at the same time more effectively promote the rapid industrial growth in India.

Mr. McGeorge Bundy,
Special Assistant to the President,
The White House,
Washington, D. C.

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E.O. 12958, Sec. 3.5
State Dept. Guidelines

~~CONFIDENTIAL~~

By *jc*, NARA, Date 8-27-03

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-2-

In several speeches Shastri has indicated his desire to concentrate more heavily on the objectives which I have outlined. Our task now is to provide him with specific concepts and programs which buttress his personal convictions against the arguments of some of his planners who insist that the poor can be ignored for another decade or so.

Warmest regards.

Sincerely,

Chester Bowles

Enclosure:

Copy of Letter to Prime Minister,
October 17, 1964.

~~CONFIDENTIAL~~

113a

New Delhi, India,
October 17, 1964.

CONFIDENTIAL

Dear Mr. Prime Minister:

In several recent speeches you have expressed your deep interest in the welfare of the common man--his food, housing, medical facilities, and employment opportunities.

Your special emphasis on increased human rights has encouraged me to write to you frankly and personally about a question that concerns me and many of my colleagues who are working on Indian development problems: the need for a much greater emphasis in the Fourth Plan on measures to improve the living standards of the Indian masses.

Rapid economic development under any economic system requires sacrifices from the general public. No nation, unless it ploughs part of each year's production back into productive facilities, can achieve the kind of continuing economic growth India wants and needs for the long term benefit of her people.

In a democracy such as India, however, where the consumers are also voters, there is a limit to how long the common man's needs can be postponed. If I read the signs correctly, these limits are now being reached and unless economic development is more oriented toward the people's immediate needs, political protests and dissension seem likely to grow.

His Excellency
Lal Bahadur,
Prime Minister of India,
New Delhi.

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State Dept. Guidelines
By jc, NARA, Date 8-27-03

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Under the first three Plans, in addition to a fourfold increase in electric power and a major expansion in steel production and railroad modernization, many thousands of schools have been built; medical facilities have been improved; malaria has been largely eliminated; and there has been a significant expansion in the production of consumer goods.

Nevertheless, in the last decade the actual numbers of the unemployed, the illiterate, and the ill-housed have also increased and the gap has grown between the living standards for which the masses of people have hoped and the direct benefits they have actually received.

In our opinion this situation can be reversed with no adverse effect on the growth of heavy industry. Indeed I am persuaded that India is in the happy position of being able to offer its lower income families many tangible benefits that will gratify their craving for personal improvement, stir their incentives for personal improvement and enlist their participation in economic development in a manner that will actually increase the tempo of industrialization.

Let us discuss this opportunity in terms of six major requirements: more food, more jobs, better use of capital already at hand, wider distribution of land, increased investment in human resources, and population control.

I

More and Better Food. We believe that the most important single benefit that the Government can offer the Indian public is more food and better balanced diets. Since everyone agrees that more foodgrain production is an urgent necessity, I shall not dwell on the need itself. However, I would like to underscore the extent to which India's food deficiency has placed a significant drag on national progress generally, including industrial development.

As long as food production lags, every increase in national income pushes up the prices of food and increases public resentment. Since rising prices necessitate added restrictions on

purchasing power, investment in all sectors must be curtailed and fiscal and monetary policy, instead of being used as a major stimulant to economic growth, must be employed as a depressant.

Fortunately your Government has now embarked on a positive program to reverse this situation. With additional fertilizers and pesticides, stronger and more reliable price incentives, and better extension and other agricultural services, I believe we can count on impressive early gains in agricultural production.

Our people have been working closely with your Ministry of Agriculture on many phases of your agricultural problems. If there are any additional ways in which we can help in your intensified push for increased foodgrain production, please let us know.

II

More Jobs. The failure of the expanded cottage industries program to ease the problem of idle manpower has been disappointing. But the problem itself remains and must be dealt with. It seems to me essential that the Fourth Plan come boldly to grips with India's vast and growing problem of unemployment and underemployment.

In my own country during the Great Depression of the 1930s we experienced mass unemployment, idle machinery, and idle capital side by side with limitless unfulfilled human needs. It was not until the early 1940s that we realized we had the power and competence to put all our able bodied citizens to work productively and at good wages. Similarly, I believe it is now within the power of your Government to achieve a massive increase in employment opportunities both urban and rural without inflation and I can imagine no greater benefit that you could confer on India's millions.

In the context of India's pressing need for basic capital infrastructure the energies of jobless people represent an enormous potential asset which can be applied to the work of economic development with very little diversion of investment.

India urgently needs irrigation channels, highways, bridges, drainage ditches and canals, wells and sewage systems,

schools, homes and health centers to support the growth of commerce, industry and agriculture.

While construction of this sort requires only the simplest tools and a minimum of materials, it offers employment to large numbers of workers. Thus a well-conceived public works program will allow India to capitalize on her abundant supply of labor and at the same time provide millions of underprivileged men and women with the increasing incomes and the sense of personal participation and dignity which is now denied to them.

