

# LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

Page 1 of 2

Doc #	DocType	Doc Info	Classification	Pages	Date	Restriction
<del>007a</del>	<del>memo</del>	<del>Saunders' Memorandum for the Record</del> open 8/14/12	<del>S</del>	<del>1</del>	<del>4/4/66</del>	<del>A</del>
<del>034a</del>	<del>memo</del>	<del>Komer to the President (sanitized 9/11/00)</del> Dup. #156, Papers of Komer, Chron. Feb. 1966, Box 6 Dup. #14, NSF, Files of Komer, India - Economiz. Box 22 open 1/19/16 per NLJ/RAC 12-368	<del>S</del>	<del>3</del>	<del>2/1/66</del>	<del>A</del>
<del>048</del>	<del>report</del>	<del>The Present Chinese Communist Threat to the Subcontinent (exempted 1977)</del> (duplicate #17, NSF, CF, India, Indira Gandhi Visit Briefing Book, box 133) open 3/29/19 per RAC	<del>S</del>	<del>3</del>	<del>3/16/66</del>	<del>A</del>
052a	chart	Summary of Forces (exempted 1978) (dup. #31, NSF, CF, Indira Gandhi Visit Briefing Book; #43a, NSF, CF, Prime Minister Gandhi Visit Papers, box 133) exempt 11/09/07	S	1	3/7/66	A
<del>052b</del>	<del>chart</del>	<del>US Military Deliveries to India (exempted 1978)</del> (dup. #31, NSF, CF, India, Indira Gandhi Visit Briefing Book; #43b, NSF, CF, Prime Minister Gandhi Visit Papers, box 133) open 8/14/12	<del>S</del>	<del>2</del>	<del>[3/66]</del>	<del>A</del>
<del>052c</del>	<del>chart</del>	<del>Military Assistance to India (exempted 1978)</del> (dup. #31, NSF, CF, Indira Gandhi Visit Briefing Book; #43c, NSF, CF, Prime Minister Gandhi Visit Papers, box 133) exempt 11/09/07 open 11/8/13 per NLJ 12-247	<del>S</del>	<del>4</del>	<del>3/1/66</del>	<del>A</del>
<del>053</del>	<del>report</del>	<del>India-Pakistan (exempted 1978)</del> (dup. #13, NSF, CF, Indira Gandhi Visit Briefing Book; #43d, NSF, CF, Prime Minister Gandhi Visit Papers, box 133) open 3/29/19 per RAC	<del>S</del>	<del>3</del>	<del>3/18/66</del>	<del>A</del>

Collection Title National Security File, Files of Robert W. Komer

Folder Title "INDIA PRIME MINISTER VISIT - 1966"

Box Number 22

## Restriction Codes

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Initials

## LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

Page 2 of 2

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<del>054</del>	<del>report</del>	<del>India and the Soviet Union (exempted 1978)</del> (dup. #19, NSF, CF, Indira Gandhi Visit Briefing Book; #43f, NSF, CF, Prime Minister Ganchi Visit Papers, box 133) <i>open 8/14/12</i>	<del>S</del>	<del>3</del>	<del>3/18/66</del>	<del>A</del>
055	report	India's Relations with Burma and the Himalayan State (exempted 1978) (dup. #23, NSF, CF, Indira Gandhi Visit Briefing Book; #43g, NSF, CF, Prime Minister Gandhi Visit Papers, box 133)	S	2	3/18/66	A
059c	report	biographic sketch - Banerjee (sanitized 1977) (dup. #61, NSF, CF, Indira Gandhi Visit Briefing Book, box 133)	C	1	3/21/66	A
062	report	biographic sketch - C.S. Jha (sanitized 1977) (dup. #67, NSF, CF, Indira Gandhi Visit Briefing Book, box 133)	C	1	3/22/66	A
<del>002</del>	<del>memcon</del>	<del>re Indi-US Talks: Vietnam, Communist China and Tashkent</del> <i>open 12-7-10</i>	<del>S</del>	<del>7</del>	<del>3/28/66</del>	<del>A</del>
<del>403</del>	<del>report</del>	<del>Record of Agreements - IRG/NEA Meeting (sanitized 0/11/00)</del> <i>open 12/6/12 per NLJ/RAC 12-309</i>	<del>S</del>	<del>2</del>	<del>3/24/66</del>	<del>A</del>
116	report	Military Assistance Policy in India and Pakistan (exempted 1978) (dup. #45, NSF, CF, Prime Minister Gandhi Visit Papers, box 133) <i>open 7/21/17 per NLJ/RAC 12-370</i>	<del>C</del>	<del>18</del>	<del>3/9/66</del>	<del>A</del>
121	cable	New Delhi 2354	S	7	3/9/66	A

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1/7/2004

Initials



*Gandhi Visit  
x Pakistan  
x P.S.*

April 14, 1966  
Thursday, 12:45 p. m.

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

With the Gandhi visit behind us, it is time to begin shoring up the Pakistan side of our affairs in the subcontinent.

A first step is to tell Ayub what you said to Mrs. Gandhi about Indo-Pak relations and Kashmir, since we promised to keep him informed. Kashmir is still his chief concern, and he will be watching sharply for signs that we are favoring India. The attached letter assures him that you pressed Mrs. Gandhi on this subject as hard as you pressed him. While we cannot report any specific progress, it will reassure Ayub to know that you have not forgotten your promise to him to say the same hard things to the Indians that you said to him. It is also a chance to let him know gently that we are watching the Chicom visit.

I recommend you take an especially close look at the State Department text. Because most of your talk with Mrs. Gandhi was private, they were drafting partly in the dark. Knowing what you told both her and Ayub, you may want to put your personal stamp on this one. The only caution is that we do not want to say anything the Paks could leak to our disadvantage in India.

Secretary Rusk will soon be sending you recommendations for possible next steps with Pakistan on the economic side. Ayub's finance minister will be here next week for informal talks with the World Bank and AID. Ayub is still pressing for resumption of military aid, and we will have recommendations on that in a few weeks. But we are ignoring both the economic and military questions in this letter in order to preserve your flexibility, while still maintaining a little movement.

DECLASSIFIED

Authority FRUS 64-68, vol. 25, 316

By jc, NARA, Date 1-20-04

W. W. Rostow

CONFIDENTIAL

*Gandhi visit* *Return to*  
*H. H. Saunders*  
*Rm 384 EOB*  
*when signed.*

April 14, 1966  
Thursday, 12:45 p.m.

2  
—

CONFIDENTIAL

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DECLASSIFIED

Authority FRUS 64-68 Vol. 25 #316

By je . NARA, Date 1-2-04

W. W. Rostow

CONFIDENTIAL



*Gandhi Visit  
+ Pakistan*

3

Dear Mr. President:

Thank you for your letter of March first and for the understanding it conveys of our effort in Vietnam. Vice President Humphrey has reported fully on his discussions with you.

I would like in this letter to share with you some of my views on the good talks I had with Prime Minister Gandhi. You may already have seen some of the public statements that Mrs. Gandhi and I made, but in the event you have not, I am asking Ambassador McConaughy to make a set available to you.

These statements I think provide a good summary of our talks, but I want to assure you personally that we discussed frankly the subjects which concern you most. I stressed to Mrs. Gandhi the importance we attach to the restoration of peace on the subcontinent and the continuation of the process of reconciliation begun at Tashkent. I explained to her the difficulty my government will have in providing sustained assistance unless we can be reasonably sure that India and Pakistan are now able to concentrate on peaceful development. I urged her to keep up the effort to resolve the underlying issues which divide India and Pakistan, including Kashmir.

I can report to you that I found Mrs. Gandhi to be firm in her commitment to carry out fully the Tashkent Declaration. At the same time, her views on relations with your country were moderate and constructive. She explained to me in complete candor the domestic political and economic problems she faces as her Government prepares for next year's elections. Both you and I have submitted ourselves and our Governments to the electorate in the recent past and I believe that you can appreciate, as I do, her very real problem in this regard.

- 2 -

I have read with concern of recent charges by both Pakistan and India that the other side is violating the Tashkent accord. I have also been troubled about the effect the visit of the Chinese Communist leaders might have on relations between the two great nations of the subcontinent. But I was heartened to read of the exchange of messages between you and Mrs. Gandhi as she returned to New Delhi from abroad. I earnestly hope that the moderation and keen sense of realism you both possess will keep alive the spirit of reconciliation so encouragingly begun at Tashkent.

Sincerely,

His Excellency  
Mohammed Ayub Khan  
President of Pakistan  
Rawalpindi

LBJ:State:HHS:tmt 4/13/66



*Gandhi Visit  
x India*

CONFIDENTIAL

April 6, 1966

WWR:

I mentioned yesterday the need to tell Embassy New Delhi where we stand following Mrs. Gandhi's visit. We want to get the Indians down to business as quickly as possible, now that she is back in Delhi hopefully ready to make decisions.

Neither State nor AID seemed to be moving, so I floated the attached with Handley and Farr--"just to collect my thoughts." They bought it almost verbatim and want to send it out.

Since you've talked to the President, I'd like to be sure this accurately reflects your understanding. If so, recommend we clear.

*OK BKS*

Hal Saunders

CONFIDENTIAL

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

Enc. Read to Rostow memo, 4/5/66,  
enc. telegram to New Delhi re  
Gandhi Visit results

*file*  
*Gandhi Visit* 5

April 5, 1966

BKS:

I recommend we clear these memcons. We weren't there, but this is thoroughly consistent with all I know. I also have great confidence in Bill Handley and Carol Laise, both of whom took notes on these sessions.

HHS

Att: Memo, Read to Rostow, 4/1/66,  
att. Conversation between President  
and Prime Minister Gandhi, 3/29/66; (WH-867)

Att: Memo, Read to Rostow, 4/1/66,  
att. Conversation between President  
and Prime Minister Gandhi, 3/28/66 (WH-866)



CONFIDENTIAL

WWR:

April 5, 1966

The follow-up on the Gandhi visit is falling into place so I doubt it deserves a place beside Vietnam on the luncheon agenda today. However, in case it comes up, here's where we stand:

1. First-round reactions to President's food message are in from almost all capitals. We're sorting out the better leads and in the next day or two will map second approaches and get the Indians involved in pursuing them. (Handley has the duty on this.)

2. Even more important, we want to get Embassy New Delhi to work pinning the Indians down on next steps. They're in a state of post-visit euphoria, and we need to put across the message that the next move is theirs and that performance is the key to our doing more. (I'm working with State/AID on this.)

3. Now that both Ayub and Gandhi visits are behind us, we also have to decide where we go with Pakistan. IRG/NEA will focus on this tomorrow.

Hal Saunders

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By je, NARA, Date 1-2-04

CONFIDENTIAL

Copies of this sent  
to Carol Laise and  
Walter Fawcett HHS  
Handwritten notes  
4/5/66

Gandhi Visit  
4/5/66

file  
1

**CONFIDENTIAL**

ACTION: NEW DELHI

Based on WWR - LBJ talks 3 April.  
HHS sent to Handley & Fawcett and  
they brought it almost verbatim. Went  
out 4/6.

As results Gandhi visit begin stand out in clearer perspective,  
following points worth passing for your guidance:

1. While atmosphere very cordial, no concrete agreements reached.

This not unexpected. However, difficult to get any sure sense exactly  
what Indians intend to do. While Gandhi party appeared understand nature  
economic deal we have and IBRD have in mind, we still not sure they  
intend to go through with it. Decisions left to be made in Delhi.

2. In this connection, we see danger euphoria of visit, President's  
strong message to Congress and resumption consortium activity will lull  
Indians back into secure feeling US ready to shoulder Indian burdens.  
Crucial this not happen because, while we do not intend to let Indians  
starve, we mean what we say about self-help. We want to bring Indians  
back to earth gently but quickly.

3. In view remaining uncertainties on Indian intentions, Indian  
performance will be main criterion for our next moves. For instance,  
we expect Indians move quickly to accept Woods' invitation begin discussions  
with IBRD. We expect Indians follow-up leads turned up by President's  
instruction bring his food message attention of all governments worldwide.  
(This will be subject separate message.) We expect Indians begin hot  
pursuit fertilizer investors.

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By je, NARA, Date 1-20-04

**CONFIDENTIAL**



CONFIDENTIAL

2

4. In short, next move up to Indians. Since it essential they realize this, suggest you make clear appropriate levels we consider ball now in Indian court. We have promised understanding help when they ready to move. They should expect little more from us until they do.

CONFIDENTIAL

~~SECRET - SENSITIVE~~

*Gandhi Visit  
+ India  
7a*

MEMORANDUM FOR THE RECORD

April 4, 1966

In addition to the points in his 3 April memo, Rostow said the President at lunch with him and Rusk that day, made the following points about Mrs. Gandhi's visit:

1. She appears a weaker politician than he had thought. He doesn't have much faith in her ability to perform. In their conversations, he made a number of points to which he expected hard answers (nuclear proliferation, as one example) but got back only generalities -- "just like her father."
2. He will be looking for performance from the Indians. His appraisal of Mrs. Gandhi doesn't necessarily mean we won't move ahead in the aid package. But the Indians will have to produce.
3. In contrast, he feels Ayub is a fellow who can get things done. The President would like to get closer to him. He thinks Ayub handled the Lin Shao-Chi visit pretty well after being maneuvered into it by the Chicoms.

Harold H. Saunders

~~SECRET-SENSITIVE~~

DECLASSIFIED  
Authority U.S. 032R.022.03/1  
By 10 NARA, Date 6/29/12



*Gandhi Visit  
+ India* 8

April 4, 1966

MEMO FOR JOHN REILLY

Want to be sure you see this  
since you'll be seeing Kamaraj later  
this year and because it mentions  
briefly his talk with the Vice President  
("Humpray").

Harold H. Saunders

Att: Madras A-163, 3/23/66

Subj: AICC President K. Kamaraj's Confidential Briefing to Senior Madras  
Pressmen Following Indira Gandhi's Selection as Prime Minister

CONFIDENTIAL

April 1, 1966

9  
file  
Gandhi Visit

WWR:

AID would change nothing in Komer's 29 March memo seeking the President's guidance on where we stand with Mrs. Gandhi.

The one additional fact (which I've mentioned in the draft message to Wilson) is that George Woods and Schweitzer saw Mrs. Gandhi Wednesday morning. Woods urged her to send her Finance and Planning Ministers to Washington during the week of 11 April if possible to work out details of an exchange rate adjustment, liberalization of import and internal controls and encouragement of private investment. Woods said Mrs. Gandhi appeared to understand but referred to domestic political obstacles to any major initiatives before elections. Woods argued (as does John Lewis) that she still has a few months to move before election-it is sets in--and if she doesn't move now she'll lose a whole year. Mrs. Gandhi promised a reply from New Delhi.

You should also know that the IBRD will hold a consortium meeting on 5 April. This is just to scrape up enough aid to keep India afloat and won't get into the longer range program. Since we've already given a \$50 million fertilizer loan, a \$100 million non-project loan and the PL 480, we don't contemplate doing anything further at that meeting. (IBRD is looking for \$180 million with \$50 million of that as an IDA non-project loan.)

Finally, no one can even guess where Selig Harrison got his story about the \$1.5 billion stabilization fund. AID has never even heard the Indians talk about anything like that. The only figures that come close are those on possible debt rollover for 5 years. So let's dismiss Harrison until we hear to the contrary.

Hal Saunders

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

CONFIDENTIAL



CONFIDENTIAL

March 31, 1966

MEMORANDUM FOR FRANCIS BATOR

Here is a possible President-to-Wilson message summing up the Gandhi talks. Wilson has her for lunch Saturday during a six-hour stopover.

I gather you'd like to send a message like this, but I have to confess that I'm using this partly to find out where the President's thinking stands. To pin him down, Bob sent him the attached memo on cluing George Woods. We got it back with a "see me." Moyers has it back and will try to find out what the President has in mind, so you may want to touch base with Bill before hitting the President with this yourself.

My message reflects the Komer memo--sans figures--plus a later report on the Woods-Gandhi meeting Wednesday morning.

I don't mean to use you as a stalking horse, but maybe we can kill two birds with one stone.

Hal Saunders

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

10  
Gandhi Unit  
President approved with no changes.  
Sent 1 April  
Checked with State / A.B.

~~SECRET/DRAFT~~

March 31, 1966

FROM THE PRESIDENT TO PRIME MINISTER WILSON

I understand you will be seeing Prime Minister Gandhi Saturday and want you to have my initial reaction to her talks here.

We made no hard and fast decisions, and it will probably take several weeks to know exactly where we go from here. However, I am confident that she understands the nature of the economic changes we would like her government to work out with the World Bank--liberalization of India's import control policies as well as internal price, marketing and other business controls which have been inhibiting economic growth and adjustment of exchange rates and tax policies to support such liberalization. I believe she also understands the need to move rapidly toward self-sufficiency in food, making adequate fertilizer available to the farmers and vigorously seeking to attract foreign private investment in fertilizer production. She also understands the importance of a vigorous family planning program.

For my part, I made it clear I understand that such a program would require assurances of substantial financial support. I told her that, if India actually takes the necessary steps to the satisfaction of the World Bank and the consortium donors, we are prepared to help, subject of course to Congressional appropriations.

The next move in my view is up to her. I understand confidentially that George Woods urged Mrs. Gandhi to send her Finance and Planning

~~SECRET~~



SECRET

- 2 -

Ministers to Washington promptly to work out economic details. We do not know yet whether she will do this, but I regard that as crucial to our next steps.

I have also sent to the Congress a special message on the Indian food crisis in hopes of stimulating a bigger international effort to help India and to gain Congressional support for our general efforts to put India on its feet. Response here so far has been good.

You should feel free, if you wish, to tell Mrs. Gandhi that you are sure the United States will help her economic efforts provided she is determined to work out a program acceptable to the World Bank's terms. You may even want to argue that the time for her to move is right now, before she gets bogged down later this year in her election campaign. At the very least, I hope you can urge her send some of her key people back right away to talk with the Bank.

SECRET

March 31, 1966

MEMORANDUM FOR BILL MOYERS

We want to get this good-bye message  
for Mrs. Gandhi to the President today, so  
we'll have time if he wants to take another tack.

When Ayub left he wanted to send word  
that he'd given a green light on five suspended  
project loans. This time his food message is  
a more than comparable gesture, so he may  
well feel this simple friendly note is all we  
need. But he may want to add a touch of his own.

State will deliver shortly before  
Mrs. Gandhi leaves New York tomorrow night.

Harold H. Saunders

cc: BK Smith

11  
file  
Gandhi Visit  
x P.B.



11a  
March 30, 1966  
Thursday - 4:00 p. m.

MEMORANDUM FOR THE PRESIDENT

State's draft departure message for Mrs. Gandhi (she leaves New York tomorrow evening) is warm and generally promises continued US economic cooperation. This probably isn't the place to begin pinning down details of your understandings with her, but we can easily add any special personal touch you would like to make this more than a routine protocol message.

Harold H. Saunders

Approve as is \_\_\_\_\_

Change as noted \_\_\_\_\_

116

DRAFT TELEGRAM

Prime Minister Indira Gandhi  
c/o Mr. Samuel L. King  
Assistant Chief of Protocol  
Carlisle Hotel, Room 34-B  
Madison Avenue and 76th Street  
New York City, New York

Dear Prime Minister Gandhi:

May I say again as you depart our country how honored we have been to have had you in our midst. It was a great pleasure for me, both officially and personally, to talk with you again, the more so this time because you have come as the leader of your people and our great sister democracy. You carry back with you the reassurance of the American people that this country's interest in India is continuing and deep. We look forward to increasing friendship, understanding, and cooperation as India works toward the full development of its human talents and natural resources. My country stands ready to continue to play a helpful role in this progress, moved as we are by the conviction that your country's ultimate victory over need and want will contribute to peace and stability in Asia and in the world.

Lyndon B. Johnson



March 30, 1966

MEMO FOR MR. MACOMBER  
MR. HANDLEY

I don't know whether you normally get these but thought you would certainly want to have a copy to complete your records. These transcripts aren't normally circulated, so this is for your own in-house use only.

Harold H. Saunders

Att: Cy, News Conference #388-A, 3/29/66

*file*  
*Gandhi Visit* 12

March 29, 1966

RWK:

Rusk wants IBRD mentioned in the  
communique since the President has stressed  
this so heavily.

Rusk also wants to be sure of President's  
OK before showing our draft to the Indians.  
L. K. Jha coming in to talk at 11:00 a. m.

State proposes following insertion  
(underlined) very top of p. 4:

"The President assured Prime Minister  
Gandhi of the deep interest of the government  
and people of the United States in international  
efforts particularly those under the leadership  
of the International Bank for Reconstruction  
and Development to assist India in its own  
massive efforts . . ."

HHS

President approved draft \_\_\_\_\_  
(Did you make any changes?)

Insertion is OK \_\_\_\_\_

*file*  
*Gandhi Visit* 13



~~CONFIDENTIAL~~

March 28, 1966  
Monday, 5:30 P.M.

14

*Mr. Saunders*  
*file*  
*Gandhi*  
*visit*

MEMORANDUM FOR THE PRESIDENT

Here is State's draft communique on your talks with Mrs. Gandhi. We're ready to make any changes you want to reflect today's talks.

These communiques never sing, because they're regarded as treaty language negotiated by the diplomats. But they never get much press play either. Your subsequent message to Congress will get the real play.

State will be sounding out Mrs. Gandhi's advisers. May I say that this text meets with your general approval?

R. W. Komer

Yes ✓

No       

*President oked but wanted a para. added on the foundation.*

cc: Mr. Valenti  
Mr. Moyers

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

CONFIDENTIAL

March 28, 1966  
Monday, 4:30 p. m.

MEMORANDUM FOR THE PRESIDENT

Here is a good working base for the  
communique on your talks with Mrs. Gandhi.  
Now we're ready to make any changes you  
want to reflect today's talks.

State will be sounding out her advisers  
so putting your thoughts in as early as possible  
will save time at your meeting tomorrow  
afternoon.

