

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: March 21, 1966

SUBJECT: Prime Minister Gandhi's Visit

PARTICIPANTS: Secretary of State
Ambassador B. K. Nehru, Indian Embassy
Minister Sundara Rajan, Indian Embassy
Mr. William Gaud A/Aid
Miss Carol C. Laise NEA/SOA

COPIES TO:

The Secretary asked Ambassador Nehru whether he desired to go to Paris to join Mrs. Gandhi. If so, we would of course be glad to have him use our plane if the Air India strike has not been settled by that time.

The Secretary noted that the President will be talking to the Ambassador March 22 on all the subjects to be discussed in the talks. He particularly wanted to mention again the importance we attach to an energetic effort by the Indians to get behind the Geneva machinery and handed over the attached aide memoire. Following some discussion of this including the contradictory reports he had had on the Poles point of view, Ambassador Nehru thought India could explore with the Poles what the ICC might do.

The Secretary asked to what extent Mr. Birla had an exploratory mandate. Ambassador replied, "None. In a free society we have lots of volunteers". The Secretary then went on to say that one range of questions

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Mrs. Gandhi will be discussing is a self-help and economic policy. At the last meeting the Ambassador and the Secretary had discussed the need for clarification of India's attitude toward the private sector and what India was doing to attract foreign investment. The Ambassador in response to his promise presented a collection of materials which India is using with the American business community. The Secretary then asked Mr. Gaud to explain some of our problems on the economic side. Mr. Gaud noted that our greatest concern in terms of the visit and in re-establishing our relationship is the question of fertilizer and Indian performance on its promises. The Government of India is likely to fall short of the agreed target and this leads to the question as to whether the government is being aggressive enough. Also we are wondering what has been done about the decision to speed up the bureaucratic process. This is the specific problem and in this connection he handed the Ambassador a paper outlining the problems as we saw them. *(also attached)*

Beyond this specific, the Government of India is aware of both the US and the World Bank concern for (a) higher priority on agriculture, (b) population control, (c) loosening of bureaucratic controls, (d) increased incentives for private investment, (e) exchange reform, and (f) import liberalization. The Ambassador's response was that on fertilizer he would send a summary of the negotiations. On the question of economic policy the GOI agreed to the necessity for the economic reforms proposed by the International Bank. However, they can't do it without money. He observed that if one analyzes the Indian experience from hindsight the basic trouble has been the shortage of foreign exchange. This situation increases the

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necessity for governmental control. The essence of the ^{matter is that} ~~trouble~~ the
GOI ~~finds is that it~~ is willing to accept the Bank's recommendations
if, along with its advice, the Bank is able to mobilize money. Mr. Gaud
noted that the purpose of the visit and our exchange of views is to
help resolve this. The situation is not impossible. He visualized the
Bank being able to resume the consortium ^{aid} ~~made~~ at pre-hostility level,
working out some debt accommodation, and IMF standby agreement. Ambassador
Nehru replied that the total bill would be higher than the present level
of aid. The Secretary asked to what extent this was a matter of priority.
The Ambassador replied that adequate agricultural production requires
industrial production. The World Bank is satisfied that the 4th plan
is reasonable. In response to the Secretary's question as to whether
the Ambassador and Mr. Gaud would like to pursue this separately, Mr. Gaud
said we "really can't go any further at this point." It is all up to what
the Prime Minister and the President work out in the way of an understanding
and the technical discussion can follow ^{among ourselves,} with the Bank and with other
consortium members. The Ambassador came back again and stated that he
didn't want to shock us ^{but own} ~~XXXXXX~~/his/estimate (not the GOI's) was as follows:
The foreign aid for the third plan was \$5,500 ^{million} gross; \$4,400 ^{million} net.
Comparative figures for the 4th plan ^{million} \$8,650 gross; ^{million} \$6,050 net. Thus
the net requirements of the fourth plan ^{over} or the third plan were 50% higher.
The Secretary asked if this was exclusive of PL 480. The Ambassador noted
that the PL 480 requirements would be \$60 million additional for this year.

The Secretary raised the question with the Ambassador as to how we
manage the dilemma of not putting too much stress on India's need because
of internal domestic repercussions, yet at the same time emphasizing the

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problem enough to mobilize international support. The Ambassador indicated that given the constitution of most countries there is not a need for a lot of public agitation. Quiet diplomacy will do the task and all the possible donor countries have been left in no doubt, through diplomatic channels, of India's great need. ^{When} Hope is coming but not in terms of the famine. ^{what} For the short run of the GOI is seeking for short surpluses. For the long term it needs dollars. The US has surpluses at the present time though he recognized that this will not go on indefinitely. The GOI is not making a claim against our own requirements or against what we cannot spare. If there is not enough of the surpluses to meet the problem, India is prepared to face hardship. India feels it cannot make a claim on the rest of the world in a way which would ^{tax} ~~XXX~~ its own requirements just because of ^{Indian} ~~bad~~ luck and mismanagement. This operation is basically short term and what India must be concerned with is solving the longer term problem.

There followed a discussion of India's ^{projects food} requirements which as given to the Vice President was \$1.7 million tons of additional wheat through FY '66 and 8 million tons of wheat and 100,000 tons of maize through FY '67. The Secretary and Mr. Gaud both noted that from here on out the US has virtually no surpluses and faces certain decisions as to whether to increase its ^T ~~plannings~~. The Ambassador considered that the problem of normal requirements should be separated from abnormal requirements; ^{he} reiterated that the GOI cannot ask others to tax themselves to meet abnormal problems in India. He thought that the long term US policy should be to make inputs ⁱⁿ and increasing production where the grain was needed rather than ~~here~~ to produce surpluses ^{here}.