Some observers will counter these proposals with the warning that the purchasing power generated by increased employment would lead to a runaway inflation. This concern is seriously expressed and it deserves a serious answer. In several Latin American countries, the impact of inflation on national development has in fact been crippling.

However, inflation should not be permitted to become a political bogeyman that blocks the process of economic growth. If Japan, Germany and other war-torn countries had allowed fear of inflation to dominate their post-war planning, they would still be in economic doldrums.

Inflation occurs when increasing incomes after taxes are not matched by comparable supplies of consumer goods. One way to deal with the problem is to remove the excess income by massive increases in taxes. The other is to provide a flood of consumer goods on which the excess income can be spent.

Too much emphasis on the first of these techniques condemns large sections of the people to squalor, unemployment and despair, while major emphasis on the second lowers unemployment, raises living standards and creates an atmosphere of hope and national dedication. Moreover, the production of more consumer goods means that a normal tax rate will produce substantially increased tax income.

If the common man were urgently pressing for a flood of complex and costly consumer durables his demands could be met

only at the expense of heavy industry. However, his needs are simple and easily met from readily available resources.

Every villager would like an extra sari for his wife. There is a great need for shoes. Most rural families want tiled roofs, two or three new charpoys, a smokeless chola, better cooking equipment, and a better built house.

Most of these contributions to better living can be produced with materials and production skills which are new readily at hand. Little or nothing would be required in the way of foreign exchange and the diversion of indigenous resources from heavy industry would be insignificant. At the same time, the process of meeting these demands calls for more and more labor which further eases the tensions and waste that characterize the present mass unemployment.

Additional goods and even more jobs can also be provided by the fuller use of existing plants and equipment and by policies that not only permit but encourage small businesses to grow into medium-size businesses. In our opinion present constraints on the growth of small labor-intensive firms make the least rather than the most of the employment and production potential of these industries. One such constraint is the bias in favor of larger firms in the allocation of raw materials.

We also believe that there are major opportunities for expanding employment in agriculture. As cultivators use more pesticides and fertilizer and make better use of increasing supplies of irrigation water to raise output, the need is for more labor, not less. In addition, the expansion of agricultural output means more jobs in the production of tools, materials, and simple machinery, as well as more jobs in the marketing of agriculture output.

For all these reasons, I suggest India should radically raise its sights with respect to employment. More specifically I suggest that the first thrust of a more adequate employment policy should be a greatly intensified program of rural public works.

Such a program conceived on an adequate national scale calls for bold experimentation and possibly some unorthodox patterns of administration. My own experience in the United States during the Great Depression and the emergency condition of World War II suggests that sweeping new programs can often best be carried out by totally new agencies, often of a temporary nature, organized for special purposes and independent of established governmental bodies and procedures.

A staff group in our AID Mission has been set to work analyzing the whole vital but diffuse subject of public works programs in India. As findings emerge from this study, we shall be delighted, of course, to pass them along to your Government if you wish me to do so. We are anxious to assist in the development of a dynamic rural works effort in any way we feasibly can.

III

Wider Distribution and Better Use of Land. The third great benefit that India can confer on her underprivileged majority is land for the cultivator. I believe that a major goal of the Fourth Five Year Plan should be to provide every adult male villager either with his own land or with a job at a decent living wage. Although India has eliminated the zamindars and enacted considerable legislation to widen the ownership of the land, it is generally agreed that the implementation has not matched the breadth of the original vision.

I realize that political opposition to genuinely effective land reform is as powerful in India as elsewhere. However, it is unlikely ever to become less powerful and, since further land reform can contribute in a major way to a long term political stability, we believe that the unfinished business in this area should be tackled as quickly and effectively as possible.

I would also like to stress that the demand for land is in no sense at war with the need for rapid economic development. On the contrary, the small farmer's pressing motivation is to extract the maximum from his land. Once he is assured fertilizer, adequate supplies of water, credit and rewarding prices.

experience demonstrates that he will push his production to significantly higher levels. This in turn allows him to earn more income and to help provide an expanding market for manufactured goods.

There is no politically painless way to deal with this complex and controversial problem. However, the most constructive and least embittering way to meet it may be through the establishment of a progressive land tax system based on the size of the holdings. If this is coupled with generous tax incentives for new small businesses and the offer of technical assistance, many thousands of large landholders may be encouraged to shift their investments from farm land to job-producing local enterprises.

Incidentally, in my own country the technique of using the tax system to discourage those forms of capital investment which run counter to our national interest and at the same time to offer tax rewards to those that benefit large numbers of our people has proved to be a far more effective instrument in shaping our economy along constructive lines than administrative restrictions and directives.

IV

Better Use of Capital at Hand. A major reason why the energies of the common man have not been fully enlisted for economic development in India is that materials and tools, as well as machinery, have been made available to relatively few people. Meanwhile, hundreds of thousands of small businessmen who have the intelligence, skill and energy to make a major contribution to their country in terms of goods and employment have been confronted with an allocation system for scarce materials and machinery that favors the larger units. This, in turn, dulls the energies of small firms and discourages their expansion.