R. W. Komer

CONFIDENTIAL

Att: Draft Joint Communique (WH-806)

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

15  
Gandhi Visit  
Revised by RWC 3/28 - 5:30 p.m.  
file



CONFIDENTIAL

RWK:

March 28, 1966

As far as I can tell, there's no special meeting scheduled between Mrs. Gandhi and Dave Bell.

I think it would be good for her to hear this pretty impressive guy who's on the other end of the aid string.

So if you have any chance to maneuver the two together at dinner, I'd say go to it. The ideal, of course, would be for Rusk to take Bell along tomorrow morning.

HHS

CONFIDENTIAL

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

CONFIDENTIAL

March 28, 1966

MEMO FOR FRANCIS BATOR

I'll try to get a full readout from Bob on the Gandhi talks, but for your own protection after Bob leaves you may want to do the same. Here are the two questions to ask:

1. The key question is whether the President is sufficiently satisfied with Mrs. Gandhi's plans to start the wheels turning with the IBRD and other consortium members toward a go-big-in-India program this spring. You know the story: liberalization supported by increased aid and debt roll-over. The attached Rusk and Caud memos give the details. What we'll want to know after both Bob and Mrs. Gandhi leave is whether the President feels he's struck that bargain or whether we should slow down and plan more limited measures for the time being. (Pre-talk indications are that the President is ready to go big.)

2. Ken Galbraith is redrafting a message the President wants to send Congress--mostly on the Indian food crisis. I'm pretty tightly geared into Galbraith and McPherson on this and will attend a noon meeting on the next step, but you may want to ask Bob what he knows.

I'll keep you informed.

Hal Saunders

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DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-03



## MEMORANDUM

DECLASSIFIED

THE WHITE HOUSE  
WASHINGTON

cc: Hal Saunders

18

Gandhi  
visit

Authority FRUS 64-68, vol. 25 #306

By jc NARA, Date 1-2-04  
CONFIDENTIAL

Sunday, March 27, 1966

## MEMORANDUM FOR THE PRESIDENT

Final Notes on Gandhi Visit. This is my valedictory as your Mid-East hand, but fittingly so because I don't think there's been a more important substantive meeting since Kennedy met Khrushchev in Vienna. The flow of people and memos citing this as a historic opportunity to settle on a new course with 500 million Asians suggests that this is more than a Chet Bowles promotion.

Moreover, I think that we finally have the Indians where you've wanted them ever since last April -- with the slate wiped clean of previous commitments and India coming to us asking for a new relationship on the terms we want. Circumstances helped (famine and the Pak/Indian war), but seldom has a visit been more carefully prepared, nor the Indians forced more skilfully to come to us (note how little press backlash about US pressure tactics -- when it's been just that for almost a full year).

The proof is that India is now talking positively about buying all the World Bank reforms; its line is now that it wants to go boldly in this direction, but can only do so if the consortium will help pay the inevitable cost. This is precisely where we wanted to maneuver the Indians -- into saying they'll help themselves if we'll respond in turn.

The Nature of the Economic Bargain. This is aptly described in Dean Rusk's memo at Tab A. I'd only add two points. First, I'd break away from the old pledge figure (435) and talk privately in terms of around a half billion dollars from all US sources -- it sounds more generous while the arithmetic is the same -- plus at least half a billion in food. This is over \$1 billion -- a generous response in anyone's league.

Second, I'd stress that this can be a self-enforcing bargain -- in two critical respects. Most of our dollar loan aid plus debt rollover (and the consortium's as well) can be tied directly to import liberalization, as we did with the Paks. If India doesn't liberalize to our taste, it just doesn't get the dough. Similarly, you have already proved how our holding back on PL-480 can force India into revolutionizing its agriculture. Once the famine is licked, I'm for continuing to ride PL-480 with a short rein -- it will be painful but productive. If these points don't add up to requiring self-help, I'll eat them.

That tough-minded George Woods and the World Bank are with us is reassuring. You've read the VP's report on his talk with Woods, and at Tab B is Gaud's memo on his views. Woods talks about "double or nothing"

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3/27/66

being the only sensible course on India aid, and it's true that on any per capita basis our aid to India is very low (less than a dollar per person ex-food), while India's own self-help contribution to its development is higher than that of almost any other LDC (twice that of Pakistan).

But as I explained the other day I think we can get real results in the next two years without going to Congress for a lot more money.

Debt rollover is the backdoor financing key, and it's the same as aid. If India takes off as a result of our strategy, then we'll have a solid case to take to the Hill.

Political Conditions. We're not going to get as much from Indira on the political side, especially on Vietnam and Pakistan. She's new at being PM, scared of the coming elections, and lacking as yet in the confidence in her own position which would let her talk big. But we have a strong ally moving India toward us on these matters -- Mao Tse Tung. Just as he forced the Soviets in our direction, he's done the same with India. So the Indians are increasingly serious about China, and all we need do is nudge this trend along.

On Pakistan, the one thing that really gravels Indians -- Dinesh Singh and B. K. Nehru are prime examples -- is that we "equate" 500 million Indians with 100 million Paks. If you would just tell Mrs. Gandhi that we can count, it would reassure her enough about our basic intentions, that she'd stop any carping about our aid to the Paks.

If she raises military aid, I'd short circuit this by saying that it's far less important than economic issues and we plan no decisions for a while, beyond perhaps allowing sales. Nor do we intend to re-arm Pakistan to where it can threaten India. In fact, we favor both countries putting a ceiling on military outlays; we don't intend to finance an arms race indirectly via US economic aid. But India too must realize that forcing the Pak military to depend on Peking for arms would be folly from India's own viewpoint.

She's also ready to say in spades that India has no intention of taking over Pakistan. Get her to say so, and you can use it as powerful reassurance to Ayub. It's the best you can get him, because she simply can't give anything now on Kashmir (and it only creates useless trouble for us to try).

Emergency food is the trickiest problem. What's needed is both to give her reasonable confidence that Uncle Sam will help generously and to keep enough pressure on her to seek other help and push on with reforms. The best bet is to say you'll put it up to the Congress. But you should know that all your Executive Branch advisers are deeply worried lest Hill debate get out of hand, and create a sour aftermath to a successful visit. Even the sober Ellsworth Bunker reminded me of the 1951 experience when



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Mr. Truman went up for a \$190 million food loan to India; Bunker said the violent criticisms voiced in the debate set back our political relations far more than the food helped fill bellies. Ellender talking about sacred cows certainly won't help. You might ask Bunker about this.

You're the judge on Congress. I'd only urge that we design the message to create the least flap and give you the most room to maneuver. This means avoiding tight formulas which box us in, since the worst of the famine is yet to come. Also, what happens if you ask for only 3.5 million tons of wheat/milo, and then want to authorize another tranche around September when Congress is out of session?

Visit tactics. All those who know her urge you see her alone first, put her at her ease, and then trigger her spiel by asking where she sees India going.

If she says the right things, you have a whole range of responses. I'd be generous but general, telling her that if she does what she says we'll respond in kind. We'll abide by what India works out with the World Bank (up to around a half billion -- including debt rollover and EXIM).

The experts say there's a strong case for moving quickly in May/June, before India gets caught up in its election campaign and Indira loses room to maneuver. So you might urge that she send her economics ministers pronto to talk with the World Bank.

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I'm also sending up State's briefing books, which have all the facts and background. You might want to reread the Strategy and Talking papers. I'll have an agenda for tomorrow's 10 a.m. pre-briefing session, at which we can clear up any last-minute points.

*R. W. Komer*  
R. W. Komer

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THE SECRETARY OF STATE  
WASHINGTON

March 26, 1966

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MEMORANDUM FOR THE PRESIDENT

Subject: The Economic Bargain with Mrs. Gandhi

Discussions held since the submission of our strategy and talking points papers have indicated the desirability of restating in brief and specific terms the economic bargain we hope to strike with Mrs. Gandhi, if we reach the desired understanding on political issues.

In sum the proposition is this:

1. On the economic front the basic issue is confidence: confidence on our part that India will press forward aggressively to accelerate its economic development through liberal economic policies and emphasis on agriculture; and confidence on Mrs. Gandhi's part that the U.S. can be counted on to provide necessary financial support.

2. We believe Mrs. Gandhi is prepared to make the following points:

- a. India plans to liberalize its import control policies and its internal price, marketing and other business controls and to adjust its exchange rate and tax policies to support such liberalization. If assured of U.S. support, India is ready to work out the details of these measures with the World Bank and IMF and to take the necessary actions this spring.
- b. In order to move rapidly toward self-sufficiency in food production, India will follow through on emphasizing agricultural development, including making adequate fertilizers available to farmers and vigorously seeking to attract foreign private investment in fertilizer production.
- c. India has already made a good start on family planning and will accelerate its efforts to control population growth.

3.

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Group 3

Downgraded at 12-year intervals;  
not automatically declassified.

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Authority FRUS 64-68 vol. 25, #304

By pc . NARA. Date 1-2-04



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3. We would recommend the following U. S. response:

We realize that a liberalized import program is possible only with assurances of substantial Consortium financial support. The U. S. will provide its share of that support in coordination with the World Bank and the rest of the Consortium. We suggest that India's key finance and planning people come to Washington as soon as possible to work out the details with the World Bank and the IMF. We will work with them and talk to our key consortium partners.

Our financial support for FY 1967 would involve about \$385 million A.I.D. loans and \$50 million EX-IM loans - the same levels as pledged in recent years - and \$35 million as the U. S. share of readjustment of Indian debt. In future years A.I.D. loans may go up a bit, if Indian performance warrants.

\* \* \* \* \*

4. While the foregoing would be the key points in any bargain, the following points are also important:

- a. We are disappointed that India has not moved forcefully enough to attract foreign private investment in fertilizer production. No special financial backing is needed for action on this score; and the vigor of Indian performance in seeking fertilizer investments will certainly affect our judgment as to how vigorously we can expect India to move on other economic fronts. We do not expect India to accept unreasonable terms from foreign investors, but we do expect India to make every effort to tap this large resource of financing and know-how. We are not doctrinaire on the public sector-private sector question; we have financed public sector plants and may well again, but only after we are sure India is doing all it can to capitalize on available private resources.
- b. Congratulations might be offered on India's promising initiation of its family planning program.

*Dean Rusk*

Dean Rusk

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

OFFICE OF  
THE ADMINISTRATOR

MAR 25 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: World Bank Views on India

George Woods is in Europe, but we have talked to his Vice President, Geoffry Wilson, and to the World Bank officials principally concerned with India matters. We understand the Bank shares our hope that Mrs. Gandhi will indicate India's willingness and ability to make the basic economic policy changes recommended by the World Bank, the IMF and ourselves. If Mrs. Gandhi undertakes (a) to liberalize import controls with necessary exchange and tax adjustments, (b) to proceed vigorously with the new agricultural program and (c) to keep up the momentum of the population control program, the World Bank would, we believe, offer its full support.

The World Bank team, which has been working with the Indians for the past year, could work out the details of the new Indian program in a few weeks in cooperation with the IMF and ourselves. At the same time the World Bank and ourselves should be helping the Indians line up the full support of Canada, the U.K., Germany and Japan, our key India Consortium partners.

George Woods is expected back Sunday night, and I will check with him personally then or Monday morning to verify the accuracy of these views.

*William S. Gaud*  
William S. Gaud  
Acting Administrator

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Authority ATD Guidelines 10-16-95

By jc NARA, Date 1-2-04



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Gandhi  
Visit  
File  
3/26/66

**SECRET/DRAFT**

**MEMORANDUM FOR THE PRESIDENT**

The briefing books for your talks with Mrs. Gandhi are formidable, so here's a guide to save your time.

The key to helping you organize your thoughts is the talking points paper at Tab C in the smaller book. But you'll also want to read the strategy paper at Tab B (especially pp. 4-9) which outlines the bargain we hope to strike and the two possible choices for our side of that bargain.

If you have time to dig into the background papers in the larger book, the following contain useful details:

Tab A -- The last two pages spell out how far India and Pakistan have gone in implementing the Tashkent Declaration.

Tab E -- Indian attitudes toward Vietnam.

Tab G -- Mrs. Gandhi's political problems.

Tab H -- The food problem and (p. 2) other government's responses so far (not including the new \$56 million from Canada).

Tab I -- Specifics (p. 3) on the economic reforms we want India to make and (last 2 pages) some aid steps you could take during or shortly after the visit short of full aid resumption.

Tabs O and P -- Examples of what we mean when we say the Indian government must change its attitude toward private investors.

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pc, NARA, Date 12-04

R. W. Komer

March 25, 1966

RWK:

1. Gandhi briefing books will be here this afternoon.
2. Mrs. Gandhi arrives at 10:55 on Ellipse for 11:00 a.m. ceremony.

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Gandhi Visit



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NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

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Gandhi  
Visit  
+ India Econ

RWK:

March 24, 1966

The President and Mrs. Gandhi probably won't get into detail on encouraging private investment. However, since this is one of our main points and the briefing papers don't say much, here's some flavor for your background.

The one telling statement the President might make is that he hears American investors are just about to throw up their hands on India. Here's the line:

1. American companies have just about decided India is a poor investment risk. For instance, ESSO India's 1966 profits will fall to 2.6% (4.3% in 1965)--largely because of a heavy import levy. Whatever Indians think about the morality of profits, 2.6% won't draw private capital. What's more important, companies view this as a breach of contract. They feel GOI is committed to squeezing them out and a contract is no protection. So they feel like calling a halt to further investment.

2. The President won't use USG money where private money is ready to do the job. That would be a waste. Since India needs all the help it can get, we can't afford to duplicate. We don't want to argue the private-public ownership issue. We're just arguing common sense--use private capital when you can since public funds won't go around.

3. If India wants private capital--and we'll consider it's wasting resources if it doesn't--India will have to compete for it ("hot pursuit", as Rusk puts it). It won't fall in India's lap. In fact, it's just about to walk away. The GOI will have to set pricing, profit control and tax policies with this goal in mind.

4. There are two ways to attack this: (1) Promote an ideological showdown over the public-private issue. (2) Look for ways to show practically what the private sector can do and how it works. This pragmatic approach is best. India's immediate goal should be to get a few contracts signed--fertilizer offers the readiest opportunities (and tackles the crucial food problem at the same time).

5. But beyond that, what would improve the climate? The companies say the big thing is for the GOI to establish terms of reference for private investment and stick to them. This would mean no more retroactive taxes; no more hiking import duties halfway through a project; no more leading a potential investor through two years of negotiations and then introducing impossible new conditions.

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~~SECRET/DRAFT~~

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

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Gandhi Visit

3/24/66

MEMORANDUM FOR THE PRESIDENT

The big decision to be made during Mrs. Gandhi's visit is how high you want to set our sights in India. The tough part in deciding won't be so much in reaching a general understanding with her but in assessing her determination and ability to produce over the long haul. We think she'll say the right things once she feels you're sympathetic. But we can't realistically expect outstanding results -- the kind you produced, for instance, in 1964 -- because she just isn't yet experienced enough or firmly enough in command and some of the economic reforms we want fly in the face of deep-rooted Indian feelings. So the key question will be how much faith you have in her after talking with her.

The theme to weave through the talks is that we recognize India's importance and want to help but what we can actually do will depend on Indian performance. That means not only economic efficiency -- crucial as that is -- but also establishing the kind of political atmosphere between us that will make it possible for us to do business together. We've had disillusioning experiences in the past with Indian economic promises, and it is now just too late in the race to invest without being sure of results. We've wasted a lot of energy over the years overcoming hostile American attitudes about India.

To boil down all the briefing material you've seen, we're shooting for understanding in two broad areas:



A. Political -- Where is India going?1. Will India assume major power responsibilities in Asia?

Our Asian policy is geared to building India and Japan -- and maybe Pakistan and Indonesia -- into effective counterweights to China and to buying time while they build. This is one reason we're in Vietnam. If we're going to invest heavily, we need assurance that India intends to assume that responsibility gradually as it gains the economic strength to do so.

2. Will India go the extra mile to reach an understanding with Pakistan? We don't judge the merits of the Kashmir dispute, and we couldn't -- no matter how hard we tried -- force a settlement. But we do believe a settlement is crucial if India is to concentrate on developing her own economic power. We realize the Paks are hard to deal with and understand the realities of Indian politics on Kashmir. We told Ayub we could not buy a Kashmir settlement for him. Now we have to tell Mrs. Gandhi, as winner and bigger power, we think it is up to India to find some way to let Ayub out gracefully. We're not threatening when we say we think it will be a waste of long-term US investment in both India and Pakistan if the two are going to concentrate on flogging each other. That's our view of the facts. We know progress will be slow, but some progress will be necessary to convince us further investment is worthwhile.

B. Economic -- Will India do everything possible to use all its resources efficiently? We don't minimize Indian progress to date. But India's problems are so big that only an even greater effort will put India on top of them. We're confident India can win that race, but success will hinge on what India does for itself. We have big stakes in that success, but the most telling lesson we've learned from our experience with aid is that what we put into a country -- even hundreds of millions -- is just a drop in the bucket compared with what the country itself must do.

1. Will India make a top-priority attack on the food-population problem? We just can't go on feeding India at a rising rate every year; even our resources aren't enough for that. To demonstrate their determination, the Indians in the next few months will have to sign up some foreign investors to build fertilizer plants -- this part of Subramaniam's program is already lagging. Hitting their and a more forceful population control program would also be good evidence of their determination to perform.

2. Will India make better use of its resources? Right now much of India's own industrial capacity is idle -- not because aid or private money has been unavailable but because the Indian government decided long before our aid freeze that strict control of imports is the way to allocate foreign exchange. We believe Indian growth would spurt sharply



if India relaxed these controls and used tariff or excise tax increases to keep out luxury imports -- and we would help underwrite a bold program of decontrol. Right now, private investors are eagerly trying to build plants which India desperately needs, but they are so discouraged by the Indian government's treatment that they are about to decide India is a poor investment risk and walk away. The US government can't waste its taxpayers' money doing a job that somebody else is eager to do. We're not promoting private investment for ideological reasons. It's a very practical question of using all the money available.

3. In the short-term, will India get more help on this year's food shortages from other donors? It is essential in dealing with the American public opinion to be able to say that others are sharing this burden.

If you decide we can do business, then we can strike a bargain. The key decision is what level we try to operate on. Assuming you're generally satisfied, we have two choices.

1. If you feel there is basic political understanding and general intention to push ahead on the economic front, we could gradually resume economic aid and maybe get into longer PL 480 programs geared to Indian performance.

2. But if you feel that she's ready to make a major stab at basic economic reforms, then we could go higher -- and would have to go higher in order to assure India of the foreign exchange necessary to support these reforms.

In either case, we're not trying to set the numbers during the visit. But we do want to decide which level to shoot for. The mechanics would be for the Indian government to prepare a detailed program for the Consortium, as early as June if they can make it.

Two other subjects may come up. We're not ready for a searching discussion of what nuclear assurances we might give India against Chicom nuclear attack. But we do want to encourage her present intent not to go nuclear and urge her to talk the problem over with us if she's under pressure to change her mind.

She may try to persuade you not to resume military aid to Pakistan. It's easy for the Indians to say they'd rather see us get out of military aid to both countries since their forces aren't US-equipped. Again, we're not ready to decide, but it would preserve our maneuverability to point out that she has as big a stake as we do in Ayub's survival and non-Chicom orientation, so we'd hope for her understanding if we decide to resume limited military aid. You can reassure her we're all for curbing the arms race and, in fact, believe holding defense expenditures down is crucial to economic progress and may be one area other than Kashmir which Indians and Paks could usefully discuss.

R. W. Komer



*Gandhi visit*

CONFIDENTIAL

MEMORANDUM FOR THE RECORD

March 21, 1966

G. D. Birla and Lloyd Cutler came in this morning to touch base prior to Mrs. Gandhi's visit. Birla will be seeing her in Paris over the weekend.

After a few remarks on how slowly fertilizer project contracts are maturing these days, Birla explained why he thought Mrs. Gandhi's visit would be pretty important for the private sector. Even if US Government aid were resumed on the old basis following the visit, there would still be questions about the future of private foreign investment. The Indian Government would like to decontrol imports, but it will need assurances that the right kind of aid to make that possible will continue to flow.

Birla said we would have to think beyond the Gandhi visit towards some machinery to facilitate foreign investment. He said Mrs. Gandhi is alright as far as principle goes, but when it comes to implementation, we will need something more. Cutler underscored this point, saying that we needed something that would put American, Japanese and European businessmen on the spot in India--some sort of permanent secretariat. I noted Hoffman's idea for an Indian Committee for Economic Development, and Cutler alluded to the old Anglo-American Productivity Council in Marshall Plan days, saying that was along the same lines.

Birla emphasized that the Indian Government will have to "shed its shyness" about the private sector. Now it feels politically compelled to talk as if the private sector must be tolerated, but it rarely goes farther. Birla pointed out that there is a whole "new class" with a vested interest in bureaucratic controls. A good part of the battle now is to give them new laws to administer which will hamper the businessman less. I said that the public statements of Indian officials didn't bother me too much. I have always been more concerned about what the Government of India actually does. Moreover, I was afraid of more institutionalizing. I felt that what we really needed is a series of concrete examples of how effectively the Indian Government is using the private sector. For instance, a few signed fertilizer contracts would do more than all the words in India to give the private sector a boost.

On the general subject of the Gandhi visit, I said what will impress President Johnson more than anything else will be Mrs. Gandhi's seriousness of purpose. We have been through several cycles of Indian promises--Nehru's to Eisenhower in 1959 and Patil's when we negotiated the three-year

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PL-480 agreement. Each time promises have been bigger than performance. So now we are interested in action more than words. If President Johnson is convinced that the Indian Government is determined to decontrol, then we can talk about how much aid that will take. We don't want to impose conditions on our aid. We want to know what the Prime Minister of India intends to do so that we can decide how extensively to help her Government do these things. I said the assurances we seek of Mrs. Gandhi's firmness of purpose is only natural for a prudent investor. We have done the same with Pakistan although there the problem is more political than economic.

Birla reported that L. K. Jha had told him exactly the same thing. But he returned to the importance of machinery and people to translate intentions into performance. The Indian Government is not highly effective so he hoped the US would be able to bear with it.