Although much is being done to encourage and assist small businesses, I believe that much more can be done. A whole range of promotional devices--technical assistance, managerial consulting services, improved credit and very possibly major tax incentives--can be made available to help small businesses to get established and rooted, particularly in the rural areas.

Such a development can be a major factor in creating the consumer goods necessary to soak up increased purchasing power generated by higher food prices and public construction work, while at the same time providing full-time employment for rural unemployed and part-time employment for the cultivators of modest holdings.

V

Increased Investment in Human Resources. Although increased capital investment is essential, experience indicates that a satisfactory rate of economic growth is impossible unless the people individually and in groups are caught up in the development process. It is also clear that India cannot become a modern industrialized nation with her present level of literacy and organizational and vocational skills.

This means that the common man must be aroused and equipped; he must be given new aspirations and the competence to pursue them.

I am persuaded that man himself is India's most under-developed resource, and that an increased investment in human resource development could pay off handsomely in more rapid economic development, including industrialization, as well as in increasing satisfaction for individual citizens.

Some of this investment will take the form of education for children, which millions of Indians prize more than they do any consumer goods; some will take the form of universally available medical services, perhaps no less prized; some the form of vocational training to open up new employment opportunities; some the form of water supply and improved sanitation, which reduce the toll of sickness and absenteeism as well as adding to the amenities of life; and some the form of improved housing facilities.

Because the latter point has so often been involved in controversy, I would like to offer my personal views in somewhat greater detail.

With the single exception of adequate food, the home in which people sleep at night is the most important influence in their

lives. Better housing for the rural and urban poor alike will substantially improve their health and stamina. It will also help bring them out of their misery, open their eyes to the potentialities of life in 20th century India, stimulate their energies and improve their abilities.

Yet many observers still tell us that housing for the underprivileged majority is too vast a burden for the Indian Government to undertake and in any event shortages of cement and other scarce materials make an extensive housing program a practical impossibility. In view of the miserable conditions under which tens of millions of families now live this negative reasoning seems to me wholly unacceptable.

There is no shortage of labor in India and shortage of building materials can be dealt with effectively in two steps: first by making sure that the present supply is used to build new homes for those who need them most, and second by increasing the amount of materials that are available.

When my own country was faced with similar shortages during the war our government postponed, through a system of priorities, any construction that did not directly serve our national objectives. At the same time, we clamped a tight limitation on the size and value of dwelling units that could be newly constructed.

If the vast quantities of building materials that are now going into high and middle income housing in India were devoted to really low cost housing, five or six times more housing units could be built from the existing supply of building materials.

Moreover, there is no reason why the present production of building materials should not be sharply increased. Cement is short today largely because the prices have been set so low that there is no incentive to raise production. We believe that a modest price adjustment would substantially increase production with only an insignificant diversion of scarce resources. At the same time, new construction techniques can sharply reduce the amount of cement that is required.

There is also a vast potential in cheap building materials such as cinder blocks which could be rapidly developed into major enterprises. Rural housing can be constructed almost entirely with locally available materials plus small amounts of coal shipped in to fire the brick kilns. A new technique enables relatively simple and inexpensive hand-powered machines to create highly acceptable building blocks out of some kinds of ordinary earth.

At present, India is thought to be building roughly 300,000 homes annually, most of them for the middle and high income families. If the Fourth Plan provides a high priority for the welfare of the average Indian citizen I believe that the annual production of homes could be increased tenfold and several million more people offered employment at good wages in the process.

VI

Family Planning. What India is able to give her people in the way of expanded opportunities and greater personal dignity will be determined not only by the amount and distribution of industrial output but also by the number of people among whom it must be shared.

Great progress has been made in developing effective and acceptable family planning techniques. The need now is for mass education and for the introduction of these techniques throughout India.

This is a formidable administrative challenge which, in my opinion, can be successfully met only if a special agency is established with a fully adequate budget, able leadership, outstanding personnel and the authority to move with vigor and speed.

Through a coordinated, dedicated effort of this kind, malaria was virtually eliminated in a decade. A similar effort in population control might well enable you to reduce your population growth to the Japanese level of one percent annually within a similar time span.

The effect on India's per capita income growth would be dramatic. For example, if your population growth rate had been held to that level during the nineteen fifties, the advance in per capita incomes would have been nearly doubled.

VII

A New Deal for India: Food, Jobs, Land and Capital in Hand. Taking all these possibilities together, I believe that your expressed concern for the common man can be made the heart of a great new liberal, progressive, socialist--call it what you will--forward thrust in Indian developmental policy.

As a foreigner deeply committed to India's rapid economic development, I hope it may be made clear to every citizen, as well as to every interested observer abroad, that the Government of India:

I. Recognizes that every generation can directly share and deserves to share in the benefits of economic development.

II. Intends to find for every willing Indian a productive role to play in India's economic development--through jobs for each adult able and willing to work, a reasonable access to tools and materials, and land for the cultivator.