Cutler interjected that there is room here for a real bargain. He pointed out, using as an example, Keyser Aluminum's relationship with Birla, how American investors are being scared off because the Indian Government is taxing away their profits. I suggested that the way to win this battle is not to join it directly but to take advantage of developments already in the cards. For instance, India is going to have an agricultural revolution. For that, it will need fertilizer. The US Government is not going to invest its aid money in fertilizer projects as long as private investors are eagerly awaiting to invest. Therefore, circumstances will force private sector fertilizer projects into the lead, and the breakthrough there will have an impact on the rest of the economy.

Birla returned to his feeling that Mrs. Gandhi is alright but doesn't understand these matters in detail. I agreed that her ability to produce would be the real test. I warned him that no matter how successful the visit is I could not see an automatic turning on of the AID tap as an immediate result. Birla agreed.

On Cutler's prompting, Birla said he felt that war fever in India is over as a result of the war with Pakistan. When he mused that some useful realizations had come out of the war on both sides, I told him I felt that few Indians understood what we had actually done for India on that front. For more than ten years we have kept Pakistan off India's back. Yet we have had nothing but criticism from the Indians. I thought what had stopped the Pak-Indian war was Pakistan's realization that if China came into the war on Pakistan's side, both the US and the USSR would come down squarely on India's side.

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Concluding, I said I felt India had horribly neglected the Pakistan problem during these years while the US has in effect protected its flank.

Birla took this in but said we mustn't discount the important fact that India had regained confidence during this war in its ability to defend against China. The situation in Pakistan is still fluid and he hoped the US would not resume military aid to either India or Pakistan. I asked whether he would prefer that Pakistan receive its equipment from Communist China, and after discounting the Chinese as a serious source he let the subject drift.

In a final exchange, I told him that Mrs. Gandhi could expect to find us extremely sensitive on Vietnam--almost as sensitive as the Indians are on Pakistan.

R. W. Komer

CONFIDENTIAL

Gandhi Visit

March 21, 1966

Mr. Hale -

This is OK with Bob Komer. We will leave it to you to get it back into appropriate channels.

Harold H. Saunders

Enc. Tiros IX Photograph of India etc.  
2/3/65



*Gandhi visit*

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March 18, 1966

RWK:

Russ Hale from the Space Council is checking to see whether you think the President will want to follow his usual practice during the Gandhi visit of giving a copy of a recent satellite picture of the visitor's country. He says you have seen these things before and this is just a routine check.

*H.*

HHS

*Done*

Yes

☒

No

☐

26  
THE WHITE HOUSE  
WASHINGTON

March 18, 1966

Jack,

Here are the answers on the ship gift to India. As NSF indicated in its original memo (which Hornig sent in to the President), it is planning on new oceanographic research vessels, but they have no connection with this gift. The old Williamsburg is simply too expensive to operate any more.

*R. W. Komer*  
R. W. Komer

*India  
econ  
x Gandhi Visit*

cc: Charles Johnson 1/5/67



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Friday, March 18, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Gift of Research Ship to India

Don Hornig and I have double checked to the best of our ability on two key questions affecting whether we should offer the Anton Bruun (the old Williamsburg) to India.

1. Do you have unquestionable legal authority to do so? Both BOB and the General Counsel of NSF confirm that we do under the National Science Foundation Act of 1950 (memo attached), which authorizes the Foundation to dispose by grant of property of all kinds serving the purposes of the Act and authorizes NSF to enter into arrangements with foreign countries for scientific research activities carrying out the purposes of the Act. The Secretary of State must approve such arrangements, and State has already informally done so.

2. Will transferring this ship just mean that NSF will seek new ships as replacements? There is no direct connection between giving up this old ship and the NSF's desire for additional ships for oceanographic research. In fact NSF plans to lay up this ship in any case, because its operation is so uneconomical. It simply requires too large a crew. On the other hand, NSF clearly plans to build new research vessels and other facilities in the next several years (costing about \$5 million out of a \$530 million budget), not as direct replacements for the old Williamsburg but as part of its regular program. Dr. Haworth, Director of NSF, has indicated that NSF expects to request at least one new ship, costing around \$2 million, whether or not the Williamsburg is given to India. So we can't guarantee that no one will say that we're giving away one ship in order to buy another, but the fact is that NSF wants new ships in any case. Of course any NSF proposals will be subject to BOB review and Hill appropriation.

- - - - -

Touching base with Congress. Dr. Haworth of NSF has been holding up on this until he got some indication of whether the President was interested. If so, he will then check promptly with his Congressional Committees. This ship gesture is no more than a nice touch for the Gandhi visit; it could easily be dispensed with, or done later.

/s/  
R. W. Komer

cc: Dr. Hornig

cc: Chas. Johnson 1/5/67



~~TOP SECRET~~

27 *Rusk*  
*Gandhi Visit*  
*x India*  
*military*  
March 18, 1966

MEMORANDUM FOR THE PRESIDENT

One of your trickiest jobs with Mrs. Gandhi will be to stiffen her intention not to go nuclear without promising too much. This won't seem hard because it looks as if she'll state this intention flatly. But while that seemingly lets us off the hook of deciding how much pressure to apply or how much to pay for that decision, we don't want to pass over the subject so lightly that she goes away thinking we don't take non-proliferation seriously or don't have a realistic alternative to offer if some day she decides she has to reverse herself.

Rusk has been over the alternatives extensively and concluded (attached) that -- even though we should try to head off India's going nuclear -- we should not now go as far as to offer India any solid assurance of nuclear help against nuclear attack. But he also feels we're not ready yet to close any doors. So he'd propose taking this line with Mrs. Gandhi:

- You agree wholeheartedly with her intention to limit India's nuclear energy development to peaceful uses and to concentrate on economic development.
- You agree that the nuclear powers should work out some way of assuring the non-nuclear powers against nuclear attack.
- You hope that, if the pressures to build the bomb mount, she will talk the problem over with us before deciding, because there may be ways to help India find the security it needs without assuming the heavy costs of nuclear defense.
- We are willing to share with her (as we did with Shastri) intelligence on the Chicom nuclear program.

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Authority

NLS 94-255 (33a)

By

*felip* NARA. Date 1-2-04

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- 2 -

Rusk's memorandum encloses a study reviewing all of our options -- non-proliferation treaty and comprehensive test ban, cutting off US aid if India goes nuclear, a US-Indian alliance, a Joint US-USSR guarantee or a US call for one, a private US guarantee of help against a nuclear attack, and nuclear sharing. These aren't all mutually exclusive, and Rusk's recommendations address chiefly the most difficult question of whether we're prepared to guarantee nuclear support to India.

While I agree with Rusk on the issue of nuclear support, I'd recommend you emphasize the importance you place on a non-proliferation treaty and a comprehensive test ban and ask for Indian support in order to underscore your concern about the spread of nuclear weapons. I also believe that -- without threatening to cut off aid -- you might influence Indian thinking by making it clear how hard it would be for you through economic aid to underwrite an Indian nuclear weapons program.

R. W. Komer

Attachment

HSaunders/SMKeeny:jb:3-18-66

bcc: HSaunders (2)

RWKomer (2)

SMKeeny (2)

TOP SECRET

To: Jim Clark, Bo B

3/16/66

Pandhi Visit

1. Under what legislative authority could the President transfer the BRUUN to the Indians?

What Congressional gripes might the transfer provoke?

Should Haworth or anyone else consult Congress first?

2. Can we demonstrate (any more fully than p. 2 of Haworth letter) how a new research vessel will fit into the NSF modernization budget in the next couple of years?

In short, what unbeatable argument can we build to protect the President against critics who may accuse him of giving away perfectly good government equipment? (The line of argument in Haworth's letter seems good enough; can we beef it up any from planning figures now in BOB?)



*Gandhi visit  
x India* *file*  
29

~~SECRET~~

March 11, 1966

RWK:

Status of Gandhi visit planning. Here are (a) State's strategy paper and (b) one on MAP for India and Pakistan. You already have Hoopes' MAP paper.

One thing missing is a paper on aid options. We probably won't want to do anything in connection with the visit, but we ought to have something in hand in case the President wants to see in concrete form what his possible next steps are. I've suggested this to SOA but thought any request to Macomber ought to come from you (though I'll be glad to pass the message).

State's strategy paper is OK as a working base, but it's now much too long to leave a very sharp picture in the President's mind, though maybe we want to do that ourselves in any case.

My skeleton outline goes like this:

Key question. The basic question the whole exercise will try to answer is: Can we do business with India over the next 5-10 years? This breaks into two areas where we want to reach a meeting of minds:

1. Where is India going politically?
  - How does India view its role in Asia, particularly in relation to China?
  - How serious is India about coming to terms with Pakistan? (How does India plan to give Ayub a graceful out?)
  - What are India's intentions about nuclear weapons?
2. Where is India going economically?
  - How is Subramaniam's program coming? Will it receive full political backing?
  - How hard will Mrs. Gandhi push to achieve looser import controls?
  - What is Mrs. Gandhi going to do to improve climate for private investment?

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-01

~~SECRET~~

SECRET

- 2 -

Lesser questions by comparison ought, it seems to me, to be left for Rusk and Bell to pursue. It's risky to try to crowd too many things into the LBJ-Indira talks. These include:

- Nepal
- Military aid
- Specifics on investment climate
- Deal on import liberalization

We can obviously flesh these out, but I'd prefer building on a simple outline.

HHS

SECRET ^



## MEMORANDUM

THE WHITE HOUSE  
WASHINGTON~~CONFIDENTIAL~~

Thursday, March 10, 1966, 7:00 P.M.

## MEMORANDUM FOR THE PRESIDENT

Indira Gandhi visit. With Mrs. Gandhi coming in about two weeks, we are well along on a scenario.

First, you should know that both Ellsworth Bunker and Barbara Ward have strongly urged on me that you should see Mrs. Gandhi as much as possible alone. I responded in both cases that this was the secret of your handling Ayub, and that I had no doubt you would deal similarly with Mrs. Gandhi. Indian officials are in (Tab A) with the same advice.

We have also been working discreetly behind the scenes to get across to Mrs. Gandhi your own deep interest in hearing from her where India is going and what she expects to do to see that it gets there. If she comes with a begging bowl (which she won't -- she's too proud), or if she lets her innate shyness overcome her, we will have a non-visit on our hands. I have not been using Bowles as much for this purpose as Barbara Ward, John Lewis (our excellent AID director in Delhi) and of course B.K. Nehru. Naturally all of these maneuvers have been directed to what Mrs. Gandhi should say to you and not at all to what US policy will be in response. I have my views, but I know my place.

Arthur Dean called down to say that he has very encouraging word from George Woods, who had Shastri all set to move on a series of most sensible economic reforms just before his untimely death. Now Woods says he thinks he has Indira on the track too. It is far better to have the World Bank out in front on these matters, to avoid Indian resentment at US "pressure." So I've asked Dean to get the picture from Woods, and do his own report to you. Incidentally, shouldn't Dean be on your Gandhi dinner list, even though using him as a special envoy is now on the back burner?

This Gandhi meeting is critically important, not just because I'm an Indian but because India must inevitably play a major role (second only to Japan) in any larger Asian initiatives we may develop. So with this visit only two weeks off, I'll start sending you more items.

*R. W. Komer*

R. W. Komer

*Jack Valenti just sent me a copy of Chet Bowles' letter (all 11 pg)  
Sometimes Bowles doesn't know enough to come in out of the rain.*

DECLASSIFIED

CONFIDENTIAL

Authority 89-192

By Oct/15pNARA, Date 3-30-90



~~SECRET~~

30a  
March 10, 1966  
Thursday, 6:00 P.M.

From Bowles (New Delhi 2302)

In the last few days I have had a series of informal and frank exchanges with Asoka Mehta and L. K. Jha in regard to Mrs. Gandhi's visit to the United States. Out of these visits have emerged the following points:

1. Regular discussions have been held throughout the Indian Government about the trip, how it can best be handled, its objectives, opportunities, etc. The discussions have reflected a large measure of agreement on the need for changed attitudes on the part of the Indian Government in regard to the outside world and particularly the US.
2. Mrs. Gandhi according to all reports is in a relaxed mood, confident that she can reach an understanding with President Johnson and looking forward to the experience.
3. Those concerned with the planning of the trip are hopeful that the President will arrange privately and at some length to discuss his concerns with Mrs. Gandhi. It is felt that face-to-face discussion will be far more productive than larger meetings.
4. While the Indians are hopeful that they will receive assurances of increased economic assistance to lift the economy out of its present doldrums, they are not particularly anxious that any announcement of such actions should immediately follow the meeting. They also understand that the President may not feel free to make final decisions until the outlook for the foreign aid bill is a bit more clear. However, what Mrs. Gandhi wants most is the feeling that the President understands her problems and that he will do everything in his power to help her build a viable and politically stable India.
5. The final decisions have not been made about the makeup of Mrs. Gandhi's party. L. K. Jha will surely go as will C. S. Jha. Dinesh Singh is anxious to go but Swaran Singh may decide to go himself. Asoka Mehta is a probability. Finance Minister Chaudhuri whom I believe would be a good addition will be too involved with the budget and Parliament to leave at this time.

DECLASSIFIED

Authority NLT 94-250 (#46a)  
By jc/tp. NARA. Date 1-2-04

~~SECRET~~



~~SECRET~~

- 2 -

6. The Government of India is considering the possibility of sending one or two people (perhaps L. K. Jha) a few days in advance for a few informal preliminary talks. Someone might also stay on for two or three days after she has left.

7. The Indian leaders who are concerned with economic affairs and political sensitivities are convinced the visit will be decisive in determining the direction and stability of the Indian economy for some time to come. It is freely prophesied that if the meeting is successful, India will pull rapidly out of her current doldrums and steadily gain in confidence with the positive factors operating on a multiplier basis. On the other hand, a disappointing outcome, for whatever reason, would, it is felt, lead to even heavier fire from the Communists, the Congress Party leftists and the Neo-Gandhian Nationalists who blindly insist that India can somehow go its own way without foreign assistance.

Comment: I am satisfied that the Indian Government is proceeding soberly and realistically to prepare for this visit. They are determined to do everything in their power to make it a success. An earnest effort is being made to understand our problems and the Government of India hopes that we will understand theirs.

Please advise if you have any specific points that you wish me to emphasize in talks with Mrs. Gandhi and senior Government of India officials during the next two weeks.

~~SECRET~~

Def 1652 +

31

Jim -

File  
Saunders  
visit

Attached cable came to Komer  
for clearance. Since the scheduling  
business is yours, can you confirm the  
President's participation in Mrs. Saunders  
visit as described in these telegrams  
(noted in red)?

If this is OK with you, just  
send these back to me, and we'll clear.

Thanks.

Hal Saunders

Jim Jones telephoned  
to say OK.

3/9/66  
5:07 p.m.

372006



32

file

Gandhi Visit  
x India

LIMITED OFFICIAL USE

BKS:

March 9, 1966

Shouldn't this be checked out with the  
social side of the White House rather than  
with us?

HHS

LIMITED OFFICIAL USE

We can do this but don't  
you want to coordinate  
with Social Office?  
BKS.

Att: Read-Smith memo, enc. draft telegram  
to New Delhi re Gandhi Visit 3/8/66  
(WH-641)

Checked with Jim Jones  
and Bess Abell. OK.  
HHS.

Ret'd to BKS - 3/10/66.

33

Gandhi Visit  
x India  
x P.S.

Wednesday, February 23, 1966  
7:45 p.m.

MEMORANDUM FOR

THE PRESIDENT

Indira Gandhi visit. She has asked her Embassy here to inquire informally whether Monday, 28 March, would meet your convenience. If so, then she will officially propose this date and we can officially acknowledge. May we say OK?

Approve ✓

Prefer \_\_\_\_\_

R. W. Komer

cc: McGB



February 2, 1966  
Wednesday 9:15 a.m.

MEMORANDUM FOR THE PRESIDENT

Talking points for BK Nehru. Our best guess is that he'll plead India's acute famine prospects and the sad state of its economy, then ask for emergency help in both categories. Assuming that you'll plan to be mostly a friendly listener at this point, you might make the following interim response:

1. We're impressed with the way Mrs. Gandhi has taken hold and seems to be going in the right direction.

2. We're also impressed with the spirit of Tashkent and progress toward a Pak/Indian stand-down.

3. You look forward to seeing Mrs. Gandhi -- the sooner the better.

4. We'll take a close look at BK's requests:

(a) On food for famine, he knows we want to be helpful. We've already done far more than all other countries combined. But we've tried to make clear that other nations should pitch in to do a fair share of the job, India itself must make a greater effort to get the Soviets, Canadians, Australians, Japanese, and others to help out. There's too much of a tendency to leave everything to Uncle Sam.

(b) On other economic aid requests, we'll try to get our ducks in a row to have answers for Mrs. Gandhi.

5. In general, India can depend on us to be helpful in as many ways as we can, consistent with our other problems. However, you're sure that India, like other countries will take due note of your strong convictions on self help, just highlighted in the Aid Message. Performance, not promises, will be the test we shall apply.

R. W. Komer



~~SECRET~~

34a  
February 1, 1966  
Tuesday 5:30 p.m.

MEMORANDUM FOR THE PRESIDENT

Pak/Indian Interim Steps. Here is the list you requested today of the interim steps I'd suggest taking now with both countries. I'll also work up the best formula on food sharing that I can.

These proposals may be more forthcoming than your own thinking as of this moment, but I feel that the momentum we've achieved in moving Paks and Indians our way (Tashkent, troop withdrawal, new Indian agriculture program) is so promising that we ought to show just enough responsiveness to keep the process going.

A. Steps to help Ayub. We ought to do enough for Ayub to avoid undermining his position that his visit here was successful, especially when his Tashkent reconciliation policy is under fire. So I'd favor the following steps parallel to whatever we do for India:

1. An interim PL 480 agreement. Pakistan is much better off than India, but is pressing for food too as it sees India getting so much. We could move pronto with an \$18 million extension of the old agreement, or make a new 3 month deal for \$26 million (300,000 tons wheat and 25,000 tons of oils).

2. \$50 million program loan for fertilizer and raw materials to speed up Pak economy would be a major gesture and good economics too. We'd tie stiff economic conditions (same as for India below).

3. Ease up on military sales. Ayub himself just raised this issue. The Pak military are hurting and disgruntled; we want to ease their pressure on Ayub and guard against the Paks buying a lot from the Chicomcs. It's hard to justify restoring MAP yet (this would also be ticklish with Congress). But we could lift our ban on non-lethal military commercial sales, plus telling Ayub we'll entertain requests for MAP credit sales once the 25 February troop withdrawal takes place (the Paks want to buy two civilian C-130s, have about \$3 million in orders for commo equipment stacked up, and need a lot of spare parts).

4. Hornig Medical Mission you promised Ayub will leave soon, and be a good gesture hopefully costing mostly surplus rupees.

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLI/PAC 12-255 (#14)

By CH NARA, Date 11-30-15

~~SECRET~~



This package should hold Ayub for at least two months (till after a Gandhi visit), but still leave at least \$30 million in FY '66 aid, \$85 million from EXIM for the Karachi steel mill, and more PL 480 to be doled out later. I'd dress it up via a letter to Ayub. Later you could send out Arthur Dean to discuss terms and conditions prior to further help.

B. Package for India. The following is carefully graduated to give Mrs. Gandhi a clear sense now that we want to help, but again save the bulk of our AID money and PL 480 for later bargaining. So when BK Nehru comes in tomorrow with an urgent plea for famine relief and emergency economic aid to keep India's faltering economy going, you could respond with:

1. Another interim PL 480 Allocation. Mrs. Gandhi will doubtless have told BK to plead for a pledge covering the whole emergency period. Our problem is to be responsive enough so that no one can say we're being niggardly, but not let India off the hook. So I'd tell him you'll allocate 1.5 to 2 million tons to keep the pipeline full, and may seek a Joint Resolution endorsing a major US anti-famine effort if others will join in appropriately. But you could emphasize that any further major US contributions will depend on what others do. We can't carry the whole load. So India better get humping.

2. \$100 million Program Loan. India's industry is running down badly owing to lack of raw materials. So a loan now would reap dividends, while still reserving the bulk of our aid (\$85 million from FY '65 and earlier, at least \$70 million from FY '66, and massive PL 480) for later parleying with Indira. As a means of bringing home what we expect, we'd tie on stiff conditions: (a) India must match our \$100 million; (b) the money must be used for revving up existing capacity, not to start new projects; (c) reassurance that India won't siphon off too much for defense; and (d) reopening of India's dialogue with the World Bank, which is our ally in getting better Indian performance.

3. Ease up on military commercial and MAP credit sales. This will help Pakistan more than India, but ought to be symmetrical.

4. Go ahead with covert US/Indian program against Chicoms. State/CIA are strong for this, and fear the Indians are coming to think we no longer mean business. But we've been holding up some \$13 million, chiefly for transports to supply Tibetans, till you met Shastri. Whatever we do, this program makes anti-Chicom sense.

~~SECRET~~

Page 3

5. Last, I'd authorize Freeman to tell the Indians that we'd reimburse them out of any future PL 480 if they go ahead now and buy wheat with their own foreign exchange. This involves no commitment or added cost, since we're going to give them some future PL 480, but has the great virtue of getting them off their duffs instead of sitting around waiting for a handout. This isn't a gimmick to get more food for India -- in fact it let's us play a tougher game.

- - - - -

The above steps are in accord with current State, DOD, and AID thinking. We've had remarkable success to date in Pak/Indian policy and made both countries sing our tune. I'm convinced, as your guy who watches South Asia closely, that the time has come to ease up enough to keep Paks and Indians moving the right way, while retaining plenty of chips to play yet another hand when Indira comes. And we'd tie everything to performance.

R. W. Komer

~~SECRET~~



CONFIDENTIAL

January 19, 1966

MEMORANDUM FOR BILL MOYERS

Here's a copy of the letter to Indira Gandhi, though I'd underline again the inadvisability of releasing it until we know it has been delivered.

I'd hope it would suffice to say that the President has warmly congratulated Indira and renewed his invitation for a visit, either on 1 February or sometime soon thereafter (Don't overstress the "soon", because the signs are that she may be unable to come till April/May).

R. W. Komer

35

*Indira Visit  
X India*

*See Visit  
File*

~~SECRET~~

January 18, 1966

Mac

Does this fill the bill? My redraft is editorially different from State's, but cleared with them.

New subject. I would not have sent that Indonesian chit without checking with Chet. But I should have so indicated. Will send it back over his name.

RWK

Attach. RWK Memo to President 1/18/66 4 pm  
att. msg to new Indian PM w/invite

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 1-2-04

*Revised  
& sent*

36  
*Sancho Visi  
& Indira*



~~SECRET~~

36a  
January 18, 1966  
Tuesday/4:00 pm

MEMORANDUM FOR THE PRESIDENT

It might be a nice gesture to be first under the wire with a message to the new Indian PM. So here's a message you might want to send out tonight, telling Bowles to deliver as soon as appropriate.

It's most likely to be Indira Gandhi, but whoever it is isn't likely to be able to come before the budget session of India's parliament, which begins 14 February (and lasts till 13 May). So you could also safely make the gesture of renewing the 1st February invitation but adding that the invite is also good for a later, more convenient time. State agrees.

Attached draft message would do the trick. Then Bill Moyers could put out, say in response to a question, that you had congratulated the new PM and renewed the invitation.

R. W. Komer

Approve \_\_\_\_\_

See me \_\_\_\_\_

~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pc, NARA, Date 1-2-04

Attach. Read/Bundy Memo 1/18/66, subj. Msg of Congratulations to India's new Prime Minister

36<sup>b</sup>

LIMITED OFFICIAL USE

January 18, 1966

AMEMBASSY NEW DELHI    IMMEDIATE  
FOR AMBASSADOR

Deliver following message soonest to new Prime Minister from  
President Johnson:

QUOTE: Dear Madam Prime Minister:

Let me offer my warm congratulations on your appointment and wish  
you every success as you assume leadership of the world's largest democracy.  
The relations between our two countries are firmly grounded in our common  
dedication to the principles of human dignity, human welfare, democratic  
institutions, and peace. Under your leadership I look forward to a broadening  
and deepening of this community of interests, and pledge our friendship and  
cooperation to this end.

You know how much I had been looking forward to seeing Prime Minister  
Shastri, under whom your government has made such great efforts to bring  
a better life to India's millions. I will be delighted if you can come on  
1 February, but realize that your new burdens of office may make this  
difficult. If you cannot come then, I hope that we can reschedule your  
visit for an early date, so that we can discuss the many momentous prob-  
lems we both face. Mrs. Johnson and I remember with much pleasure  
our earlier meetings with you, and look forward to seeing you again soon.



If Mrs. Gandhi not rpt not chosen as Prime Minister, change salutation to QUOTE Dear Mister Prime Minister UNQUOTE and omit final sentence of text beginning QUOTE Mrs. Johnson and I UNQUOTE.

White House does not plan release of message but has no objection if GOI desires to do so.

Exempt.

End

~~SECRET~~

January 17, 1966

MEMO FOR BILL MOYERS

Attached seems to me a sensible gesture, preferably in response to a query and preferably before the new Indian PM is elected on 19 January.

You'll want to check it with the President, but I'm confident he'd see no objection.

R. W. Komer

Attach. Read/Bundy Memo 1/17/66, subj  
Revalidation of President's Invitation to  
the Indian PM

DECLASSIFIED

E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By jc, NARA, Date 1-2-04

Note to Rusk  
from Moyers:  
"Pres says he's  
not until successor  
is chosen and then  
make this  
statement."

31  
File  
India PM  
Visit  
+ India  
+ P.D.



38

BRING  
BOOK

DEPARTMENT OF STATE  
FOR THE PRESS

MARCH 23, 1966

NO. 67

39

*Gandhi visit*

PROGRAM FOR THE VISIT TO THE UNITED STATES OF  
HER EXCELLENCY INDIRA GANDHI, PRIME MINISTER OF INDIA

March 27 to April 1, 1966

Members of the Party

Her Excellency Indira Gandhi  
Prime Minister of India

His Excellency Braj Kumar Nehru  
Ambassador of India

Mrs. Nehru

His Excellency Lakshmi Kant Jha  
Secretary to the Prime Minister

His Excellency Chandra Shekhar Jha  
Foreign Secretary, Ministry of External Affairs

His Excellency Gopalaswami Parthasarathi  
Permanent Representative of India to the United Nations  
(New York City only)

Mrs. Parthasarathi  
(New York City only)

His Excellency Parmeshwar Narain Haksar  
Deputy High Commissioner of India to the United Kingdom

The Honorable Dr. Purnendu Kumar Banerjee  
Minister, Embassy of India

Dr. Shantiswarup Gupta  
Consul General of India at New York  
(New York City only)

Mrs. Gupta  
(New York City only)

Mr. B. G. Verghese  
Information Adviser to the Prime Minister

(Continued)



Members of the Party (Continued)

Mr. Aqil Ahmad  
Press Attache, Embassy of India

Mrs. Amie Crishna  
Private Secretary to the Prime Minister

\* \* \* \* \*

The Honorable James W. Symington  
Chief of Protocol of the United States

Mrs. Symington

The Honorable Chester Bowles  
American Ambassador to India

Mrs. Bowles

Mr. Samuel L. King  
Assistant Chief of Protocol  
Department of State

Mrs. King

Mr. Edward Edstrom  
Public Affairs Adviser  
Department of State

Mr. Ivan E. Sinclair  
Public Affairs and Press Officer  
Department of State

Mr. Keith O. Lynch  
Security Officer  
Department of State

\* \* \* \* \*

SUNDAY, MARCH 27

4:50 p.m. EST

Her Excellency Indira Gandhi, Prime Minister of India, and her party will arrive at Langley Air Force Base, Virginia.

5:00 p.m. EST

Departure from Langley Air Force Base by helicopter.

5:15 p.m. EST

Arrival at Williamsburg Inn, Williamsburg, Virginia.

Private evening.

MONDAY, MARCH 28

9:55 a.m. EST

The Prime Minister of India and her party will depart from Williamsburg by helicopter. (Flying time: 1 hour)

10:55 a.m. EST

Arrival at the President's Park (Ellipse), Washington, D. C.

11:00 a.m. EST

The Prime Minister of India will arrive at the White House where she will be met by the President of the United States and Mrs. Johnson, the Secretary of State and Mrs. Rusk, General Earle G. Wheeler, Chairman of the Joint Chiefs of Staff, and Mrs. Wheeler, the Dean of the Diplomatic Corps and Mrs. Sevilla-Sacasa, and other officials. Military honors will be rendered.

11:20 a.m.

Prime Minister Gandhi will meet with President Johnson at the White House.

1:15 p.m.

The Secretary of State and Mrs. Rusk will give a luncheon in honor of the Prime Minister of India in the Benjamin Franklin Room, Department of State.

2:50 p.m.

Departure from the Department of State.

MONDAY (Continued)



MONDAY, MARCH 28 (Continued)

- 3:00 p.m. Arrival at Arlington National Cemetery where Prime Minister Gandhi will place wreaths at the Tomb of the Unknown Soldier and at the grave of the late President John F. Kennedy.
- 3:30 p.m. The Prime Minister of India will depart from Arlington National Cemetery and return to Blair House.
- 5:00 p.m. His Excellency Braj Kumar Nehru, Ambassador of India, and Mrs. Nehru will give a reception in honor of Her Excellency Indira Gandhi, Prime Minister of India, at the Embassy of India, 2700 Macomb Street, Northwest.
- 8:00 p.m. The President of the United States and Mrs. Johnson will give a dinner in honor of the Prime Minister of India at the White House.

Dress: Black tie.

TUESDAY, MARCH 29

- 9:00 a.m. Prime Minister Gandhi will have coffee with guests at Blair House.
- 10:00 a.m. Prime Minister Gandhi will meet with Secretary Rusk at Blair House.
- 11:00 a.m. Prime Minister Gandhi will receive private guests at Blair House.
- 12:00 Noon The National Press Club will give a luncheon in honor of the Prime Minister of India at the National Press Building.
- 2:10 p.m. Prime Minister Gandhi will depart from the National Press Building and return to Blair House.

TUESDAY (Continued)

TUESDAY, MARCH 29 (Continued)

- 4:05 p.m. Prime Minister Gandhi will depart from Blair House.
- 4:15 p.m. Prime Minister Gandhi will address members of the Indian Community at the Embassy of India Chancery, 2107 Massachusetts Avenue Northwest.
- 5:00 p.m. Prime Minister Gandhi will meet with President Johnson at the White House.
- 7:10 p.m. The President of the United States and Mrs. Johnson will attend a small reception given by Prime Minister Gandhi at the Embassy of India, 2700 Macomb Street Northwest.
- 8:00 p.m. His Excellency Braj Kumar Nehru, Ambassador of India, and Mrs. Nehru will give a dinner in honor of Her Excellency Indira Gandhi, Prime Minister of India, at the Embassy of India, 2700 Macomb Street Northwest.

Dress: Black tie.

WEDNESDAY, MARCH 30

- 8:45 a.m. Prime Minister Gandhi will have coffee with guests at Blair House.
- 9:55 a.m. Prime Minister Gandhi and her party will depart from Blair House.
- 10:00 a.m. Arrival at the Washington Monument Grounds where an Armed Forces departure ceremony will be conducted. The Secretary of State and Mrs. Rusk will head the Farewell Committee.
- 10:15 a.m. Departure from the Washington Monument Grounds by helicopter.

WEDNESDAY (Continued)



WEDNESDAY, MARCH 30 (Continued)

10:25 a.m. Arrival at Andrews Air Force Base, Maryland.

10:35 a.m. EST Prime Minister Gandhi and her party will depart from Andrews Air Force Base aboard a special flight of the United States Air Force. (Flying time: 1 hour and 15 minutes.)

11:50 a.m. EST Arrival at Marine Air Terminal, LaGuardia Airport, New York City. Prime Minister Gandhi will be greeted by The Honorable John V. Lindsay, Mayor of the City of New York, and Mrs. Lindsay.

12:00 Noon Departure from LaGuardia Airport.

12:30 p.m. The Prime Minister of India will arrive at the New York State Theater of Lincoln Center, Broadway at 64th Street.

1:15 p.m. The Mayor of the City of New York and Mrs. Lindsay will give a luncheon in honor of the Prime Minister of India at Philharmonic Hall, Lincoln Center.

Following luncheon, the Prime Minister of India and her party will proceed to the Carlyle Hotel where they will reside during their stay in New York.

4:20 p.m. Departure from the Carlyle Hotel.

4:30 p.m. Prime Minister Gandhi will visit the Sona Handicraft Shop at 11 East 55th Street.

5:00 p.m. Mr. Shantiswarup Gupta, Consul General of India at New York, and Mrs. Gupta will give a reception in honor of the Prime Minister of India at New India House, 3 East 64th Street.

Following the reception, the Prime Minister will return to the Carlyle Hotel.

WEDNESDAY (Continued)

WEDNESDAY, MARCH 30 (Continued)

7:00 p.m. The Economic Club of New York will give a dinner in honor of Prime Minister Gandhi at the New York Hilton at Rockefeller Center, 1335 Avenue of the Americas.

Dress: Black tie.

THURSDAY, MARCH 31

9:00 a.m. Departure from the Carlyle Hotel.

9:15 a.m. Arrival at Rockefeller Plaza, 49th Street Entrance.

Prime Minister Gandhi will make a video tape for the NBC Television Program "Meet the Press". (The program will be broadcast April 3).

10:20 a.m. Departure from Rockefeller Plaza.

11:00 a.m. The Honorable Nelson A. Rockefeller, Governor of the State of New York, will call on Prime Minister Gandhi at Suite 34-A at the Carlyle Hotel.

11:45 a.m. Prime Minister Gandhi will receive private visitors at her suite, the Carlyle Hotel.

12:30 p.m. His Excellency B. K. Nehru, Ambassador of India, will give a luncheon in honor of Prime Minister Gandhi at the Victorian Room, the Carlyle Hotel.

3:50 p.m. Departure from the Carlyle Hotel.

4:00 p.m. Prime Minister Gandhi will meet with the Council on Foreign Relations at the Harold Pratt House, 58 East 68th Street.

Following the meeting the Prime Minister will return to the Carlyle Hotel.

THURSDAY (Continued)



THURSDAY, MARCH 31 (Continued)

7:00 p.m.

The officials of the India Council of the Asia Society, the Indian Chamber of Commerce, the United States Council of the International Chamber of Commerce, the Far East-America Council of Commerce and Industry, and the Business Council for International Understanding, will give a dinner in honor of the Prime Minister of India at the Plaza Hotel.

Dress: Black tie.

FRIDAY, APRIL 1

8:45 a.m.

Prime Minister Gandhi will depart from the Carlyle Hotel.

9:00 a.m.

Arrival at Studio 55, Channel 13, 841 Ninth Avenue.

Prime Minister Gandhi will make a video tape for Channel 13 educational television program.

10:00 a.m. to

11:30 a.m.

Prime Minister Gandhi will receive private guests in her suite at the Carlyle Hotel.

11:45 a.m.

Departure from the Carlyle Hotel.

12:00 Noon.

Prime Minister Gandhi will visit the United Nations Headquarters.

U Thant, Secretary General of the United Nations, will give a luncheon in honor of Prime Minister Gandhi at the United Nations Headquarters.

3:00 p.m.

Departure from the United Nations and return to the Carlyle Hotel.

5:05 p.m.

Departure from the Carlyle Hotel.

FRIDAY (Continued)

FRIDAY, APRIL 1 (Continued)

5:15 p.m. Prime Minister Gandhi will address Indian nationals at the Community Church, 40 East 35th Street.

5:45 p.m. Departure from the Community Church.

6:00 p.m. His Excellency Gopalaswami Parthasarathi, Permanent Representative of India to the United Nations, and Mrs. Parthasarathi, will give a reception in honor of Prime Minister Gandhi at the New India House, 3 East 64th Street.

Following the reception, the Prime Minister of India and her party will return to the Carlyle Hotel.

7:45 p.m. The Prime Minister of India and her party will depart from the Carlyle Hotel.

8:30 p.m. EST Prime Minister Gandhi and her party will depart from John F. Kennedy International Airport for New Delhi.

\* \* \* \* \*



VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 27 - April 1, 1966

STRATEGY PAPER

92

I. Purpose of the Visit:

A. We have asked Mrs. Gandhi to come to Washington so that we can reach a clear understanding with her, at the highest level:

- On a principle: our relationship is a two-way street, and as we help India meet its vital needs, so should India be responsive to ours;
- On a definition, of what each of us really requires from the other;
- On an appreciation, of the problems each of us faces in meeting the others priority requirements; and finally,
- On a bargain: in broad outline, what we will undertake to do for India and what India will undertake to do for us in the months and years ahead.

B. The bargain we seek to strike is a general one, producing no immediate, quantifiable results, but rather setting the stage for a gradual evolution in our relations, during which our community of interests will increasingly be translated into specific complementary actions.

II. The Setting:

A. Mrs. Gandhi has been in the United States a number of times, but never before as her country's leader. She will arrive sharing our view of the importance of her visit and anxious to make it a success. At the same time she will be uncertain of how far she can carry her country in any understanding she may reach with us, since she has been in power less than three months, is still very much feeling her way, and is mindful of the fact her Government will face general elections early next year.

B. She arrives, therefore, very much in need of our understanding:

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- of the difficulties she faces in sustaining present movement toward a lasting accommodation with Pakistan, as that reconciliation process goes beyond the frills to the gut issues of national power, national security, and Kashmir;
- of the immensity of the food and economic problems her country faces;
- and of the serious internal political problems she faces in attempting to carry out some of the steps that she and we agree need to be done (especially, economic self-help measures her critics will portray as "sellouts" to big business, and gestures toward Pakistan implying softness on Kashmir).

C. She arrives amid a waning of the trend toward reconciliation in South Asia: Ayub's visit here, Ayub's and Shastri's statesmanlike performance at Tashkent, and the steps that both countries have since taken to reknit their relations have been giant steps toward re-establishment of peace, but the pace is slowing as the two countries are brought face to face with the underlying issues.

- Progress to date has helped us to take certain limited but responsive steps in the economic and military assistance fields, culminating in those announced in connection with the Vice President's trip to India and Pakistan.
- But continuation of a favorable trend will require a continuing dialogue between India and Pakistan, a dialogue in which each is sympathetic to the minimum political requirements of the other and in which there is a genuine will to succeed and the political courage to see it through.

D. She arrives at a time when both we and the USSR are reassessing the roles we will play in Asia at large and in South Asia in particular.

- Moscow is seeking to build on the influence its success at Tashkent and its large-scale assistance vis-a-vis the Chinese have brought it in India, while at the same time capitalizing on the new "independence" in Pakistan's foreign outlook to improve its position there.
- Meanwhile, we are increasingly caught up with our conflict in Southeast Asia; we are asking more of the free Asian nations

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we are assisting in our mutual interest at the same time that our recent policy in South Asia has demonstrated to both India and Pakistan just how much they need our support if their future is to be richer and better than in the past.

E. She arrives at a time when her Government has already agreed to certain basic changes in its economic policy (new priority for agriculture, including stimuli for chemical fertilizer) which we have been urging, but has not yet committed itself to a broader program of economic reforms which we, the World Bank, the IMF, and other Consortium members believe are also necessary to growth and effective aid utilization.

F. She arrives to continue at the highest level the dialogue we have already begun on the future of Indo-U.S. relations. The stage has been set for the President's talks by Food Minister Subramaniam's visit here in December, by our exchanges in preparation for the Shastri visit, by our talks with Ambassador Nehru here and Ambassador Bowles' talks in New Delhi, and last month, by the Vice President's talks with Mrs. Gandhi in New Delhi.

### III. Our Assumptions:

A. This is a friendly visit. We and the Indians have our gripes, but we also share broad common interests in wide areas with this Indian Government as with its predecessors.

--We share a strong commitment to the independence of free nations and to the democratic process.

--We share and encourage India's determination to work toward peace in the subcontinent while firmly resisting China's efforts to dominate Asia.

--We have given ample evidence that we share India's determination to better the life and the lot of her peoples.

--And, we share India's disinterest in a formal alliance.

B. Our major problem in Asia today is to contain Communist China with the minimum commitment of U.S. resources.

C. Because

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C. Because of its potential as a counterweight to China, India is more central to our interests than Pakistan. But India's ability to function in this positive context in Asia depends on how effectively it masters its economic problems, particularly food, and how it plays its hand vis-a-vis Pakistan.

D. India will continue to regard China as the prime, long-term threat to the subcontinent. India will also continue to cultivate close and cordial relations with the USSR; it sees its survival in any future Sino-Indian confrontation resting not only on U.S. support but also on a Soviet stance that is at least neutral. Within reasonable limits, a friendly Indo-Soviet relationship is not inconsistent with our own interests.

IV. What does Mrs. Gandhi Seek?

A. Above all other considerations, Mrs. Gandhi seeks from her visit here a strong reaffirmation of American interest in the future of the Indian Union.

- She will not beg for this, however; she is a nationalist, a proud woman, and the daughter of a great world figure.
- She is acutely conscious, moreover, of the limitations on her freedom of maneuver imposed by her new and delicate political position at home, more especially so in an election year.
- But she knows and we know that without tangible and continuing American interest in the future of the Indian Union, that Union does not have much of a future.

B. More specifically, she will use the occasion of the visit to convince us of India's determination to overcome centuries' old ignorance, poverty, hunger, and despair, and to stand on its own feet. She will acknowledge the importance of U.S. help and express the hope that the U.S. will continue to find it in the U.S. interest to provide:

- long-term economic assistance;
- Consortium pledging on which Indian planners can count;
- continued PL-480 food assistance.

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C. She will also seek to demonstrate the compatibility of India's foreign policy views with our own, even though our differing interests prevent them from being identical. In the process she may wish to identify the U.S. and Indian community of interests vis-a-vis China.

- She will emphasize India's concern for our continued support of India in its contest with Communist China.
- She will hold that India's neutral position in the ICC prevents it from openly taking sides in the Vietnam conflict, but that India will do all in its power to bring Hanoi to the negotiating table.
- She may seek to learn how we view our future relationship with Pakistan, especially in the area of military assistance; whether our past relationship with Pakistan will continue to lead us to equate India and Pakistan, despite India's greater size and importance in the confrontation with Communist China.
- She may try to get a sense of how wedded we are to a Kashmir settlement and to what extent our interest takes account of the "realities" of power--as seen by India--established in the conflict between India and Pakistan last fall.

V. What do we Seek?

We seek to use the visit to ensure that Mrs. Gandhi draws the conclusion from all that has taken place that the future of our relationship depends on reciprocity.

A. Specifically, this means that India has an obligation to do everything in its power in its own behalf to strengthen its economy:

- by following through in its recent decision to give higher priority to efforts to achieve self-sufficiency in food production;
- by following through on its new approach to fertilizer production and distribution;
- by mounting a massive effort to control population growth;
- by cooperating with the International Bank and the IMF on fiscal, import decontrol, and other related measures aimed

at freeing

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at freeing up the economy, stimulating the private sector, and encouraging private foreign investment in India.

B. Specifically, this means that India has an obligation to do everything in its power to create and sustain the conditions for a lasting peace in the subcontinent:

- including a recognition of Kashmir as an issue that must be explored from a standpoint of preserving the national interest of both India and Pakistan;
- including efforts to deal rationally with Pakistan's fears about the military imbalance between India and Pakistan; and
- including a willingness, as the larger and more important power, to go the extra mile in that search for an enduring peace in South Asia.

C. Specifically, this means that if India is to win its long-term contest with Communist China, it must give first priority to internal economic development and social progress.

- India's military force levels and its military spending should be kept to the minimum consistent with this goal and with the threats as they actually are;
- India should forego the development of an independent nuclear weapons capability, for the same reasons.

D. Specifically, this means also that India must show that it recognizes that the Chinese Communist problem is Asia-wide, that it does not end at the eastern end of the McMahon Line in Assam.