III. Recognizes that man himself is India's greatest resource and invests generously and confidently in his development.

In closing may I emphasize again that there is no need for India to choose between rapid economic growth and social justice in a free society. On the contrary, economic expansion is most rapid in those nations which provide the greatest freedom and incentive for the individual citizen.

My government and my countrymen are deeply committed to India's success as a democracy. But we believe that this success can be assured only if the welfare of the everyday Indian citizen is given a higher priority in your national planning.

I am leaving for the United States in early November for consultations with President Johnson. After you have had a

chance to consider these personal thoughts I would be grateful
for an opportunity to discuss them with you.

With warmest regards,

Sincerely,

Chester Bowles

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FOLLOWING TO THE WHITE HOUSE FOR ROBERT KOMER FROM
AMBASSADOR BOWLES:

"WHITE HOUSE-ROBERT KOMER FROM AMBASSADOR BOWLES:

"WHITE HOUSE-ROBERT KOMER FROM AMBASSADOR BOWLES.

ALTHOUGH I HESITATE TO COMMUNICATE DIRECTLY WITH YOU AND
MAC DURING THIS DIFFICULT PERIOD, PRESENT SITUATION IN REGARD TO
INDIAN MILITARY ASSISTANCE, INCREASED SOVIET EFFORTS AND OUR
REACTION ARE DEEPLY WORRISOME.

IN LIGHT OF OUR HOLD UP OF AIR FORCE PACKAGE IN JUNE, RESULTS
OF CHAVAN VISIT TO MOSCOW WERE ABOUT AS WE ALL PREDICTED. AS A
CONSEQUENCE, THE SOVIETS WILL BE ABLE TO OCCUPY A POLITICAL-MILITARY
AREA THAT WAS WIDE OPEN TO US. HOWEVER, OUR POSITION IN GENERAL
REMAINS STRONG, AND WITH FIRM PERSUASIVE ACTION HERE AND A CLEAR
UNDERSTANDING AS TO WHERE WE ARE HEADING, AND ALSO WITH THE MANY
INNER CONTRADICTIONS WITH WHICH THE SOVIETS MUST DEAL THERE WAS EVERY
HOPE THAT WE COULD CONTINUE TO BUILD A CLOSE AND ADVANTAGEOUS RELATION-
SHIP TO INDIA.

AGAINST THIS BACKGROUND THE PENTAGON SUGGESTION THAT WE CUT
25 PERCENT OFF THE 1965 BUDGET WHICH PRESUMABLY HAD BEEN AGREED
UPON IN JUNE WAS A GENUINE BLOCKBUSTER. ALTHOUGH WE WERE CAREFUL
TO POINT OUT IN OUR NEGOTIATION THAT BUDGETS ARE DEPENDENT ON
CONGRESSIONAL ACTION AND OTHER UNCERTAINTIES, THERE HAS BEEN
NO SETBACK ON THE HILL. CONSEQUENTLY, THE INDIANS COULD INTERPRET
OUR ACTION AS (A) A CLUMSY EFFORT TO PUNISH THEM FOR BUYING
IN MOSCOW WHAT WE REFUSED TO GIVE OR SELL THEM IN WASHINGTON,
OR (B) ONE MORE EVIDENCE THAT FOLLOWING BOKARO, OUR LONG DELAY
OVER THE FIVE YEAR PROGRAM, AND OUR REFUSAL TO SAY YES OR NO ON
AIRCRAFT THAT THE USSR IS SO UNDEPENDABLE AND UNPREDICTABLE THAT IT
CANNOT BE COUNTED ON.

NOYE THAN THAT THE SUGGESTED CUT KNOCKS THE GROUND OUT FROM
UNDER OUR UNDERSTANDING IN REGARD TO THE LIMITS ON INDIAN FOREIGN
EXCHANGE SPENDING FOR MILITARY PROGRAMS. THE NEGOTIATION OF THIS
UNDERSTANDING WAS A BRILLIANT ACHIEVEMENT. IT SERVED OUR NATIONAL
INTERESTS IN MANY WAYS AND IT GAVE THE PAKISTANIS THE ONE ASSURANCE
THEY HAVE AGAINST A TRULY OUTSIZED INDIAN MILITARY ESTABLISHMENT.

IN VIEW OF OUR UNWILLINGNESS TO SELL OR GIVE SUPERSONICS TO THE
INDIANS LAST JUNE AND THE EAGERNESS OF THE SOVIETS (PRESSED BY THE
INCREASING CHINESE SPLIT) TO GIVE THE INDIANS WHATEVER THEY WANT
INCLUDING A BRAND NEW NAVY, IT WILL AT BEST TAKE CONSIDERABLE DOING
ON OUR PART TO KEEP THE INFLUENCE WE NOW HAVE. THIS WILL INCLUDE
SOME CHANGES IN OUR INDIAN PROCUREMENT PRIORITIES TO FULFIL OUR
COMMITMENT TO THE EXTENT NECESSARY TO ASSURE THAT INDIA CONTINUES
TO RESPECT THE CEILING. BUT TO CUT THE FIRST GRANT BUDGET THREE
MONTHS AFTER THE UNDERSTANDING WAS REACHED TURNS THE WHOLE OPERATION
INTO A LARGELY FUTILE EXERCISE.

I AM ALSO WORRIED OVER OUR HANDLING OF THE PAKISTANIS. THE
INDIANS WANTED TO BUY A MODERN AIR FORCE FROM US AND IF WE HAD
PROVIDED IT AS YOU AND I WANTED TO DO, THERE WOULD HAVE BEEN FIRM
STRINGS ON ITS USE. BECAUSE OF HEAVY PAK PRESSURES WE STALLED
THE DECISION AND AS A RESULT THE INDIANS BOUGHT A SOMEWHAT BIGGER
AIR FORCE FROM THE SOVIETS ON WHICH THERE ARE NO STRINGS.

THIS IS NO TIME FOR US TO APOLOGIZE TO THE PAKS OR TO POINT
OUT THAT THEY ARE GETTING GOOD WEAPONS AND THE INDIANS LESS GOOD
ONES. THEY SHOULD BE MADE TO SEE THAT THIS WAS THE ROAD THEY WANTED
US TO TRAVEL AND NOW WE AND THEY MUST LIVE WITH THE CONSEQUENCES.
I CAN SEE NO EVIDENCE IN THE CABLES THAT THIS POINT HAS BEEN
PERSUASIVELY MADE TO ANY PAKISTANI REPRESENTATIVE, MUCH LESS TO
AYUB KHAN.

THE PRESSURE WILL NOW BE ON TO GIVE MORE WEAPONS TO THE PAKS
TO COUNTERACT THE WEAPONS THE SOVIETS GET FROM MOSCOW. THIS WOULD
SERVE TO COMPOUND OUR PREVIOUS MISTAKES. FOR THE US TO BACK
PAKISTAN AGAINST A SOVIET BACKED INDIA WOULD BE SIMILAR TO A MAJOR
EUROPEAN NATION BACKING MEXICO AGAINST THE UNITED STATES IN THE 19TH
CENTURY. IT WOULD BE AN ACT OF HOLLY THAT WOULD SURELY BE REMEMBERED

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E.O. 13526, Sec. 3.5
NLJ 12-244
By ek NARA, Date 8-23-13

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THE PRESSURE WILL NOW BE ON TO GIVE MORE WEAPONS TO THE PAKS
TO COUNTERACT THE WEAPONS THE GOI GETS FROM MOSCOW. THIS WOULD
SERVE TO COMPOUND OUR PREVIOUS MISTAKES. FOR THE US TO BACK
PAKISTAN AGAINST A SOVIET BACKED INDIA WOULD BE SIMILAR TO A MAJOR
EUROPEAN NATION BACKING MEXICO AGAINST THE UNITED STATES IN THE 19TH
CENTURY. IT WOULD BE AN ACT OF HOLLY THAT WOULD SURELY BE REMEMBERED
AS ONE OF THE MAJOR DIPLOMATIC BLUNDERS OF OUR TIME.

A SEPARATE MESSAGE WILL FOLLOW IN A FEW DAYS SUGGESTING HOW
WE CAN REVAMP OUR MILITARY ASSISTANCE IN ORDER TO RETAIN THE CEILING
ON INDIAN FOREIGN EXCHANGE SPENDING. IN THE MEANTIME, I HOPE YOU
AND MAC WILL DO EVERYTHING IN YOUR POWER TO BURY THIS EXTRAORDINARY
PROPOSAL FROM THE PENTAGON."

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Komer
Should
Bundy see?

BICS

Downes
Ludlow Park map
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AUG 11 1964

Aug to Bundy
w/ RWT memo 8/11/64



DEPARTMENT OF STATE
WASHINGTON

S/S 10894

SECRET-EXDIS ATTACHMENT

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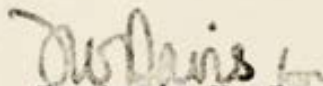
1. Kowal
2. Ret.

August 10, 1964

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Reply to Ambassador Bowles'
Letter Regarding Furnishing
Pakistanis With Indian Military
Defense Information

Ambassador Bowles sent you a copy of his letter to the Secretary dated July 21, regarding the handling of sensitive information from the Indians. There is enclosed a copy of our reply to this letter for your information.


Benjamin H. Read
Executive Secretary

Enclosure:

Copy of Letter to
Ambassador Bowles

SECRET-EXDIS ATTACHMENT

AUG 11 1964

115b

THE SECRETARY OF STATE
WASHINGTON

August 8, 1964

~~SECRET~~ - EYES ONLY

Dear Chet:

Your letter of July 21 about the handling of privileged and sensitive information from the Indians raises a question of very great importance, one that I am very much concerned with myself.