- we appreciate the role India is playing in South Asia to contain the Communist Chinese;
- we recognize the limitations on India's ability to help us directly in Vietnam in terms of its position as neutral Chairman of the ICC's set out in the Geneva Accords, but we think this position would command greater respect if India would deal more forthrightly with evidence of North Vietnamese aggression;

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- we also understand India's reluctance to risk serious alienation of the USSR in view of India's valid interest in preserving Soviet support in its contest with Communist China;
- we recognize, moreover, that continuing Indian ability to communicate effectively with Moscow serves our mutual interests;
- nonetheless, we need private reassurance from India as to where it stands on the conflict in Southeast Asia, and we need some public sign that in any major conflict of interests between China and the U.S., India stands with the U.S.

E. Specifically, this means that the Government of India refrains from publicly criticizing U.S. policies and that when there are disagreements, they are dealt with privately.

#### VI. Tactics:

A. Tactically, our approach should take account of the fact that the Indian Parliament will be looking over Mrs. Gandhi's shoulder while she is here. She will be concerned that the price she will be asked to pay for our continuing support of India will be more than any democratic leader in India can afford to pay.

- Thus we should emphasize the common paths we have followed in charting our own courses as new and independent nations, the interests we now share, and the bonds we now have, including our dedication to peace and progress, our commitment to the strengthening of democratic institutions, our vision of an international Great Society, etc.
- We should assure her that we seek in our relationship with India a healthy, interdependent relationship between sovereign and equal states.
- And we should indicate understanding and sympathy for her need to deal with her constituency in India.
- But, we should also help her to understand that our support of India requires her to pay attention to the American as well as the Indian constituency; only then can we discuss in meaningful terms the gestures needed from India as the sine qua non of a reciprocal relationship.

B. Tactically,

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B. Tactically, we recommend that the President's talks with Mrs. Gandhi focus on the three broad areas in which we have already had extensive discussions with the Indian Government; these are at the heart of the visit and must be dealt with satisfactorily if the visit is to be successful. They are:

- Peace in the subcontinent;
- Economic Reform--the Food Problem and Self-help; and,
- Indian Policy vis-a-vis China and Southeast Asia.

C. More detailed discussions covering such items as an exchange of assessments on China, other questions, particularly those involving such matters as our military assistance policy in the subcontinent, disarmament, the question of nuclear proliferation, the Indian investment climate, etc., might appropriately be covered in talks at the second echelon.

#### VII. What then the Bargain?

A. Given the broad measure of agreement we already have with each other, the agreements already worked out here with Food Minister Subramaniam, our diplomatic consultations here and in New Delhi, and the Vice President's visit to New Delhi, we should be able to strike a bargain which is responsive to our needs and hers.

B. The bargain may be struck at either one of two levels:

1. If Mrs. Gandhi meets us on the political questions of primary concern to us, i.e.:

- If she is willing to conduct a meaningful political dialogue with Pakistan in a joint search for the basis of lasting peace;
- If she will entertain long-term measures to continue the demilitarization of the Indo-Pakistan dispute, such as limitations on defense spending and particularly on the foreign exchange component of such spending (in this connection we need some assurance that GOI will be candid in giving us relevant data);
- And if we can reach agreement on complementary roles in Vietnam.

Furthermore,

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Furthermore, if Mrs. Gandhi assures us there will be no backsliding in this election year on her Government's determination to give agriculture higher priority, including agreed measures relating to chemical fertilizer;

Then we should be prepared to move promptly toward

- Longer-term P.L. 480 programs, related to Indian agricultural performance;
- A phased resumption of other economic aid (but to something less than our former aid level), with the timing, magnitude and character of individual increments to be worked out later;
- Discussions on how we can help meet India's priority military requirements through a further relaxation of our commercial and credit sales policy.

2. If, in addition, Mrs. Gandhi commits her government to implement the wider program of economic reforms recommended by the IBRD and IMF, (including at the minimum import liberalization, exchange reform, and incentives to private enterprise), then we, in addition, should agree:

- to cooperate with the IBRD and other donors, through the consortium mechanism, with the aim of ensuring that external assistance required to enable these reforms to succeed will in fact be forthcoming in the needed amounts and kinds, and at the required times.\*

C. Whatever the bargain, Mrs. Gandhi will prefer that no public announcement be made during or at the conclusion of her visit regarding new U.S. aid commitments.

- She knows her political standing at home would suffer if the Indian public gained the impression she came here to bargain for our aid.

D. Mrs. Gandhi should emerge from this visit, regardless of the specifics of the bargain we strike, with an appreciation of what

we regard

\* (See attachment for explanation of what this means in terms of timing and magnitude of our commitment.)

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we regard as a sound and healthy basis for our relationship with India.

- that although we may differ at times on approach, we are committed to the common objectives of advancing the welfare of our peoples, and of others through the maintenance of peace, freedom, international order, and democratic societies.
- that performance on the part of the Indian Government is the only guarantee of performance on the part of the American Government.
- that while we will try to understand her problems, she must try to understand ours--the two-way street we want our relationship to become must have traffic moving in both directions, even if for the present the number of lanes in each direction is not equal.

Drafted by:	Cleared by:
NEA:SOA-Mr. Coon	SOA-Miss Laise
	NEA-Amb. Hare
	FE-Amb. Berger
	AID/NESA-Mr. Rees
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	SOV-Mr. Toon
	DOD/ISA-Mr. Hoopes
S/S-S:PShostal, Room 7237, Ext. 4155	



## ATTACHMENT

Economic Reforms and Aid

Assuming favorable response on our political necessities regarding Vietnam, China and peace with Pakistan, and

If Mrs. Gandhi proposes or agrees to carry out a basic economic reform program incorporating not only high priority to agriculture, but also incentives to private investment, import liberalization, and related fiscal measures.

Recognizing that, although some reforms could and should be installed without promises of aid, some - particularly the vital step of import liberalization - must be accompanied by assurance of financial support, Mrs. Gandhi should be told:

- That she can count on our economic support;
- That her Government should prepare a detailed program for Consortium consideration as early as June;
- That we will work with the World Bank and other Consortium members to secure backing for the intended reforms;

In addition, we should:

- Open discussions with the members of the Consortium to reconfirm the previous consensus on the nature of needed reforms and to seek support for a general financial package adequate to the reform program;
- Advise both the Consortium and the Government of India, shortly after the bargain is struck at the top, that we believe the full reform program can be sustained by new Consortium aid no larger than that of the recent pre-hostility years - specifically that we believe that what is needed is:
  - Consortium aid at about the pre-hostility level of \$1 billion but with a shift in composition so that about two-thirds is program assistance, not limited to use on specific projects,
  - Debt accommodation to cover the approximate \$200 million a year of principal payments due, and
  - IMF support, perhaps only as a contingent standby to cover the initial rush of orders when imports are liberalized;

- Consider

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- Consider being prepared to make a contingent pledge of \$435 million at the proposed June Consortium meeting, with \$300-350 million to be available for commodity loans; if formal pledge is found to be inappropriate, we should be prepared to seek a formula for expressing our support to the reform program, using among other things the anticipated carry-over of FY 1966 development loan funds of \$150 million or more.

Parallel in Pakistan

Assuming consummation of a reform/aid bargain with India this summer,

And provided that Pakistan demonstrates responsiveness to our political imperatives,

We should be prepared to make an economic development deal with Pakistan also.

Such a deal:

- Would require less stress on economic reforms because of Pakistan's earlier moves;
- Would still call for restoration of reform policies suspended during hostilities (e.g., import liberalization) and for extensions to "match" the Indian advances;
- Would be supportable by financing analogous to the Indian program - Consortium aid at pre-hostility levels, debt accommodation, and IMF standby; and
- Would be facilitated by U.S. willingness to pledge aid this summer (\$212.5 million) but could probably be carried off without a formal pledge - use of \$150 million of FY 1966 funds to seal the Indian bargain would still leave \$65 million carry-over for possible early use to close a Pakistani deal.

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 27 - April 1, 1966

PRESIDENT'S TALKING POINTS

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SUMMARY

We recommend that during his talks with Prime Minister Gandhi, the President touch on each of the following:

- 1) Shared interests and problems:
  - Let us better understand each other's internal problems, particularly as they touch on our bilateral relations.
- 2) China and Vietnam:
  - Our mutuality of interest (China) implies some degree of mutuality of policy (Vietnam).
- 3) Peace with Pakistan:
  - No peace, no aid.
- 4) Food, Economic Policy, and our Aid:
  - Our willingness to help India depends on India's determination to help itself, and limit defense spending.
- 5) India's "No Bomb" Nuclear Policy:
  - We admire Indian restraint, and if the Chinese nuclear threat to India becomes serious, we hope India will discuss it with us.

We have also included a sixth talking point on future U.S. military aid to Pakistan. We recommend that it be used only if Mrs. Gandhi raises the issue. (She is reportedly under some domestic political pressure at home to do so.)

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SHARED INTERESTS AND PROBLEMS

1. India's commitment to a federal, democratic government, a mixed economy, a free press, and individual freedom gives it a character and outlook fundamentally similar to ours. Similarities are strengthened by the fact we are both vast, variegated subcontinental states.

2. The important thing is that we each understand each other's internal situations, particularly as they limit or otherwise relate to the conduct of our bilateral relationship. As working democracies, we each have a constituency in the other's country, which we each must heed and nurture.

3. The President's ability to enlist the support of Congress and the public for positive relations with India is strongly affected by India's public position and performance on subjects of such deep concern to Americans, particularly Vietnam, peace with Pakistan, and self-help.

4. Similarly, the President would appreciate hearing Mrs. Gandhi's views on the ways in which our actions most directly bear on her ability to carry her nation toward a more constructive relationship with the U.S.

Drafted by:	Cleared by:
NEA:SOA-Mr. Coon	NEA:SOA-Miss Laise
	NEA-Mr. Hare
	AID/NESA-Mr. Rees
	FE - Mr. Bundy
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CHINA AND VIETNAM

1. As a democratic country working for the welfare of its people, India has a great potential for influencing other developing areas, including those where Communist China is actively competing for influence. We also set great store by India's future power potential as an Asian counter-weight to China, as well as its present role as defender of a major sector of the free world boundary with China.

2. India knows it will have our support if Communist China should start serious trouble with it. This is a pragmatic political estimate, not a formal assurance. We are no more eager for a formal alliance against China than India is. For one thing, we understand the high value India attaches to its present ties with the USSR, in terms of its security interests in any future confrontation with China.

3. But where would India stand if we got into a direct confrontation with Communist China? We are conducting our operations in Vietnam with great care and will continue to do so, to minimize any chance of misinterpretation by Peiping. But even though we are doing our best to avoid a confrontation with China, it is important to us to know who our friends are, should Peiping choose to force a confrontation.

4. Mrs. Gandhi knows that our interests in Asia are peaceful and constructive ones, that our primary objective is to help build up the societies of the Asian nations and to assist in their economic and social revolutions. But the militant and expansionist tendencies of Communist China's leadership are posing challenges to some of these nations that cannot be countered by peaceful means alone. We see the struggle in Vietnam as the focus of a broad effort to restrain the attempt by Asian Communists to expand by force. Americans feel strongly that the mutuality of Indian and American interests toward China implies some degree of mutuality in our policies in Vietnam.

5. We recognize that India is in no position to give significant material support to our struggle in Vietnam: India has its own frontier with China to defend, it needs for the present to focus on developing its economy, and it does not wish to alienate the Soviet Union. Nevertheless, we need some clear sign that India recognizes our struggle in Vietnam serves Indian interests. We need a more forthright and effective Indian role in the ICC's in Vietnam, Laos, and Cambodia. And above all, India's leaders should refrain from taking public positions on developments in Vietnam that needlessly antagonize the U.S. Congress and public.

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PEACE WITH PAKISTAN

1. Progress toward rebuilding peace on the subcontinent since last fall's tragic conflict ended has been most encouraging and much credit is due to all parties involved, including the USSR.

2. But peace has not yet been secured. India and Pakistan must continue to maintain a process during the months ahead providing mechanisms for getting at the underlying issues which divide them, including Kashmir. The President needs Mrs. Gandhi's assurance that India will continue with constructive efforts to work for a peaceful solution of these issues, as a necessary contribution to its own prospects for development and for its security vis-a-vis Communist China.

3. Mrs. Gandhi should be clear on one point: if we should be forced to conclude that there were any appreciable prospect of renewed hostilities between India and Pakistan, it would be simply impossible for us to invest resources in either country on anything like the scale required for rapid economic development. And this would apply to both countries regardless of which one appeared primarily to blame. In an atmosphere of conflict, or an arms race between countries that should be friends, we would be unable to see how our efforts could be directed to constructive ends.

4. As the larger and stronger party to the dispute, India must be willing to go the extra mile in its search for an enduring peace with Pakistan.

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FOOD, ECONOMIC POLICY, AND AID

1. We intend to do what we can to help ease India's current food crisis. But we cannot keep on feeding India's growing millions indefinitely.

2. Our future aid will be linked quite directly to Indian performance on self-help measures. Specifically, we are most concerned with:

- Vigorous follow through on agriculture (particularly, more vigorous efforts to internationalize the current food relief operation, "hot pursuit" of foreign private investment in India's chemical fertilizer industry, and effective execution of the new policy on fertilizer pricing and distribution. (Population growth is, of course, the other critical element in the struggle to provide enough food.)
- Demonstration of priority for economic development through more rigorous limits on defense spending, particularly the foreign exchange component. We do not intend to finance an arms race between India and Pakistan. We hope we can shortly discuss this further at the technical level. We are levying the same requirement on Pakistan.
- Basic changes in economic policy, as recommended by the IBRD and IMF, designed to free up the economy, stimulate the private sector, stimulate exports and encourage private foreign investment through import liberalization, related fiscal measures, and incentives to private enterprise. (By contrast, the Indian Government's new Patent Bill seems to us a step in wrong direction.)

3. India can carry out most of these measures unilaterally. We recognize, however, that some - notably import liberalization - can only be undertaken on the basis of assurances that substantial foreign aid will be available when needed.

4. We seek

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4. We seek no final agreement during the visit on these matters, nor do we intend to work out specific new aid commitments. We quite understand that Mrs. Gandhi does not want her people to assume she came here to bargain for our aid. But we do want a general understanding as to how far Mrs. Gandhi is willing to go toward meeting these self-help requirements in this election year. With such an understanding we can work out specifics at the technical level.

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INDIA'S NUCLEAR POLICY

1. India deserves high praise for its wise policy of resisting pressures to acquire nuclear weapons and for not diverting its economic resources to a nuclear weapons program.

2. The President agrees that nuclear powers should try to work out some arrangements to safeguard the security interests of non-nuclear powers. As Mrs. Gandhi is aware, we have raised the matter privately with the Soviet Union, and it has also been a subject of continuing discussions at Geneva.

3. If a Communist Chinese nuclear capability should ever pose a serious threat to India, we hope Mrs. Gandhi will frankly discuss the question with us so that we could examine together possible means to meet that threat without nuclear proliferation, and without Indian assumption of the heavy economic and other burdens of a nuclear weapons program.

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FUTURE U.S. MILITARY AID TO PAKISTAN

NOTE: This is a contingency paper, recommended for use only if Mrs. Gandhi raises the issue.

1. We have not decided on what sort of a military supply relationship we may have with Pakistan in the future. As we have already made quite clear, we have no intention of fueling an arms race on the subcontinent or of providing arms which will be used by one side against the other.

2. Whatever policy we eventually do decide upon will be determined by what we conclude is required to strengthen and preserve the security of the subcontinent as a whole, an objective on which India and the U.S. agree.

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 27 - April 1, 1966

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Secretary's Talking Points

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1. Communist China

- Assessment of current state of mind of Communist China's leaders, in context of recent foreign policy reverses.
- What is Indian assessment of Chinese threat to India?

2. Vietnam and Southeast Asia

- Assessment of the situation and prospects in Vietnam; relevance to Indian security.
- Peace efforts; Indian role.
- Can the Indian Government take steps to strengthen its role in the ICC's for Vietnam, Cambodia and Laos?

3. Nepal, Bhutan and Burma

- What is Indian assessment of Chinese threat to its near neighbors?
- What does Indian Government consider its role in the defense of these areas to be against (a) aggression, (b) subversion by Communist China?
- What is proper U.S. role to help forestall or counter future Chinese initiatives in these areas? Might we discuss this further in Delhi?

4. Peace with Pakistan

- Our policy: peace is an essential prerequisite to both national security and economic progress. Mere return to status quo ante inadequate; peace requires steps to create climate of confidence in which fundamental issues between India and Pakistan can be tackled over period of time. This process requires

of the larger power (India), willingness both to conduct unconditional talks and to take unilateral actions that contribute to improve relations.

- B.K. Nehru's formulation of India's position on Kashmir is inadequate to assure peace.
- We are not wedded to any specific "solution". Soviet intervention at Tashkent was constructive and we hope the USSR will continue along this track.
- How does Mrs. Gandhi assess the prospects for further progress toward a durable peace? How does she assess the Soviet role in the future?

5. The Soviet Union

- Assessment of the current situation in the USSR and attitudes of Soviet leaders towards the outside world.

6. Disarmament and Non-Proliferation

- We are counting on India's help in making progress at the Geneva disarmament conference.
- How does Mrs. Gandhi assess the prospects for progress at Geneva? On non-proliferation treaty? On other measures?

7. General Tour d'Horizon of Other International Issues

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 28-29, 1966

BACKGROUND PAPER  
Indo-Pak Question  
in UN Security Council

I. Indo-Pak Question in the UN Security Council, 1965-66

A. August 5, 1965: Armed infiltrators began to cross the Kashmir cease-fire line from the Pakistani side. Armed clashes between Indian and Pakistani military units ensued, and military units of both India and Pakistan crossed the Kashmir cease-fire line. On September 6, Indian forces crossed the international boundary between the Punjab (India) and West Pakistan.

B. September 1: UN Secretary-General U Thant issued an appeal for a cease-fire to both parties.

C. September 4 and 6: The UN Security Council adopted resolutions calling for an immediate cease-fire and withdrawal of all armed personnel.

D. September 7-16: U Thant traveled to the sub-continent in an effort to reach agreement on the cease-fire.

E. September 20: The Security Council adopted another resolution demanding an immediate cease-fire and withdrawal of all armed personnel to pre-August 5 positions, and requesting the Secretary-General to assist in supervising the implementation of the

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GROUP 5

Declassified following January 1, 1967

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resolution. The Council also decided to consider, as soon as the cease-fire and withdrawal had taken place, "what steps could be taken to assist towards a settlement of the political problem underlying the present conflict . . . ." Both countries acceded to the Council's demand for a cease-fire effective 6:00 p.m. (EDT) September 22.

F. September 27: The Council reaffirmed the three previous resolutions and reminded the parties of their commitments to bring about a cease-fire and withdrawal.

G. Meanwhile, pursuant to these resolutions the Secretary-General had:

(1) increased the UN Observer Group in Kashmir (UNMOGIP) from 43 to about 100 officers;

(2) established the UN-India-Pakistan Observer Mission (UNIPOM) of about 80 officers;

H. November 5: The Council again demanded execution by India and Pakistan of the withdrawal provisions in the Council's resolutions and requested the parties to meet with a representative of the Secretary-General to formulate an agreed plan for withdrawal. The Secretary-General appointed General Tulio Marambio of Chile as his representative pursuant to this resolution.

I. January 10, 1966: India and Pakistan agreed at Tashkent to withdraw their armed personnel to pre-August 5 positions by February 25.

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J. January 24: The Indian and Pakistani military commanders announced agreement on a program for phased withdrawal of their forces. Any unresolved disputes were to be referred either to the UN Observers or to General Marambio, for final decision.

K. February 10: The Indian and Pakistani governments reached an understanding that each party would reduce its armed forces in Kashmir to the levels existing at the time of the Karachi Agreement of July 27, 1949, and that the reductions would be verified by UNMOGIP.

L. February 23: U Thant informed the Security Council that completion of the withdrawals appeared imminent and that he planned to terminate the mission of General Marambio by February 28, phase out UNIPOM by March 22, and gradually reduce the numbers of UNMOGIP personnel.

M. February 26: U Thant informed the Security Council that withdrawal had been completed on schedule and that the withdrawal provisions of the Security Council resolution had thus been fulfilled by the two parties.

## II. Previous Security Council Consideration of the Kashmir Dispute

A. On January 1, 1948, India brought a complaint to the Security Council that Pakistani tribesmen were invading the state of Jammu and Kashmir. The Security

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Council established the UN Commission for India and Pakistan (UNCIP) composed of 5 members, including the United States.

B. On August 13, 1948, and January 5, 1949, UNCIP adopted two resolutions which outlined its proposals for a cease-fire, a withdrawal of forces and an eventual plebiscite in Kashmir.

C. A cease-fire became effective on January 1, 1949. UNCIP requested the UN Secretary-General to provide military observers to monitor the cease-fire. On July 27, 1949, India and Pakistan and UN military representatives signed the "Karachi Agreement" which demarcated a cease-fire line in Kashmir.

D. India and Pakistan were unable to agree on the details for implementing the second stage (reduction and withdrawal of forces) of the UNCIP resolutions. The provisions for the holding of a plebiscite in Kashmir have thus remained in part unfulfilled.

E. The Security Council resolution of March 14, 1950, designated a single UN representative in place of the five member UNCIP.

F. In March 1951 the Security Council designated Dr. Frank Graham, an American, as UN representative. Dr. Graham sought the agreement of the parties on measures for implementing the UNCIP resolutions and made several reports to the Security Council in this connection. Since 1958 his office and functions have remained dormant.

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G. On January 24, 1957, the Security Council adopted a resolution which reaffirmed its past decisions and reminded the parties that the final disposition of the State was to be decided by a free and impartial plebiscite under the auspices of the United Nations. The Soviet Union abstained on this resolution.

H. Pakistan raised the Kashmir question in the Security Council in January 1962. During this session a resolution sponsored by Ireland and essentially reaffirming the previous Security Council approach to the Kashmir problem was vetoed by the Soviet Union when it became clear that the Indians opposed the resolution.

I. In 1964, Pakistan again brought the question to the Council. The Security Council considered the question off and on between February and May, 1964, but reached no decision.