Within the framework of our commitment to keep Pakistan informed about our military assistance to India, I think we both agree that we need to give the Pakistanis enough information to make credible our assurances that military aid to India is, in fact, for use against Communist China and not against Pakistan. At the same time, we want to avoid, and I think we have, passing on any details of Indian military planning or deployment which would be of intelligence value to the Pakistanis. Surely the Indians are well aware that we have kept the Pakistanis generally informed of our military aid to India and understand why we have felt it in India's interest as well as ours to do so. For similar reasons, we have informed the Indians of significant steps in our military relationship with Pakistan, and we plan to continue this practice when there are any new major developments.

In discussions with the Pakistanis, especially regarding the Indian Five-Year Defense Plan, we have sought to be discriminating, yet at the same time responsive to what we look on as a real need. In essence, we have confined ourselves to telling the Pakistanis what the U.S. has agreed to with the Indians in the military field; we have not revealed details from the Plan which the Indians gave us to serve as the basis for our talks with the Chavan group. Aside from some allusions to the Plan itself, the existence of which in any case was public knowledge, I think we have been quite circumspect in talking with the Pakistanis. To be sure, we have made references to agreement with the Indians on a foreign exchange ceiling, but this is the very area in which we are most likely to

exert

The Honorable
Chester Bowles
American Ambassador
New Delhi

SECRET
GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

DECLASSIFIED
E.O. 13526, Sec. 3.5

NLJ / RAC 12-361

NARA, Date 02-19-2014

By LUJ

~~SECRET~~

- 2 -

exert a moderating influence on India's defense build-up and, therefore, a significant point to be made with the Pakistanis. Once again, it was the fact of a U.S. agreement on this subject which was revealed, and none of the Indian defense figures or the level of the ceiling was passed on.

Our more limited briefings of the Iranians and the Turks were, of course, something quite apart from our continuing talks with the Pakistanis. Here we had an unusual opportunity to get our position across to Ayub in a favorable light and an unusual need to do so. By asking the Iranians and the Turks to present the case for military aid to India, and by giving them enough ammunition to do this, I think we may have contributed somewhat to restoring Ayub's realism and reducing his taste for ill-conceived adventures. Although Aram may well have overstated the effect of the Shah's moderating influence on Ayub, on balance I believe the effort was well worth it. Frankly, we also needed to reassure the Iranians and the Turks so that they would not be taken in by Ayub. This, too, is in India's long-range interest.

I want you to know that I have very much in mind the delicacy and the complexity of the relationship you have been working so hard to nurture with the Indians in New Delhi. I, too, attach great importance to the relationship of trust you mention in your letter. We have had this very much in mind in working out the intricacies of our policy in South Asia.

With warm regards,

Sincerely,

Dean

Dean Rusk

~~SECRET~~

Komer 116

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FOLLOWING MESSAGE RECEIVED

PLEASE PASS THE FOLLOWING TO ROBERT KOMER, WHITE HOUSE:

Bowles

"FOR ROBERT KOMER, THE WHITE HOUSE

AS YOU KNOW, L.K. JHA, FORMERLY TOP CIVIL SERVANT IN
MINISTRY OF FINANCE, WILL BECOME EITHER HEAD OR CO-HEAD
OF NEW SECRETARIAT THAT IS BEING SET UP TO WORK DIRECTLY UNDER
PRIMIN. IN DISCUSSING THIS PROJECT JHA DESCRIBED IT
AS DRAMATIC BREAK WITH OLD PROCEDURES WHICH HE FELT WOULD
GREATLY STRENGTHEN ADMINISTRATIVE OPERATIONS OF GOI.

HE THEN ASKED ME MANY PERTINENT QUESTIONS ABOUT OUR
OWN PRESIDENTIAL STAFF SYSTEM WHICH PROMPTED ME TO INQUIRE
IF HE WOULD LIKE SOMEONE WHO KNOWS OUR SYSTEM FIRSTHAND TO
COME OUT TO TALK TO HIM ABOUT IT. JHA RESPONDED AFFIRMATIVELY
AND IT OCCURRED TO ME THAT THIS IS SOMETHING YOU MAY WANT
TO DO YOURSELF.

ALTHOUGH THIS ANGLE OF VISIT COULD NOT BE PUBLICIZED IT
WOULD GIVE YOU OPPORTUNITY NOT ONLY TO REVIEW SITUATION IN
INDIA BUT ALSO TO MAKE DIRECT CONTRIBUTION TO INDIAN GOVT ITSELF
AT HIGHEST LEVEL PJM

IF IT IS TO BE DONE IT MUST BE DONE REASONABLY SOON
SINCE ONCE CONCEIVED NEW ADMINISTRATIVE SETUP IS BOUND TO
CRYSTALLIZE RATHER QUICKLY. I APPRECIATE THAT GREAT DEMANDS
ON YOUR TIME IN WASHINGTON MAY MAKE IT IMPOSSIBLE BUT I
THOUGHT I WOULD PUT IN THIS SPECIAL PLEA.

REGARDS.

~~SECRET~~

BOWLES"

SANITIZED
E.O. 13526, Sec. 3.5
NLJ 12-244
By ch NARA, Date 8-23-13

PRESERVATION COPY



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,
New Delhi, India,
July 18, 1964.

117
Bozwell + India
RWSK
What can we do for him?
in R

~~SECRET~~ - EYES ONLY

Dear Mac:

By the time you receive this letter you will perhaps have read and digested our Embtel 143 in which I outlined the situation I found on my return to India in regard to military assistance in general and the proposed Air Force package in particular.

Although the GOI was greatly pleased by our willingness to provide grant and loan assistance on a five year basis, they became convinced some time in late June that we are not prepared to provide the assistance to the Indian Air Force which was the primary item on Chavan's shopping list. At the same time, they decided that the British, to whom we referred them, would not come up with a submarine to match the one we gave the Pakistanis.

This gives the USSR the opportunity to enter the Indian defense situation by the dramatic measures which we had sought to deny them. Khera will be in Moscow sometime in August and the Chavan mission arrives there on August 28. In the normal course of events, we may expect announcements in the Indian and United States press in early September stating that the Soviet Union has agreed to provide surface-to-air missiles for the protection of north Indian cities, twelve additional MIG-21s to make an active squadron of sixteen, an assembly line to produce MIG-21s here in India, and possibly one or more submarines.

Such announcements in the midst of a particularly bitter United States election debate on foreign policy will provide an open

Mr. McGeorge Bundy,
Special Assistant to the President,
The White House,
Washington, D. C.

DECLASSIFIED

Authority FRUS 64-68 vol. 25, #66
By jc, NARA, Date 8-27-03

~~SECRET~~

~~SECRET~~

-2-

invitation to the more irresponsible elements at home, and consequently our difficulties in dealing rationally with the Indian subcontinent will be further compounded.

As you know, this is precisely the kind of situation that we have been warning against for months. Indeed you may find it worthwhile to reread the memorandum which I prepared on November 12 for my visit to Washington just before Jack Kennedy died. (There is a copy in your files.)

I think you will be impressed all over again with the opportunity which we had then to evolve a realistic South Asian military-political policy which would take into account our relations with India and Pakistan, reconcile the defense needs of each nation in a balanced fashion, encourage a greater Indian involvement in South Asia and keep the Soviets away from the more sensitive and dramatic military areas -- all at a modest cost to ourselves.

If we had been free to offer at an earlier date the five year \$50 million grant-\$50 million loan military program outlined in the McNamara-Chavan exchange plus the aircraft proposal which Rusk recommended to McNamara (and which he largely accepted) we could have largely pre-empted the military situation in India in a way that would be greatly to our advantage and that of the Paks.

Although I am most appreciative of your support and that of Bob Komer and Jim Grant, I am deeply distressed over my own failure to break through the wall of timidity and inertia that I encountered in other quarters.

However, this is water over the dam; our task now is to consider what we can do to make the best of a situation which still contains many major elements of strength.

As soon as T. T. Krishnamachari has a chance to settle down after his visit to London, I shall describe to him the implications of this situation in our forthcoming election and stress the importance (a) of making sure that the Khera-Chavan purchases in the Soviet Union do not result in India's exceeding our agreed ceiling on foreign

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exchange expenditures and (b) the advisability of keeping publicity regarding whatever agreements may be reached with the USSR to an absolute minimum, and, if at all possible, of spreading these agreements over a period of several months in order to cushion the public impact here and in the United States.

I will see that this message comes through loud and clear to TTK and to Shastri. However, it is important that the United States Government at this stage avoid any appearance of petulance or frustration in India and so I plan to limit myself to casual comments on this particular subject in discussions with other members of the Cabinet and the press.

For the time being this is about all we can expect to accomplish here within our present authority. However, to establish the optimum tactical position a further step is essential, i.e., well in advance of Chavan's visit to the USSR we should casually establish the fact that if the GOI had chosen to follow a different course, we would have been prepared to provide India with a comprehensive and fully adequate Air Force defense program including some arrangement for F-104s.

With a little elbow room and a few well placed but hazy conversations, I believe I can establish the impression that the present situation was India's deliberate choice. This may help persuade the Indians to keep their present air defense dealings with the Soviets in a low key; above all it will prepare the ground first with the Indian Government and later, if necessary, with key members of the Indian press when the announcement comes that the Pakistanis are getting their additional squadron of F-104s.

It is particularly important, Mac, that I quietly establish this point soon; otherwise it will look like the comment of a petulant loser on the eve of the Soviet-Indian negotiations in Moscow. I'll be deeply grateful for your support and help.

In the meantime, we are proceeding vigorously with our analysis of the overlapping interests of Pakistan and India in economic,

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military and political fields, which I am hopeful can be used effectively in our dealings with both governments.

I am also embarking on a renewed effort to persuade the GOI and key members of the Indian press not only of India's stake in keeping the communists out of Southeast Asia (which they already accept) but also the similarity of United States-Indian interests in this area and the expedient character of the whole Soviet operation there (witness USSR support for Sukarno against Malaysia). With a little luck perhaps I can bring them into some degree of conflict with the Soviets on this question and eventually persuade them to take a somewhat more active role.