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 28-29, 1966

BACKGROUND PAPER  
The Role of India in the United Nations

India is a founding member of the United Nations and is a member of all 13 Specialized Agencies and the International Atomic Energy Agency (IAEA). It has been an active and strong supporter of the United Nations and its related agencies and has been represented at one time or another on almost all of the important committees of the organization. Serving at present on the Economic and Social Council (ECOSOC), India has had three previous two-year terms on that body, as well as a term on the Security Council in 1950-1951. Mrs. Pandit, sister of the late Prime Minister Nehru, served as President of the Eighth Session of the General Assembly in 1953. The following committees are among the most important ones on which India is now represented: Committee on the Peaceful Uses of Outer Space, Special Committee on Peacekeeping Operations (Committee of 33), Ad Hoc Committee of Experts on UN Financing and Budgetary Problems (Committee of 14), and the Special Committee on Colonialism (Committee of 24).

Until several years ago, India was the recognized leader of the Afro-Asian group which abstained on many East-West issues and strongly supported anti-colonial and disarmament proposals. Recently India has tended to vote more with the United States on East-West issues, such as the annual extension of the UN Committee for the Unification and Rehabilitation of Korea (UNCURK) and the invitation to seat only the representative of South Korea in the annual debate on Korea.

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India is a member of the Eighteen Nation Disarmament Commission (ENDC) and has an intense interest in disarmament issues. Its spokesmen are generally in the forefront of any U.N. discussion of these matters.

India has shown impatience with the slow progress of disarmament negotiations. It advocates the immediate adoption of broad measures such as the halting of all nuclear testing, reducing nuclear weapons stockpiles and delivery systems, <sup>and</sup> preventing the transfer of nuclear weapons. In connection with non-proliferation, India has emphasized that the security needs of the non-nuclear powers must be taken into account.

Since the issue first arose in 1950, India has strongly supported the admission of Communist China to the UN. The China-India border conflict of 1962, the Chinese Communist takeover in Tibet, and the continuing hostility of Communist China toward India has not modified India's voting position on Chinese representation, but it no longer takes a leading role in trying to secure a UN seat for Peiping. At the 20th General Assembly, India opposed the resolution sponsored by the US and ten other countries which affirmed the continuing validity of the 1961 Assembly decision that the issue of Chinese representation is an "important question", requiring a two-thirds majority for approval. India voted for the resolution, opposed by the US, which called for the replacement of the Government of the Republic of China by Communist China in the UN and in all the organizations related to it.

India has in the past favored and participated in UN peacekeeping operations, notably in the Congo. However, India indicated in 1964 before the 19th General

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Assembly opened that it would not press for the application of Article 19 of the UN Charter to the USSR for defaulting on its peacekeeping assessments. It feared such action might lead to Soviet withdrawal from the UN. We hope that India may be more active in the forthcoming meetings of the Committee of 33 (where it has so far been rather passive) in support of measures for strengthening UN peacekeeping efforts, including more reliable methods of financing.

India's voting record on key roll call votes in the 16th, 17th, and 18th General Assemblies held in 1961, 1962, and 1963 (a compilation has not yet been made for the 20th General Assembly, but the voting pattern appears to be much the same as in the 18th Assembly) follows:

	<u>16th</u>	<u>17th</u>	<u>18th</u>	<u>Totals</u>
Coincide with US	6	12	8	26
Coincide with USSR	18	6	8	32
Coincide with Neither	13	4	3	20
Coincide with Both	<u>6</u>	<u>7</u>	<u>4</u>	<u>17</u>
	43	29	23	95

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIAMarch 28-29, 1966  
BACKGROUND PAPERIndia's Internal Political SituationI. The New Government:

India has just gone through the process of selecting a new Prime Minister for the second time in less than two years. The new Government, headed by Mrs. Indira Gandhi, the late Prime Minister Nehru's 48-year-old daughter, has been in power less than three months and is still very much involved in settling into office.

Mrs. Gandhi was chosen as Prime Minister Shastri's successor by the group of strong and regionally-oriented Congress Party leaders who have come to the fore since Nehru died in 1964. She was chosen largely on the basis of her credentials as a candidate to stop former Finance Minister Morarji Desai's second and more determined bid for the office and as a standard-bearer in the general elections which the Congress Party faces in less than a year. As a personality and political figure known and respected throughout India, her credentials are impressive; as a leader, however, of the second largest nation in the world, she is largely an untried quantity whose previous experience leaves much to be desired.

II. Governmental Effectiveness:

Faced with gargantuan problems within India--food, the economy, and strong currents of political regionalism--and faced equally with considerable difficulties in the process of restoring the peace with Pakistan, her performance thus far has been reasonably good. She is closely associated with a group of younger leaders in whom we have considerable confidence, notably Food Minister Subramaniam, Defense Minister Chavan, and Planning Minister Mehta, as well as with the older and more conservative Finance Minister, Sachindra Chaudhuri, whom Shastri appointed just before his death. In her first actions as Prime Minister, Mrs. Gandhi has taken a number of steps on the economic front, on the question of population control, and toward improving relations with Pakistan which we regard as positive and beneficial.

She is,

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She is, nonetheless, the creature of strong-minded politicians with strong regional bases, and, especially in an election year, her freedom of maneuver is necessarily limited. In the past, the Indian Government has tended to meet problems on an ad hoc basis. The complexity of politics within the Congress Party itself, as well as the pulls of divergent regional, social, and communal interests, render it unlikely that Mrs. Gandhi can move decisively on many fronts at once.

Party President Kamaraj is probably the most influential among her various advisers. Although politically astute, he is far more concerned with Party politics than with the formulation of broad policy. Both he and Mrs. Gandhi are committed to ill-defined concepts of socialism that could cause particular problems in efforts to overcome India's deep-seated economic ills. Nevertheless, the Indian people's low level of expectations, the country's over-all political stability, the loyalty of the bureaucracy and the armed forces, and a tradition of muddling through should enable the Government and the Congress to cope with major internal threats.

### III. Election Prospects:

With India's next general election scheduled for February 1967, the Congress Party appears to be in as dominant a position as ever. The late Prime Minister Shastri died at a time when his image was at its brightest; his successor, Mrs. Gandhi, enjoys wide popular acceptance; the Party machinery is on the whole in good working condition; and the opposition remains fragmented. Moreover, the small group of men who form the executive apex of the Congress Party apparently retain their cohesiveness and effectiveness despite recurrent reports of personality differences and conflicting ambitions. Barring a cataclysmic setback to India's economy or an unexpectedly sharp dip in Mrs. Gandhi's stature, the Congress Party will in all likelihood retain its comfortable majority in Parliament. Local problems, however, may make more difficult Congress' task of retaining control of all the state governments. Certain special-interest groups pose a threat to Congress dominance in a number of states but are not of much account at the national level. The Communist Party is at the present time split into moderate and radical factions; while efforts to recouple the two in time for the general election will no doubt continue, there would appear to be little

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*See Revision  
attached*

prospect of a firm reconciliation. In recent years, there has been a rightward drift in Indian politics; however, India's rightist parties have not achieved their full potential and are not likely to do so within the next year.

IV. State of the Nation:

The very good prospects of the Congress Party do not reflect the state of India's political and economic health. India continues to be plagued with severe domestic problems, many of which will defy resolution for a long time. Food shortages and inflation are likely to be recurrent features of the Indian scene. Regional, tribal, caste, religious, and linguistic differences pose continuing threats to unity and political stability. Domestic tranquillity in Kashmir has not been achieved, despite the imprisonment of large numbers of political activists. Resentment in non-Hindi-speaking areas, notably South India, over the designation of Hindi as the official national language has not entirely subsided, and last year's disturbance in Madras could be repeated. Two separatist movements long in abeyance, i.e., the Sikhs' statehood demand in the northwest and the Mizo independence movement in the northeast, have recently been resumed with redoubled vigor. Insurrectionary activities in Nagaland, while suspended over the past year and a half, could be resumed by its independence-minded tribal inhabitants at any time. Yet, these are not new problems to the Indian scene. India's Congress Government has been coping with the same or similar problems since independence in 1947 and has produced the unity and progress necessary to carry India through numerous crises, including two wars, in its 18 years of existence.

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- 3 -

prospect of a firm reconciliation. In recent years, there has been a rightward drift in Indian politics; however, India's rightist parties have not achieved their full potential and are not likely to do so within the next year.

IV. State of the Nation:

The very good prospects of the Congress Party do not reflect the state of India's political and economic health. India continues to be plagued with severe domestic problems, many of which will defy resolution for a long time. Food shortages and inflation are likely to be recurrent features of the Indian scene. Regional, tribal, caste, religious, and linguistic differences pose continuing threats to unity and political stability. Domestic tranquillity in Kashmir has not been achieved, despite the imprisonment of large numbers of political activists. Resentment in non-Hindi-speaking areas, notably South India, over the designation of Hindi as the official national language has not entirely subsided, and last year's disturbance in Madras could be repeated. 'Insurrectionary activities in Nagaland, while suspended over the past year and a half, could be resumed by its independence-minded tribal inhabitants at any time. In the nearby Mizo Hills, similarly motivated tribesmen are being actively suppressed by the Indian Army, while agitation over the planned creation of a Punjabi-speaking state has recently set off a wave of violence by the Hindus and Sikhs in Delhi and North-eastern India. Yet, these are not new problems to the Indian scene. India's Congress Government has been coping with the same or similar problems since independence in 1947 and has produced the unity and progress necessary to carry India through numerous crises, including two wars, in its 18 years of existence.

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PGV/B-4

March 15, 1966

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA

March 28-29, 1966

BACKGROUND PAPER

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India's Economy - Performance and Foreign Assistance

What we have done for India

In the past 15 years we have provided India with almost \$7 billion in economic assistance, or more than half of the total sum provided to Europe under the Marshall Plan. Somewhat more than half of our aid to India has been in food and other farm products. The remainder has gone to build power plants and transmission lines, improve the railroads, finance the import of fertilizer and other agricultural inputs, support the spread of education, provide hundreds of technical experts, and in general to try to help modernize, diversify and expand the economy. In recent years, we have placed particular stress on providing fertilizer and also raw materials and spare parts to help keep the wheels of industry turning. Since 1960, our assistance, excluding shipments under PL-480, has been pledged under a Consortium headed by the World Bank. In the past few years, we have pledged \$435 million annually under the Consortium, or about 40% of the total pledges by the World Bank and the ten countries making up the consortium. Total aid pledged by the Consortium for India's Third Five-Year Plan, now in its final month, amounted to \$5,472 million. (In addition, a total of some \$1.3 billion has been promised to India over the past ten years by the USSR and other Eastern European countries.)

What our aid has helped to accomplish

India has made reasonable economic progress over the past 15 years; total output has risen at an average annual rate of about 3.8% a year in that period. Since India's First Five-Year Plan was inaugurated, industrial output has risen at about 7% a year and agricultural growth has averaged 3 to 3-1/2% a year. New industries have arisen, and by and large the people have been better fed. Although it has benefited from substantial foreign aid, India's record of financial

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self-help has been surprisingly good; domestic savings are now up to about 16% of GNP, as against only 5% in 1951, and India's own resources finance about 80% of its development program.

Nevertheless, India's development progress faces both basic and immediate problems. With per capita income still only about \$85 a year, the country remains desperately poor and unable to generate the capital required to finance what it has been trying to do. Demand for new plant and for raw materials and parts needed to keep existing plant in operation has consistently out-paced supply. Performance has been hampered by government policy which, in general, has over-stressed reliance on central planning and bureaucratic controls, to the detriment of private initiative and the operation of market forces. The government has emphasized building new heavy industry, and until recently failed to lay sufficient importance on agriculture. There will be shortfalls in key sectors under the Third Plan.

Exceptional events of the past year have accentuated India's economic difficulties. The drought has not only cut sharply into the production of food, but has reduced the supply of important industrial raw materials such as cotton and resulted in a cut in hydroelectric power. The war with Pakistan disrupted normal economic activity and resulted in a diversion of additional resources to defense. The freeze on new U. S. economic aid loans, until recently, resulted in a cut-back of new import licensing and has had at least a psychological impact on the market. Prices of essential goods have risen, and foreign exchange reserves are very tight. Industry has already had to cutback production because of shortages of raw materials and spare parts, and further cut-backs are anticipated. India recently appealed to the IMF and IBRD for financial accommodation on debts payable during the coming year.

#### What we want from India

We believe India could have made better use of the resources available to it. Over the course of the past year

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we have come to the conclusion that certain changes in Indian economic policy are necessary if India is to use more effectively the aid which we and others may contribute. There is general agreement among us and other major Western donors, including particularly the World Bank, on policy steps which are needed:

1. Greater emphasis on agriculture. Food and Agriculture Minister Subramaniam recently announced that a series of reforms would be undertaken relating to fertilizer, seed, water use, credit, and other inputs required to increase agricultural productivity and output. We believe Subramaniam's program, for which Prime Minister Gandhi has indicated her support, by and large meets India's need. However, the program is still largely only on paper.

2. Freeing up the economy. India should move to loosen up the web of bureaucratic controls over economic activity, and rely more on the private sector and the market.

3. Exchange rate adjustment. At its current par value of 21¢, the rupee is substantially overvalued. The World Bank and IMF have encouraged the Indian Government to take effective steps to put the rupee into closer relationship with its real value. This could mean an outright devaluation of some 50%, but the Indians are more likely to favor a selective, multiple rate system and have already taken some steps in the latter direction.

4. Family planning. India's current rate of population increase is about 2.4%, which adds some 12 million people a year. The Indian Government has officially favored a family planning program for some years past, but only recently has it showed signs of giving real support to it. The Indian effort needs to be encouraged and expanded.

5. Exports. A more vigorous program is needed to promote exports.

The Indian Government has recently shown an inclination to move ahead on important self-help policy issues. It contends

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that its freedom of action is severely limited by the acute economic and financial difficulties it now faces. It will probably maintain that vigorous new policy actions along the lines outlined above, particularly with respect to liberalizing imports, could not be taken unless India were assured of adequate external resources.

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Attachment to PGV/B-4

ATTACHMENT

46a

ECONOMIC AID OPTIONS

92

Assuming less than full agreement in talks with Mrs. Gandhi the following economic and food aid options are available as steps short of resumption of full development aid. These options could be used to indicate partial satisfaction with progress in relationships, OR to allow time for progress to be demonstrated:

1. Bi-National Foundation: Allocation of a large amount of U.S.-owned Indian rupees would have high public impact but would not be of immediate economic assistance to India.

2. Oceanographic Ship: Donation of a surplus research vessel would have public visibility.

3. Development Loans from Funds Reserved from Prior Years:

- a. Aerial Mineral Survey - \$3.5 million
- b. Dhuvaran Power Plant -\$32.3 million
- c. Durgapur Power Plant -\$16.5 million
- d. Beas Dam -\$33.0 million

These four loans are a significant amount of money, but do not provide early economic relief.

4. Development Loans from Current Funds:

a. Education - a loan of \$12 million has been under review for some time. It would support a sector of considerable public appeal.

b. Private Industrial Loan - a \$10 million loan to a private Indian jeep manufacturer has been under review.

5. Grain Imports: The last PL 480 grain authorization will be substantially shipped by early May. New authorization could be 3 million tons (would last until September).

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6. Cotton: India has asked for 327,000 bales of cotton - valued at about \$50 million - under PL 480. This request or a portion of it could be granted.

7. Fuel for Atomic Power Plant: Credit contract (under AEC legislation and financing) could be approved for fuel for the Tarapur Plant now being built with A.I.D. financing. The first "charge" of fuel is valued at \$15.8 million to be lent on concessional terms. (Further fuel purchases would be on a cash basis out of India's own free foreign exchange).

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RGV/B-5

March 16, 1966

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
MARCH 28-29, 1966  
BACKGROUND PAPER

INDIAN NUCLEAR POLICY

India's policy against acquiring nuclear weapons was reaffirmed by Prime Minister Gandhi in a statement before the Lok Sabha on March 1. The issue is quiescent domestically, and the new government is preoccupied with more pressing problems. Although India will hold general elections early in 1967, it does not now appear, in the absence of any major Chinese nuclear advance, that the nuclear weapons question will be a major issue.

However, as Communist China's nuclear weapons program proceeds, the question of India's acquiring nuclear weapons of its own will become more pressing from the standpoint of security, prestige, and political considerations. The most recent National Intelligence Estimate on this question (NIE 4-66) concludes that, on balance, India probably will detonate a nuclear device within the next few years and proceed to produce weapons.

India's leaders are fully aware of U.S. opposition to the further spread of national nuclear weapons capabilities. They are also concerned about the economic implications of a nuclear weapon (and delivery vehicle) program and are not insensitive to the effects of such a program on India's relations with Pakistan.

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Moreover, they continue to hope for some progress in the field of arms control. In Geneva, the Indians have made clear their dissatisfaction with the type of non-proliferation agreement reflected in U.S. and Soviet draft treaties, unless accompanied by broader measures, such as a complete test ban and a freeze on nuclear weapons production. Such measures, they believe, would, inter alia, have the effect of reinforcing the Sino-Soviet split and further isolating Communist China.

India's leaders are aware of President Johnson's offer of support for non-nuclear countries threatened by nuclear blackmail. Because of the importance that India assigns to its relations with the USSR, the Indians have shown little interest in security assurances which lack Soviet participation; and the Soviets have so far indicated no desire to participate.

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PGV/B-6

March 16, 1966

48

VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA

March 28-29, 1966

92

BACKGROUND PAPER

The Present Chinese Communist Threat to the Subcontinent

1. Chinese Communist Objectives

(a) to bring the Indo-Tibetan border areas under Chinese political influence and guidance;

(b) to the extent that this is not possible, to prevent any state from consolidating its military and political position along the crest of the Indo-Tibetan border mountain chain from which Chinese control and authority in Tibet might be threatened;

(c) to prevent or delay as long as possible the development of a strong, unified, prosperous subcontinental power which might challenge Peking's quest for Asian dominance;

(d) to encourage and assist to power indigenous but Chinese-oriented communist parties in the subcontinent;

(e) to eliminate U.S. influence from the subcontinent of South Asia.

2. Chinese Communist Strategy

(a) to use diplomatic pressure, implied threats, and military pressure to keep the subcontinent divided. A settlement of the Kashmir conflict, a restoration of amicable and close ties between India and Pakistan, closer economic and military links between India and Nepal, and successful Indian economic development/would represent the main obstacles to Peking's objectives.

(b) to force India to maintain a large force under arms, compel it to devote essential resources to military preparedness, and encourage regional separatism and disunity;

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(c) to diminish India's prestige and influence in other parts of the world by identifying it with "imperialism" and "neo-colonialism" and demonstrating it to be economically and militarily weak;

(d) to encourage and assist Pakistan in maintaining its claim on Kashmir and Indo-Pakistani antagonisms by: posing as a potential ally in an Indo-Pakistan conflict, offering to provide Pakistan with economic and military assistance, supporting Pakistan's position on Kashmir, and working with Pakistan against India in Afro-Asian forums;

(e) to encourage and pander to Nepalese fear of falling increasingly under Indian influence and Nepalese desires to use Peking as a "counter-weight" to India;

(f) to encourage similar suspicion of Indian control in Sikkim, Bhutan, and among the tribes of the Northeast Frontier Area and Nagaland, to hold out the prospect of potential Chinese help in resisting Indian pressures on these border states and areas, to infiltrate and subvert influential groups among the border peoples, and, by maintaining military pressure along the border to demonstrate the inability of the Indians to guarantee the security of the areas.

### 3. Implementation of Peking's Strategy

(a) Peking maintains between 60-70,000 troops in the general area of the Sino-Indian border area with the logistic capability of maintaining and supplying up to some 150,000 troops for offensive operations across the Sino-Indian, Sino-Nepalese border from Tibet.

(b) Peking has extended credits of \$60 million to Pakistan, \$28 million to Afghanistan, \$43 million to Nepal, has built a road from the Tibetan border to Katmandu in Nepal, has reportedly offered to provide heavy weapons to Pakistan, and has publicly stated its willingness to assist Nepal if it is attacked by India and to support Pakistan in its struggle against India.

(c) Since the crushing military defeat inflicted by the Chinese on India in 1962 they have continued to probe and maneuver along the border area, to threaten Indian border positions and from time to time to fire on and kill Indian border guards.

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(d) Peking has exerted strong efforts to identify India with the West at Afro-Asian meetings and to isolate India in these gatherings.

(e) Peking provides some assistance to a Chinese-oriented wing of the Indian CP but the Sino-Indian conflict has created an atmosphere within India in which these efforts are almost completely nullified.

#### 4. Prospects

(a) It is highly unlikely that Peking will attempt to launch a major invasion of either India or Nepal. India could probably stop a Chinese attack before it penetrated far into the Indian plains. Peking could initiate local hostilities and occupy portions of the border area, divert Indian troops away from Pakistan in the event of a renewal of Indo-Pakistani hostilities, and/or encourage dissidence, and pro-Chinese movements in the border areas of Nepal, Sikkim, Bhutan and NEFA.

(b) Peking's improvements of road and, eventually, rail communication in Tibet and further development of modern weapons may in time increase the military threat which China could bring to bear against the subcontinent. It is unlikely to increase, however, to the point where China could sustain a prolonged invasion of the subcontinent with the objective of maintaining occupation of large areas of territory.

(c) Peking will probably continue to be hostile to India, woo Pakistan and encourage it to remain antagonistic to India, attempt to gain entrée to Iran and Turkey through the Pakistan intermediary, and hope to bring about a clear rift between Pakistan and the United States and a major political defeat for the United States through Pakistan's withdrawal from CENTO or SEATO. Peking will strive to reduce Soviet influence in both India and Pakistan.

(d) Peking's relationship with Pakistan and Nepal, however, will continue basically to be one of opportunism. Peking will have little trust in any Pakistan Government, whether it be led by Ayub or Bhutto, and will use it and offer it assistance only to the extent this fits its policy toward the whole sub-continent and toward the Afro-Asian world. This is equally true of Peking's attitude toward Nepal.

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PGV/B-7

March 16, 1966

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA

March 28, 29, 1966

BACKGROUND PAPER

Binational Foundation

Last year we worked out a general understanding with the Government of India under which an Indo-U.S. Binational Foundation could be established in India. The Foundation would be organized as a private entity, with full program autonomy. It would operate in the broad fields of education and scientific research, including appropriate activity in the field of agriculture. The Foundation would open up opportunities for useful initiatives in fields not now adequately covered by programs of the GOI or the United States Government in India. It would be governed by a board of 18 distinguished citizens, half Indians and half Americans. It would be managed by a professional staff, initially with an Indian president and an American executive director.

The Foundation would be endowed with a rupee grant of the equivalent of \$300 million, out of our very large accumulation of Indian rupees reserved for U. S. uses. The Foundation's operating income would come out of the interest (some \$10 million annually, in rupees), accruing from the investment of the endowment in a special issue of Government of India 3-1/2% bonds. The Foundation could also draw on limited amounts of its capital. Although the Foundation's program would be limited essentially to activities that could be financed by Indian currency, the Government of India would convert rupees up to a level of \$500,000 a year to cover essential foreign exchange requirements.

What we would get out of the Foundation

As we see it, the Foundation would inject fresh and unconventional ideas and private talent, backed by adequate finance, into an Indian educational and scientific structure which is bound by tradition and bureaucratic constraints. It would thus serve our long-term objective of promoting the growth of an

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Indian nation willing and able to play a progressive role in the modern world. By the closer collaboration which it would foster between the American and Indian educational and scientific communities, the Foundation would strengthen cultural relations between the United States and India. More broadly, it would be a concrete indication of our intention to project abroad, with our assistance, our concept of the Great Society.

The endowment of the Binational Foundation would use up something over one-half of our current holdings of Indian rupees reserved for U. S. uses. It would constitute an effective use of the sum in question, without involving additional U. S. dollar expenditure. The allocation of \$300 million in rupees for the Foundation would still leave us with U. S.-use Indian rupees far in excess of our anticipated needs or useful employment. But the endowment of the Foundation would tend to reduce the awkward political problem created by the vast accumulation of Indian currency reserved for United States Government use.

Current Status

The endowment of the Binational Foundation by a grant of U.S.-use rupees could be legally effected via the "waiver route" provided for under PL-480, as amended. This route would not entail new legislation, but would require consultation with the Agricultural Committees of both houses of Congress. Consultations with appropriate members of the Congress are now under way. Assuming non-objection by the Agriculture Committees, the terms of a formal agreement to establish the Foundation would then have to be negotiated with the Government of India.

The Government of India has recently confirmed informally its concurrence with the understanding in principle on the Foundation proposal, worked out last year in New Delhi.

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CU - Mr. Berthold  
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March 16, 1966

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CONFIDENTIALVISIT OF PRIME MINISTER INDIRA GANDHI OF INDIAMarch 28-29, 1966BACKGROUND PAPERINDIAN FOOD SITUATION

For the second time in two years, a new government in India has taken over in the midst of a food crisis. The failure of the monsoon rains in the summer of 1965 has resulted in the worst drought in India this century. There are serious food shortages now in the worst-hit areas--northern and western India--and the situation will worsen in the next few weeks as grain from the fall harvest begins to run out. Serious political trouble would be likely if the GOI were unable to provide the major urban populations with adequate rations. In fact there have already been disturbances in several parts of India. Rationing has been instituted in several major cities, including New Delhi, Calcutta, Bombay, Kanpur and Madras and a major government grain procurement program has been established, but there remain formidable administrative problems.

Present Situation

Food grain production in the current crop year (July 1965-June 1966) is estimated by the GOI at 75.9 million tons, a drop of 12.5 million tons from last year's record crop of 88.4 million tons. Foodgrain imports last year were 7.5 million tons (6.2 million from the United States under PL 480).

USDA estimates that India's minimum import requirement for CY 1966 is 11 million tons of grain, which is about all that can be handled by Indian ports unless such exceptional measures are taken as the diversion of berths from general cargo to grain. PL 480 commitments thus far for shipments during this calendar year amount to 4.5 million tons of wheat and grain sorghum; about 500,000 tons were shipped this year from earlier commitments. Emergency assistance offers from Canada, Australia and Greece total 265,000 tons of wheat and wheat flour which, together with PL 480 Titles II and III imports, commercial imports from Burma, Thailand and elsewhere, and grain supplied through the Colombo Plan, may approach another million tons.

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If something like 11 million tons can be imported into India this year and next fall's crop is good, widespread famine can probably be averted through careful rationing and distribution and the drawdown of limited stocks accumulated from last year's excellent harvest. Even so, considerable belt-tightening is inevitable and acute local shortages seem likely at unpredictable times and places as the stocks run low and the distribution machinery misses an occasional stroke as the pressure builds up.

#### International Response to Indian Requests for Assistance

Twenty governments have so far offered or are considering special emergency assistance to help India meet its food needs. According to our information, the amount of governmental assistance offered or under consideration comes to about \$70 million. It will be in the form of foodgrains, dry milk, and other foods, as well as grain handling equipment, fertilizer, pesticides and cash grants. In addition, generous contributions have been made by the people of the Netherlands in response to a radio-television appeal (\$5.5 million as of February 25), by the German people through MISEREOR, a Catholic charitable organization (\$4.125 million) and by the Italian people in response to an appeal by President Saragat (\$9 million as of March 1). Governmental and non-official contributions from other countries then may amount to \$88.5 million if offers now under consideration are in fact made. The value of the 4.5 million tons of U. S. wheat and grain sorghum authorized for shipment in CY 66 under PL 480 is \$254.5. We have authorized a \$50 million loan for the purchase of fertilizers in the United States and sent a team of experts to advise on ports and distribution problems in India. We are also concerned about the serious nutritional problems resulting from the drought. We sent experts to India to examine possibilities for rapidly improving the quality of the Indian diet, especially for vulnerable groups. We are following through on recommendations made by the experts.

We are continuing to support GOI efforts to obtain more help from other countries. The Canadian Government has told both the Indians and ourselves that it will do more and we are hoping that other countries will follow suit. Attached is a summary of international responses to the Indian appeal for emergency assistance.

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GOI Agricultural Development Program

Food and Agriculture Minister Subramaniam announced in the Parliament on December 7 a vigorous program to grow more food. It includes giving highest priority in GOI economic programming to agriculture, the extension of the Intensive Agricultural Program to 32-34 million acres of India's best land, incentive prices to farmers, increased use of fertilizer, additional seed farms, and a new fertilizer and distribution policy designed to attract foreign private investment in Indian fertilizer production. This program was intensively discussed with Secretary Freeman and others during Subramaniam's visit to Washington just before Christmas. If put forcefully into effect, it promises the first frontal attack on the intractable problems of raising agricultural production.

There may be fairly stiff resistance to some ingredients of the new policy, especially in the state governments. Old-line socialists oppose concessions to foreign investment in fertilizer production; state governments, who draw their political support from rural areas, will probably oppose concentration of agricultural inputs on the best land and decontrol of fertilizer prices; and large land-holders may see a danger to their own dominant position in the vitalization of small farmers and tenants through rural credit programs and higher prices for farm production. Subramaniam will require full support from the Central Government to implement his program and even with it will run a considerable personal political risk. He is already under political attack from within his own party.

Attachment:

Summary of International Responses to  
Indian Appeal for Emergency Assistance.

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INTERNATIONAL RESPONSES TO INDIAN APPEAL

(as reported by March 4, 1966)

<u>Country</u>	<u>Assistance</u>	<u>Value</u> <u>(\$'000's)</u>
<u>Argentina</u>	Considering authorization of 55 million pesos (\$304,700) for purchase of Argentine wheat (possibly 5000 tons) and other foods.	305
<u>Australia</u>	The GOA has announced an emergency grant of \$8.96 million (\$A8.0 million) to cover 100,000 tons of wheat, other foodstuffs, pesticides and handling and storage equipment.	8,960
<u>Austria</u>	The government is offering a \$1 million grant to be used for dry milk, fertilizer and pesticides; it could also be used to pay for shipping these commodities.	1,000
<u>Belgium</u>	Considering a grant of 10 million Belgian francs (\$200,000) in commodities, mostly foodstuffs; shipping charges could be included.	200
<u>Canada</u>	Has announced a \$15 million grant <u>for use by March 31</u> (end of current/fiscal year). Will finance 126,000 tons of wheat, 10,000 tons of rapeseed, 4,000 tons of dried peas, and 3,700 pounds of dry milk. Has offered whole wheat flour (35,000 tons) and more dry milk for the balance of about \$3 million. In addition, it has offered to allow India to use a substantial sum for the purchase of porthandling equipment.	15,000
<u>Denmark</u>	The government has made available to the GOI a long-term interest-free credit of \$3.6 to \$4.3 million for the purchase of dry milk, insecticides and other commodities.	3,623 to 4,346
<u>France</u>	Is contributing \$5 million for dry milk, vitamins, and pesticides.	5,000

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<u>Country</u>	<u>Assistance</u>	<u>Value</u> <u>(\$'000's)</u>
<u>FRG</u>	Has extended a \$3 million long-term credit for fertilizer and a \$125,000 grant for dry milk. Also will help finance three agricultural projects. MISEREOR, German Catholic charitable organization, is contributing \$4.125 million.	3,125
<u>Greece</u>	Has made a grant of 5,000 tons of wheat and 1,000 tons of raisins. Considering long-term credit.	420
<u>Iran</u>	Agreed to divert, on replacement basis, vessel carrying 26,000 tons of US wheat.	
<u>Italy</u>	Has decided in principle to extend \$2 million long-term loan for goods and services. Private subscription drive has reportedly collected over \$9 million.	2,000
<u>Japan</u>	Has decided in principle to make available \$2 million as a grant; two-thirds of the \$2 million is to be used to buy rice in Thailand and/or Burma, the remainder to buy fertilizer in Japan. Could also cover shipping costs of both rice and fertilizer.	2,000
<u>Netherlands</u>	The government has offered two grants totalling 3.3 million guilders (\$1,028,000) for the purchase of foodstuffs. It is also allocating one million guilders (\$278,000) for an agricultural project in India. Dutch radio and television campaign had raised over 20 million guilders (\$5.5 million) as of February 21.	1,306
<u>New Zealand</u>	Has offered 1000 tons of milk powder worth NZ £ 105,000 (\$294,000).	294
<u>Norway</u>	Considering a \$350,000 cash gift.	350
<u>Spain</u>	Has made a grant of 500 tons of rice (\$73,500).	74

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<u>Country</u>	<u>Assistance</u>	<u>Value</u> <u>(\$'000's)</u>
<u>Sweden</u>	Has offered a grant of Kroner 7 million (\$1.4 million) for the purchase of 4,000 M tons of non-fat dry milk plus shipping. First shipment to arrive in early February. Has also offered a long-term low-interest loan of \$2.4 million for an agricultural project.	3,800
<u>Switzerland</u>	Reportedly offered a grant of \$500,000 for purchase of grain handling equipment.	500
<u>Thailand</u>	RTG is willing sell 150,000 MT of rice on commercial terms.	
<u>United Kingdom</u>	The U.K. has offered as interim assistance--a " <u>first immediate contribution</u> "--a 25-year interest-free loan of £7.5 million (\$21 million), including a reallocation of £6 million against the current Consortium pledge which was previously earmarked for a lagging steel project. Of the £7 million, £1 million is to be used to defray the cost of shipping wheat to India from Commonwealth countries; £1 million for porthandling equipment; £1.5 million for fertilizers, pesticides and dried eggs; and the balance for essential industrial imports from the U.K. A British bulk grain handling expert from the Port of London Authority joined the USG (Eskildsen) team which toured India.	21,000
<u>USSR</u>	GOI reports USSR considering supply of 150,000 tons ammonium phosphate (roughly \$5.25 million).	
<u>Vatican</u>	Personal contribution of \$100,000 by the Pope.	100
<u>Yugoslavia</u>	GOY is sending \$1 million worth of foodstuffs to India. Has agreed to divert, on replacement basis, 40,000 tons of PL 480 wheat to India. Also, has offered two ships (20,000 tons together) for charter for one or two voyages each at normal market rates to carry food to India.	1,000

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<u>Country</u>	<u>Assistance</u>	Value ( \$'000's )
<u>SUB-TOTAL - Governmental Assistance</u>		<u>69,780</u>
<u>Non-Governmental Contributions - (Italy, the Netherlands and Germany)</u>		18,675
<u>TOTAL - Third Country Assistance</u>		<u>88,455</u>
<u>World Food Program/FAO</u>	The FAO is supplying 7,300 tons (\$2.7 million) of dried milk provided by the <u>United States</u> .	5,832
	About 54,000 tons (\$3,132,000) of U.S. wheat is being supplied by the WFP from the balance of the U.S. pledge.	
<u>TOTAL</u>		<u>94,287</u>

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA

MARCH 28-29, 1966

BACKGROUND PAPER

INDIA AND COMMUNIST CHINA

I. India and China: A Clash of Interests

India and Communist China are today at daggers drawn. Their dispute goes beyond the question of territory and border alignments. Both nations have pretensions to a status in Asia which has produced in their relationship a major clash of interests -- a clash which has far-reaching ramifications and one which is not likely to be resolved any time in the immediate future.

II. The Early Days

The relationship between India and China was not always so abrasive. When the "People's Republic of China" was established in Peiping October 1, 1949, India had enjoyed independence for only two years but India's Prime Minister Jawaharlal Nehru was already widely recognized and accepted as the pre-eminent spiritual and inspirational leader of the new states emerging in Asia and Africa. It was only natural, therefore, that Nehru should feel an affinity for the new leadership that had come into power in China and that India should be the first non-Communist country to recognize the Peiping regime (December 30, 1949).

India's offer of friendship was reciprocated by Peiping, and Sino-Indian friendship was cemented by a full exchange of official and cultural delegations travelling between Delhi and Peiping. In 1952, a high-powered Indian cultural delegation visited China. Chou En-lai came to India in 1954; Nehru went to China in 1955; in 1956 an Indian Parliamentary delegation and two agricultural teams visited China; and Chou paid India a second visit in January 1957; a third -- under less friendly circumstances -- in April 1960.

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In line with this policy of friendship, India took the initiative September 19, 1950 to propose the seating of Communist China in the United Nations. Thereafter, India annually sponsored resolutions, first urging the UNGA to seat Communist China and later, after the moratorium approach to this question was adopted in 1951, urging the UNGA to take the question of Chinese representation under consideration. Although India ceased to sponsor such resolutions after the 1962 Chinese Communist attack against India, Delhi has continued to vote in favor of Chinese Communist seating in the UN.

The peak of Sino-Indian good-will was reached in the period 1954-1956, a period in which: (a) a treaty regarding the status of Tibet was signed in which the "Five Principles of Coexistence" (the Panch Shila) were formalized; (b) the Geneva Conference on Indo-China publicly endorsed India as a neutral state of sufficient stature to be accepted by all sides as Chairman of the three International Control Commissions for the Indo-China countries; and (c) a period during which China, sponsored by India, entered the stage of the Afro-Asian world by participating in the first Afro-Asian Conference in Bandung.

### III. Harbingers of Discord:

While the era of good-will was at full flow, however, elements of discord and seeds of doubt had already entered the relationship. During Nehru's first visit to China in October 1954, he raised with Chou En-lai the question of maps published in China showing what to Indians appeared to be an incorrect Indo-Tibetan frontier. Chou treated the matter as of little significance, saying that these maps were merely reproductions of Kuomintang maps, which his government had not yet had time to revise. Many notes passed between New Delhi and Peiping on the matter, and during Chou's visit to New Delhi in

November 1956,

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November 1956, the border question was again raised with the result that Chou and Nehru agreed to resolve amicably their many "petty border problems."

By December 14, 1958, these "petty problems" had become so serious that Nehru despatched a letter to Chou pointing out that the original reason for major irregularities in Chinese maps had lost force after nine years of PRC rule. Nehru asserted that "there can be no question" that the territories concerned are anything but Indian and wished to know if something more basic than mere border differences might be at issue. Chou replied a month later, January 23, 1959, saying that Nehru's letter itself revealed that "border disputes do exist." He then disclosed that the border question had not been raised by him in the 1954 talks only because "conditions were not yet ripe." Correspondence released later in 1959, after Indian and Chinese patrols had clashed several times, revealed that Indian patrols had discovered a Chinese road across the Aksai Chin plateau in Ladakh, well within India's boundary claim but vital for Chinese communications between western Tibet and Sinkiang.

The deterioration in Sino-Indian relations received an additional stimulus in March 1959 when the Chinese felt compelled to introduce military forces into Tibet to quell a rebellion and when India offered asylum to the Dalai Lama and to thousands of Tibetan refugees who fled to India as a result of consequent Chinese repression. To this the Chinese reacted vigorously, charging that the Dalai Lama had been kidnapped by "imperialists" and "reactionaries," and People's Daily published a hostile personal attack against Nehru and his philosophy.

New Delhi interpreted these developments as evidence of hostile Chinese intentions toward India and began to strengthen its military positions along the frontier. Clashes between Indian and Chinese patrols occurred in the fall of 1959, and became thereafter a regular factor in the relationship. Alarmed at the new threat from the north, India began to build up its military strength and to improve its lines of communication in the remote Himalayan areas. The army was increased from around 400,000 men to about 550,000, defense expenditures rose sharply, and major combatant

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units were deployed in support of the contest developing along the Indo-Tibetan border. The pace of clashes rose in mid-1962 when, feeling stronger as a result of its buildup, the Indian Government chose to adopt a tougher and more deliberate policy on the ground to stem China's creeping advance into territories claimed by New Delhi.

#### IV. Fighting in 1962:

On September 8, 1962 the Chinese sent a patrol across the NEFA frontier directly east of the Bhutan trijuncture, presumably to remind the Indians that the NEFA territory as well as Ladakh remained in dispute. After an exchange of a series of notes, the Chinese on October 20 launched a massive, coordinated, two-front attack against India and moved rapidly against little Indian resistance except at certain points in Ladakh. By November 20 they had accomplished their limited aims and unilaterally announced their intention to withdraw, roughly to the lines they occupied on the eve of the offensive. Withdrawal began December 1 and was completed early in 1963.

Besides the border question, Sino-Indian relations have since 1962 been aggravated by China's position in respect to Kashmir and by the rapprochement between China and Pakistan. While China initially took a public position calling for a peaceful resolution of the Kashmir problem, according to the Indians, Chinese leaders privately expressed an understanding of the Indian position and, in a conversation with the Indian Ambassador in Peiping, R. K. Nehru, Chou En-lai indicated acceptance of India's position. In the autumn of 1961 a new Pakistan Ambassador was assigned to Peiping, who aggressively cultivated Chou En-lai and Foreign Minister Ch'en Yi. Peiping apparently saw in this an opportunity to compound India's problem by drawing closer to Pakistan. China soon reversed its position on Kashmir and came out in favor of a plebiscite. Furthermore, as relations between India and Pakistan deteriorated through 1964 and 1965, China sided increasingly with Pakistan, culminating in

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the issuance of an ultimatum to India to correct certain alleged violations of the Sikkim-Tibet border at the time that Indian troops on the Lahore front had turned the tide against Pakistan in the September 1965 fighting.

V. The Future:

India today believes that the change in relations between Peiping and New Delhi over the past decade is due not simply to differences regarding the border but derives from more fundamental causes, that it represents a conflict between two divergent systems. Peiping has, moreover, linked India with the Soviet Union, the United States, and our Asian allies in the circle of colluding enemies allegedly drawn up around China; this adds an anti-Soviet and anti-American dimension to Peiping's hostility toward India.

India sees little to be gained by paying a heavy domestic political price for the necessary territorial adjustment to resolve the border question since it believes this would condone Chinese "aggression." They fear that given their basic clash of interests with China, the direct contest with China would continue in the border area and in the Afro-Asian world. They fear also that China's relationship with Pakistan and with the radical, pro-Chinese wing of the Indian Communist movement gives China new opportunities to perpetuate instability in the subcontinent, aggravate India's domestic problems, and create vulnerabilities for Communist exploitation and the ultimate erosion of the Congress Government in India.

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March 17, 1966

*Santhi visit papers*

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 28-29, 1966

BACKGROUND PAPER

India's Security - The Defense Establishment and Foreign Assistance

I. India's Security Concerns:

India faces what it believes to be credible threats to its security from Communist China and Pakistan and to its unity by periodic civil disturbances and by rebellious tribesmen in northeastern India. The deployment of the bulk of India's defense forces along the Himalayan rampart, in Ladakh, on the ceasefire line in Kashmir, and along the border between India and West Pakistan, as well as lesser concentrations in the Naga and Mizo Hills and adjacent to major population centers reflects this concern.

II. India's Defense Establishment:

To meet these threats, India today maintains slightly more than one million men in its three military services, an increase of nearly 100 per cent since the first encounters in 1959 between Indian and Chinese troops. With an authorized strength of 942,000, the Indian Army is responsible for the bulk of this rise in military manpower and is not the second largest army in the Free World.

Since the recent fighting with Pakistan, several additional divisions (three or four) are now reported being raised; this would increase the number of army divisions from 20 to 23-24. We understand, however, this is being done by re-grouping existing brigades now under independent authority, so that the overall manpower strength of the army will remain the same.

Several new mountain divisions have been raised since the Chinese attack of 1962, some by conversion from existing line infantry divisions, some from scratch. Much of the army's equipment, however, remains obsolete, and it has further suffered from the attrition of the recent conflict with Pakistan.

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Since 1962, the Air Force has increased from 31 to 42 squadrons -- a large number of these in the transport field. The ultimate goal is 45 squadrons. In addition, the Soviet SA-2 surface-to-air missile is being incorporated into the Indian air defense system. The Navy has remained largely unaffected by this buildup. A summary of comparative forces of India and Pakistan, as well as of Chinese and Soviet forces immediately adjacent to the South Asia area, is appended. (See Appendix I)

### III. Indian Capabilities:

India's generally successful performance in the three-week war of attrition fought with Pakistan last September has generated a high degree of self-confidence in the Indian armed forces and has gone a long way to recoup the damage done by the humiliation they suffered at the hands of the Chinese in 1962.