It is folly for either the United States or the Indians to assume that they can count on Soviet policies in Asia paralleling our own interests. To be sure, there may be occasions when for tactical reasons we will momentarily find ourselves on the same side of the table. But a little more than three years ago Khrushchev was threatening Jack Kennedy with oblivion if we failed to get out of Berlin and less than two years ago he was busily planting missiles in Cuba. The Indians must gradually be convinced of these realities.

In the meantime, United States influence is bound to suffer in some degree because of the deep concern over the news of the Goldwater nomination. The fact that he was nominated by the Senate minority leader and seconded by the leader of the House and that all the other Republican candidates promptly moved to make the nomination unanimous has compounded the impression that a major segment of the American people actually favor a program of reckless adventurism in world affairs, and the abandonment of our present efforts in the developing nations.

The possibilities are rather frightening and I only hope that our good Republican business friends such as Jack McCloy, as well as Nelson Rockefeller and other political leaders, will see the urgent need to help us assure not only Goldwater's defeat but his political destruction.

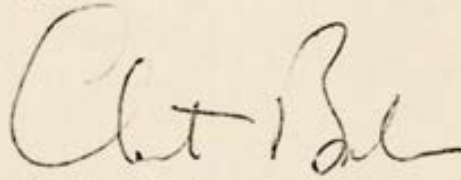
~~SECRET~~

~~SECRET~~

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Warmest regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chet Bowles". The signature is written in dark ink on a light-colored paper.

Chester Bowles

~~SECRET~~

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1964 JUL 25 21 12

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FM THE WHITE HOUSE WASHDC
TO NEW DELHI
EXEC
BT

Bowles
T. F. Coates
X India
X India Coates

~~SECRET~~

~~SECRET~~ CITE CAP64196.

JULY 23, 1964/4:30 PM

DELHI FOR BOWLES FROM KOMER.

WE FULLY SYMPATHIZE YOUR POINT THAT CLASSIFIED DATA GIVEN US BY GOI NOT TO BE BANDIED ABOUT WITH PAKS. HOWEVER, ALMOST ALL OF INFO MENTIONED IN REFS YOU GIVE SEEMS TO DEAL WITH OUR OWN MAP INTENTIONS, ABOUT WHICH WE DID UNDERTAKE TO KEEP PAKS GENERALLY INFORMED. MOREOVER, WHAT WE'VE TOLD PAKS RECENTLY WAS NOT IN RESPONSE TO PAK PRESSURE. IT RESULTED RATHER FROM OUR OWN DESIRE TO HELP SHORT-CIRCUIT IF POSSIBLE DISTORTED PAK REACTIONS TO "MASSIVE" US AID TO INDIA WHICH, THEY REVERBERATE HERE, DO TEND TO CREATE APPREHESIONS. NONETHELESS, WE'VE GENTLY REMINDED STATE AND DOD TO CAREFULLY ALL FUTURE DISCLOSURES. NOW THAT WE'RE IN A MAP RELATIONSHIP WITH INDIA AS WELL AS PAKISTAN GREATER CIRCUMSPECTION OBVIOUSLY IN ORDER

BT

~~SECRET~~

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SANITIZED

E.O. 13526, Sec. 3.5

NLJ 12-242

NARA, Date 07-26-2013

By LLLB

American Embassy,
New Delhi, India,
June 4, 1964.

Bowles

EYES ONLY AND CONFIDENTIAL

Dear Mac:

By the time you receive this letter I assume the decisions will be made in regard to the India military program.

Right now we are anxiously awaiting word that will enable us to put out a statement that the Chavan visit was successful. The left wing press is betting that we will continue to drag our feet, and we have a great opportunity not only to prove they are wrong but to establish a close new relationship with a potentially competent and very U.S.-oriented government. I hope that the new willingness of the Indians to work along parallel lines in Southeast Asia is understood in this context.

I apologize for the length of the cable which I sent in as a kind of wrap-up proposing a press statement and the nature of the air force package. However, I thought it was wise to put the whole deal into one cable so that it could be read as an entity.

The cable that I sent directly to you reporting on my talks with the Secretary was intended to go through the special channel. However, to my great

Mr. McGeorge Bundy,
Special Assistant to the President,
The White House,
Washington, D.C.

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distress, some new person out here mixed it up. In reading the message over I did not think any harm was done.

I am coming home to finish up the work on which I had been able to spend only two days when Nehru's death intervened and also to get two solid weeks of rest which I badly need, while buttoning up some personal business that I have been putting off for months.

It does not seem likely that the situation will allow me to leave before the 16th or a few days after that, but I will see you before the month is over.

Again, Mac, my heartfelt thanks for the support and understanding that you and Bob have given us during this difficult year here in New Delhi.

With warmest regards,

Sincerely,

Chester Bowles

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