In general the Indian services, which are all volunteer, have high morale and dedication. The senior officer corps has had the benefit of British training and tradition. While the junior officers now being turned out in India do not measure up to the Sandhurst or Dehra Dun product of British days, they are generally well-trained and well-motivated.

India's principal weakness is its dependence on many different sources of foreign supply for materiel, despite rather extensive domestic production. India manufactures or assembles, partially from imported components, most categories of Army equipment, although not in sufficient quantities for its needs.

India's goal is complete self-sufficiency in materiel in order to reduce the dependency on outside sources which may not be reliable at a time of India's greatest need. In the meantime, India remains heavily dependent on foreign supplies of military equipment.

### IV. Foreign Military Assistance:

#### A. U.S. Assistance

Although the United States had sold some items of military equipment to India during the 1950's, we became involved in military assistance to India in 1962 in response to Prime Minister Nehru's urgent request for United States aid in India's fight to repel the Chinese Communists. MAP to India and issuance of export licenses for the sale of

munitions

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munitions were suspended during the conflict between India and Pakistan. At that time the undelivered balances for grant aid and credit sales were \$76.4 million and \$49.1 million, respectively. \*This policy of total suspension has been modified recently to permit some limited sales of non-lethal equipment.

In addition to our military assistance agreement with India of November 14, 1962, we also concluded an air defense agreement in 1963. This agreement specified that the U.S. would provide India with radar for the northern and eastern sectors of its border with China; the U.S. would participate with India in joint air defense exercises (only one has been held); and the U.S. would consult with the Government of India in the event of a Chinese Communist attack on India regarding possible assistance in strengthening India's air defenses. (See Appendix II for details of U.S. Military Assistance.)

From the outset, the basic purpose of providing U.S. military hardware, advice, and training to India was to limit Communist influence on the subcontinent by (1) bolstering India's defense posture toward the Chinese; and (2) minimizing Soviet influence in the armed forces. In practice, however, our military assistance relationship and the types of equipment we supplied were affected by political factors such as the requirements of our relations with Pakistan and India's determination to maintain a nonaligned posture between U.S. and USSR. As a result, the establishment of the more common military assistance relationship, i.e., the U.S. as sole or principal source of military aid, has been neither possible nor desirable. Because of these and other factors, we have provided India with only equipment useful against the Chinese threat and have refused to provide certain sophisticated items, e.g., supersonic aircraft, which would have had repercussions in our relationship with Pakistan. Consequently, we have provided much more firepower and heavy equipment to Pakistan than to India.

#### B. Soviet Assistance

Even before the September conflict and our suspension of military assistance deliveries, the USSR was rapidly becoming the principal foreign supplier of military equipment to the Indians. During the period of our suspension, they have consolidated this position to become the primary source of military equipment by committing themselves to substantial supply of modern weapons. Although the Soviets apparently suspended or greatly slowed down actual deliveries during the fighting and in the months immediately thereafter, deliveries have now again resumed their normal course.



The largest Soviet inroads have been made in Air Force equipment. Fifty MIG-21 jet fighters -- all of India's order -- have now been delivered; these are in addition to the roughly 200 MIG-21's which India hopes in future years to assemble with Soviet technical assistance. Equipment for two SA-2 SAM complexes has been delivered, and equipment for at least one additional complex is now arriving. And, for the first time, the Indian Navy has also sought Soviet equipment. On order is a reported naval package which includes 4 submarines, a submarine tender, five patrol craft, and several lesser auxiliaries. Significant deliveries of ground forces equipment, including tanks and artillery, have taken place recently. (For a comprehensive listing of Third Country Assistance to India see Appendix III.)

Although India would prefer to keep diversified its foreign sources of arms supplies, the limits we placed on the kinds of materiel <sup>we</sup> were willing to provide as well as our suspension of deliveries at the time of the India-Pakistan conflict have given the Russians an opportunity to expand their position in the equipment field. Even if we re-enter the field as military suppliers to India, the Soviets will undoubtedly remain as a major source of sophisticated equipment. Should we continue to limit the types of equipment we are willing to supply, the Soviet military program would probably remain of greater importance to India than ours. Even if we did not limit our program, the Indians would continue to seek Soviet materiel since India finds it valuable to have this visible sign of Soviet support against Communist China.

Appendix I - Summary of Forces

Appendix II- U.S. Military Deliveries

Appendix III-Other Military Assistance

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52<sup>b</sup>

## 1. Grant Programs

FY 1963	37.1
FY 1964	18.3
FY 1965	27.0
FY 1966	1.8

B. Major Items	Quantity
Aircraft, cargo, C-119	24
Aircraft, cargo, Caribou	2
Vehicle support trucks	50
Machine Guns	800
Mortars, 81mm	475
Ammunition	--
Aircraft spare parts	--
Truck, 2½ ton	43

B. Major

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B. Major Items

Quantity

Ammunition

3.5" rocket launchers

1438

Medium tanks (m4)

100

Rifles (106mm recoilless)

354

Communications equipment

Machine tools

Engineering studies for  
ammo production plants

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APPENDIX III:

1 March 1966

MILITARY ASSISTANCE TO INDIA (Less US Assistance)

## I. ESTIMATED VALUES

(Million Dollars)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965 -</u> <u>1 March 66</u>	<u>Total 1954 -</u> <u>1 March 66</u>
<u>Third Countries</u>						
Australia	0	0	3.4	0.1	0	3.5
Belgium	0	0.1	0.6	0	0	0.7
Canada	0	0	2.0	2.0	0	7.5
Finland	0	0	0	0	0	13.0
France	0.4	1.0	3.0	16.2	0	67.9
Germany, Fed. Rep.	0	0	6.5	0	0	8.6
Italy	0	0	0.5	0	0	27.7
Japan	0	0	0	6.9	3.3	15.2
Netherlands	0	0	0	0.8	0	0.8
New Zealand	0	0	Negl.	0	0	Negl.
Sweden	0	0	0	1.1	0	4.1
Switzerland	0	0	0	5.4	0	5.4
United Kingdom	19.6	0	55.7	32.7	2.7	276.6
Yugoslavia	0	0	6.0	0	1.5	7.5
Subtotal*	20.0	1.1	77.7	65.2	7.5	438.5

\* Data is not available to permit drawing a distinction between loans and grant aid. As a rough indicator, however, 15 percent of the total figure for any year is believed to yield a reasonable estimate of grant aid.



(Million Dollars)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965 -</u> <u>1 March 66</u>	<u>Total 1954</u> <u>1 March 66</u>
<u>Communist Countries</u>						
Bulgaria	0	0	0	0	2.0	2.0
Czechoslovakia	0	0	0	0	28.0	28.1
USSR	8	60.0	60.0	168.0 <u>1/</u>	100.0	424.0
Subtotal	<u>8</u>	<u>60.0</u>	<u>60.0</u>	<u>168.0</u>	<u>130.0</u>	<u>454.1</u>
TOTAL	28.0	61.1	137.7	233.2	137.5	892.6

## II TERMS OF PAYMENTS

Communist military agreements are usually repayable within ten years at two percent interest. There are very few items on which discounts have been granted. Free World agreements are usually short term credits.

III WEAPONS AND EQUIPMENT RECEIVED 1954 - March 1966 2/Third Countries

<u>Country</u>	<u>(Total in</u> <u>\$ millions)</u>	<u>Type</u>	<u>Quantity</u>
Australia		Rifle, cal, .303, Lee-Enfield	50,000
(3.5)		Rifle, 7.62-mm, L1A1	3,000
		Machinegun, light, 7.62-mm, L2A1	1,100
Belgium		Rifle, 7.62-mm, FN	5,000
(0.7)			
Canada		Transport, DHC-4, CARIBOU	18
(7.5)		Communications/Utility, DH C-3, OTTER	35

1/ This value is based on equipment delivered and does not include assistance for the MIG Factory complex (\$125 million) which was negotiated under an economic agreement with the USSR in 1964.

2/ Miscellaneous items such as ammunition and radio sets are not shown in this table. But the values of these items have been included in table I "Estimated Values".

<u>Country</u>	<u>Type</u>	<u>Quantity</u>
Finland (13.0)	Mortar, 81-mm	2,400
France (67.9)	Tank, light, AMX-13	150
	Mortar, 120-mm	24
	Gun, tank, 75-mm High Velocity (FLT)	90
	Tank, light, AMX-13 Model ZC	13
	Bomber, ASW, ALIZE (for carrier ops)	13
	Fighter, MYSTERE IV A	110
	Fighter, TOOFANI (OURAGAN)	96
	Helicopter, ALOUETTE	19
Italy (27.7)	Howitzer, Pac, 105-mm	20
	District Patrol Craft (YP)	6
Japan (15.2)	Truck, 1-ton	2,000
Sweden (4.1)	Gun, AA, 40-mm, L 70, Bofors	60
Switzerland (5.4)	Fire Control Components	NA
United Kingdom (276.6)	Pistol, signal	1,300
	Rifle, cal., .303	50,000
	Rifle, 7.62-mm	50,000
	Submachinegun, 9-mm	32,932
	Machinegun, light, 7.62-mm	3,788
	Mortar, 4.2-in	32
	Howitzer, Pak, 75-mm	21
	Gun, 25-pdr	36
	Tank, medium, Centurion	300
	Car, scout, Ferret, Mk 2	20
	Trailer	82
	Bridge, Bailey	18
	Raft	7
	Support aircraft carrier	1
	Light cruiser	1
	Destroyer escort	8
	Coastal minesweeper	4
	Motor gun boats	2
	Inshore minesweeper	2



<u>Country</u>	<u>Type</u>	<u>Quantity</u>
(UK -- Continued)	Bomber, Canberra	65
	Fighter	212
	Transport	25
	Trainer	178
	Reconnaissance, Canberra PR, Mk-57	6
	Communications/Utility	40
West Germany	Mortar, 120-mm	60
(8.6)	Radio, mobile, 400-watt, Siemens	400
	Dredge (YM)	1
	Trainer, T-6G	34
Yugoslavia	Howitzer, mountain, 76-mm	NA
(7.5)	Grenade launchers, 80-mm	NA
	Motor gunboat (PGM)	2

Communist Countries

<u>Country</u> (Total in \$ millions)	<u>Type</u>	<u>Quantity</u>
Czechoslovakia	Tanks T-54A	87 <sup>3/</sup>
(28.1)	Guns, 130-mm	21 <sup>3/</sup>
	Communications/Utility Aero-45	1
USSR	Tank, Light, Ambphibious PT-76	93
(424.0)	Radar, EW/GCI, BIG MESH	2
	Radar, mobile field surveillance & field artillery	2
	Plows, Snow	3
	Gun, field, 130-mm	8
	Motor, vehicles	179
	Fighter, FISHBED, MIG-21 (incl 4 UMIG-21)	46 <sup>4/</sup>
	Transport, CUB, AN-12	32
	Transport, CRATE, IL-14	25
	Helicopter, HOUND, MI-4	43
	SA-2 GUIDELINE Missiles	264
	Radar, missile guidance FAN SONG	17
	Radar, target acquisition SPOON REST	17
	Radar, IFF, SCORE BOARD	17
	Missile, air-to-air, AA-2, ATOLL	13

<sup>3/</sup> Delivered in 1966 under a 1965 military agreement

<sup>4/</sup> Fifty were ordered, including four trainers and all may have been delivered. (Four of the total delivered are known to have been destroyed in operations.)

VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
March 28-29, 1966

BACKGROUND PAPER

India-Pakistan

Basic Hostility

The deep-seated hostility between India and Pakistan has its roots in the age-old antipathy between Hindu and Muslim. Islamic Pakistan fears that India has never fully reconciled itself to the idea of a two-nation subcontinent based on a religious distinction and that India will seek to reabsorb Pakistan into a reunion with India. India, a Hindu-dominated but secular democracy, sees Pakistan as a disruptive neighbor, bent on making as much trouble as possible. Within this framework, the specific disputes that divide the two countries are more symptoms than causes of hostility, but until the symptoms are alleviated, the fundamental hostility cannot be eased.

Kashmir

The knottiest dispute is over the status of Kashmir, a former princely state whose future was not settled at the time of the division of British India into India and Pakistan in 1947. Pakistan has never accepted the accession of Kashmir into India or the incorporation of the bulk of Kashmir -- especially the Vale which is the heart of the area -- into India. They have long demanded that India honor its agreement to a plebiscite, a part of the UN formula for settling the issue following the ceasefire in the fighting in Kashmir in 1948.

India claims the other requirements for a plebiscite, namely Pakistani withdrawal, did not occur, and that in the long interval, the question of plebiscite no longer has validity. There is no reliable standard for judging Kashmiri sentiment at the present time, but it is generally accepted that the bulk of Kashmiris dislike their present status. Whether this extends to a preference for Pakistan is uncertain, but considered likely on grounds of common religion. They would probably opt for some independent or quasi-independent status if they had a free choice.

The Chinese problem has given India's position in Kashmir a new and even more direct security interest, for Indian forces in remote Ladakh are dependent on the lines of communication from the plains which pass through the Vale en route to Ladakh.

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Although the Pakistanis have recently indicated that some solution other than a plebiscite might be acceptable, India's success in the September fighting did nothing to increase Indian willingness to make meaningful concessions. The crux of the matter is that the Indians have Kashmir and the Pakistanis do not. Thus the Indians are satisfied with the status quo, which Pakistan was unable to alter by force and is unlikely to alter significantly at the conference table.

#### Other Disputes

On other fronts relations between India and Pakistan are continuing gradually to thaw. Implementation of the Ayub-Shastri Tashkent agreement in general has been proceeding smoothly. (See Annex for details.) Troop withdrawals from captured territories have taken place on schedule, prisoners of war have been repatriated, telecommunications have been restored, and overflights by civil aircraft resumed. Both high commissions are again functioning. Although the first ministerial conference ended March 2 without making any progress, a bland but amiable communique was issued and both sides have agreed to meet again next month. Trade impediments continue to be a problem, however, and both sides still have not released commercial cargoes impounded during the fighting.

Apart from the Kashmir dispute and the untangling themselves from actions taken during the recent fighting, one of the most difficult and politically sensitive problems the two countries have is the question of the illegal migration and forced eviction of refugees in the border area between East Pakistan and the Indian states of West Bengal and Assam. Additional areas of disagreement include the division of water resources, particularly of the Ganges, outstanding financial claims left over from Partition, relatively minor border alignment problems in eastern India, and, of course, the Rann of Kutch dispute, a source of open conflict in early 1965, now before an international tribunal whose decision, according to agreement of the two countries, will be binding on both parties.

#### Outlook for the Future

One promising factor is that both sides seem to recognize that the other has critical domestic problems in rehabilitating their mutual relations. The general atmosphere of Indo-Pakistani relations is improving and the momentum of change is for the present in the right direction. There is a

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reasonable prospect for improvement in regard to the lesser issues referred to above, although with elections fast approaching New Delhi is not overly eager for major initiatives with respect to Pakistan. It is unlikely that fighting will again break out if only because the Indians clearly have the decisive edge and Pakistani leadership -- if not the population -- realizes it. Thus the prospect is for some progress on minor issues, no major moves on Kashmir but perhaps a more accommodating attitude on the Indian side, and the continuation of a state of uneasy peace between the two countries for the indefinite future.

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ANNEX: Status Report on Implementation of Tashkent Declaration

Both India and Pakistan have acted swiftly to implement many provisions of their agreement reached at Tashkent on January 10, 1966. Summarized below under pertinent quotations from the Declaration is the current status of steps taken to carry it out.

1. "The Prime Minister and the President of Pakistan have agreed that all armed personnel...shall be withdrawn not later than February 25, 1966 to the positions they held prior to August 5, 1965."

Withdrawals have been completed along West Pakistan-Indian frontier (except for some 40 acres occupied by India on which discussions are in process); regular forces also withdrawn from Eastern frontiers.

2. "...both sides will discourage propaganda directed against the other country."

Propaganda is being kept under fairly close control although Pakistan continues to give considerable attention to Indian internal problems, i.e., Mizo and Naga insurrections, food riots, Sikh grievances.

3. "...The High Commissioner of India to Pakistan and the High Commissioner of Pakistan to India will return to their posts..."

The two High Commissioners are back on duty and are working in pre-hostilities operating conditions. However, their missions do not have as yet full staffing.

4. "...to consider measures toward the restoration of economic and trade relations, communications, and cultural exchanges -- and to take measures to implement the existing agreements..."

Agreement has been reached in principle on the return of seized cargoes; telecommunications, commercial air and postal links have been restored; no cultural exchanges have taken place. These matters were not discussed at the March 1-2 Ministerial level talks.

5. "...agreed to give instructions to their respective authorities to carry out the repatriation of the prisoners of war."

POW's were repatriated in three exchanges. A dozen or so may still remain on either side.

6. "..."



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6. "...agreed that the sides will continue the discussions of questions relating to the problems of refugees and eviction...will create conditions which will prevent the exodus of people...to discuss the return of property and assets taken over by either side...". No progress has been reported.
7. "...agreed that the sides will continue meeting...recognized the need to set up joint Indian-Pakistan bodies..."

Cordial although inconclusive discussions were held March 1-2 between the respective Foreign, Communications and Commerce Ministers. A second round has tentatively been set for April. Kashmir was discussed and this discussion was reflected in the communique issued following the talks.

Additionally the following measures not specified in the Tashkent Agreement have been agreed:

- the two Army Commanders-in-Chief reached an "understanding" that both countries will reduce their forces in Kashmir to the 1949 levels. (Already there are differences in interpretation: India considers the agreement does not apply to its forces in Ladakh; Pakistan considers it does).
- agreement on the desirability of demarcation of the East Pakistan-Indian border.
- Indus Water Commission meetings have been resumed.
- civilian internees have been freed and are being repatriated.
- the transit of military aircraft of one country over the territory of the other has been resumed.
- military service chiefs on both sides are exchanging visits.

Despite the progress indicated above, the March 1-2 Ministerial meeting confirmed that the closer the two countries get to the fundamental problem of Kashmir the more difficult negotiations become. Both sides continue to demonstrate their traditional stance: Pakistan insists that the Kashmir dispute must be tackled before any basic improvement in relations is possible; India maintains that lesser issues should be resolved first in order to create a climate of understanding between the two countries. Prospects for the second round of Ministerial talks are not encouraging, given their set attitudes.

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March 18, 1966

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VISIT OF PRIME MINISTER INDIRA GANDHI OF INDIA  
MARCH 28-29, 1966

INDIA AND THE SOVIET UNION

The Indian Interest:

Maintenance of good relations with the USSR is a prime requirement of Indian policy. The USSR, together with the U.S., is the support of Indian nonalignment; it has provided India with economic aid and political support against Pakistan since the mid-1950's, and with military aid and political support against China since 1962.

The Soviet Interest:

At the present time, Soviet policy toward India (and Pakistan) is a blend of anti-Chinese and anti-Western currents. The Soviet Union is interested in developing India as an Asian counterweight to Communist China, and through heavy inputs of economic and military aid, the USSR has sought to strengthen India to resist Chinese encroachments and to maintain its credentials as an independent, non-aligned, and emerging nation in world affairs. At the same time, Moscow has attempted through impact aid ventures and extensive information and cultural activities to undercut Western influence, primarily the United States, and to expand its own political influence.

The Soviets probably believe that their prospects for continued cooperation with the Congress Party government under Prime Minister Gandhi are at least as good as under Shastri. Over the past few years, they have shown an increasing concern with the rightward drift of domestic politics in India and have perhaps even encouraged the Indian Communists to take a more antagonistic line towards the

Congress

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Congress government. It is likely, however, that the Soviets will continue to subordinate the interests of the Indian Communist movement to the overriding requirements of good state-to-state relations. In any event, the Indian Communists are weak and deeply divided, and their political prospects at the moment are dim.

Recent Developments:

Soviet friendship has become increasingly important for India as a reassurance against China and as a source of military aid. India remains the primary Soviet concern on the subcontinent, and Indo-Soviet interests converge over a wide range of issues, including the strengthening of Indian nonalignment and the Soviet economic aid program.

Over the past year or so, however, the Soviets have come to recognize that all-out support for India against Pakistan is no longer desirable. The loosening of Pakistani ties with the West, particularly the U.S., has provided the Soviets with the opportunity to improve their relations with Pakistan; the Sino-Pakistani rapprochement has made it necessary for them to do so in order to limit Chinese influence. The Soviets are also anxious to reduce the risk of hostilities between India and Pakistan, fearing that conflict between the two raises the risk of greater U.S. and Chinese involvement in the subcontinent: the Chinese demonstrated last fall their willingness to give some support to Pakistan, and should a Chinese attack on India actually materialize, the Soviets no doubt expect that India would seek and receive extensive U.S. support.

The Soviet Union thus adopted a position of relative neutrality in Indo-Pakistani affairs during the recent hostilities and utilized its influence in both countries to bring about peace. Particular pressure was apparently brought on India, including a non-publicized but virtually complete embargo on military shipments to India during the last months of 1965. (The shipments are only now being resumed.)

Although

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Although disappointed, New Delhi has found it politic to pretend in public that there has been no change in Indo-Soviet relations; indeed, Soviet popularity in India has in the past few months risen to an all-time high.

Tashkent and After:

Kosygin's effective performance at Tashkent has greatly enhanced Soviet prestige in both India and Pakistan. Although the Soviets will continue to place principal priority on their relationship to India, they can be expected to exhibit a greater degree of public neutrality on the Kashmir dispute than in the past. By so doing, they will hope to counter Peiping's influence in Karachi and promote Pakistan's drift away from the Western alliance toward nonalignment.

The Soviets will presumably encourage the Indians and Pakistanis to continue bilateral discussions within the Tashkent framework with the aim of avoiding another confrontation on Kashmir. Should this become unavoidable, the USSR may either (1) again offer their good offices, or (2) shunt the problem back to the UN, depending upon the circumstances. The Soviet position of public neutrality in the Indo-Pakistan dispute would, of course, be faced with a severe test if the USSR were forced to vote on the Kashmir issue in the Security Council, where in the past it has cast vetoes in support of the Indian position.

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