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In closing the Ambassador said he had bad news. He wished to report that the GOI is distressed to conclude that Pakistan is reverting to its old stance ^{on} to the issues between them ^{dispute} at Tashkent. He then read from a telegram from the Indian High Commissioner, ^{in Pakistan}, dated March 15. After noting what had taken place at the Ministerial meetings he gave the Indian assessment as follows. ^{They} ~~That~~ he had of course expected Kashmir to be raised but that ^{they} he had not expected it to be a roadblock to settling other issues growing out of the war. Ayub had not seen the same man as the High Commissioner had encountered before; Bhutto seemed to be much more influential. There were other clear signs of change in their attitude. The talk, ^{of} which had reviving cultural exchanges ^{been} had withdrawn and invitations issued by India to some poets had been turned down. The attitude of the press was changing and public officials were afraid of meeting Indian officials. The High Commissioner reported that he understood Bhutto had advised the Afghans to include China in their proposal for a trade conference of countries in the region. Bhutto had begun making speeches ^{showing} praise ^{on} of China. In the National Assembly Bhutto had returned to the old themes. Interestingly enough in defending the government's action on Kashmir, he had referred to the Chinese ^{territories} of justifiable and unjustifiable ^{arms} wars. In this context Kashmir was ^{has to be} a war of liberation and ~~was~~ just. The High Commissioner had also taken note of Bhutto's claim that both the US and the Chicomus had made an approach to prevent the war from going to East Pakistan. In ^{some} ~~some~~ speech ^{sum the} he sounded as if the Tashkent Declaration had never been signed. The Ambassador noted that he had reported to Delhi the ^{changes} ~~changes~~ being made by the Pakistan

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Ambassador in public speeches on Kashmir and he ^(Nehru) had been now released from the ban on discussing Kashmir in order to defend India's position.

The Secretary asked for a few words with the Ambassador in private.

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AIDE-MEMOIRE

During a discussion with Ambassador Nehru on March 11 of subjects that were likely to be raised during the forthcoming visit of Prime Minister Gandhi, the Secretary of State spoke of the importance we attach to bringing about an improvement in the performance of the International Control Commissions (ICC) in Vietnam, Laos, and Cambodia and said that he would provide the Ambassador with further details on this matter.

The United States regards the responsibility of the ICC to investigate violations of the 1954 and 1962 Agreements as an essential element of those Agreements and is concerned at the failure of the Commissions to perform more vigorously and effectively. We appreciate the difficulties which have faced the Commissions as the result of continued obstruction from the Communist side and the constraints which India's position as neutral chairman place upon it. While recognizing the importance of India maintaining this neutral role, we do not understand how this is consistent with an unwillingness to identify clear evidence of North Vietnamese aggression.

As chairman, India has a special responsibility for asserting

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its leadership and insuring that the Commission act in a responsible and efficient manner, that thorough and balanced investigation of violations are undertaken promptly, and that reports are issued without unreasonable delay. Up to the present time the record of the Commissions has been disappointing in all three respects.

The United States understands the difficulties under which the ICC operates, particularly in Vietnam. Nevertheless, it is concerned at the tendency of the ICC in Vietnam to become bogged down in excessive legalism and its failure to act more promptly and effectively in producing reports on North Vietnamese infiltration and aggression in South Vietnam despite clear evidence of such infiltration and aggression, which constitutes the root cause of the situation existing there. For example, captured members of the North Vietnamese Army have been in the custody of South Vietnamese authorities for several months, a situation which would indicate that the Geneva Agreements had been violated and that an investigation would be in order. However, the United States is as yet unaware of the issuance of an ICC report based on an interrogation of these prisoners. Similarly, there has still been no ICC report resulting from the sinking of a Communist arms supply ship at Vung Ro Bay on February 16, 1965.

In Laos, although the performance has been somewhat better, there have been long delays in the issuance of reports based upon the investigation of North Vietnamese prisoners captured there.

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Also, we believe that the ICC needs to act more quickly and vigorously in following up requests by the Royal Lao Government for investigations and documentation of Pathet Lao and North Vietnamese violations. The North Vietnamese never withdrew their forces from Laos as required by the 1962 agreement; nevertheless, it was not until September 1965 that the ICC first issued a report confirming the presence of North Vietnamese in Laos.

With respect to Cambodia, we have been disappointed that there has not been more effective action by the ICC to follow through on Prince Sihanouk's proposal for supervision of the port of Sihanoukville as well as military installations and lines of communication in Cambodia in connection with charges of Viet Cong use of Cambodian territory for supply and refuge. We do not consider that the investigation of the port of Sihanoukville, which was made by the ICC in December 1965, was either thorough or comprehensive enough to provide any assurance regarding possible past use of the port for the shipment of supplies reaching the Viet Cong, nor to our knowledge has the Commission taken any steps to detect or deter any future use.

The United States considers that this situation is unsatisfactory. We believe that a more vigorous assertion by India of its leadership in an effort to strengthen and improve the operations and performance of the Commissions could bring about a decided improvement

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in carrying out the responsibilities assigned to them under the Geneva Agreements. Such an effort would be entirely consistent with India's own interests in Southeast Asia and in strengthening the machinery designed to support peace and independence in the area.

Department of State,

Washington,

EXPANDING PRIVATE INVESTMENT IN FERTILIZER PRODUCTION

1. The Government of India's program for achieving agricultural self-sufficiency by 1971 calls for substantial increases in the use of nitrogen, phosphate and potash fertilizers. The Government's plans envision the consumption of 4.1 million nutrient tons of these fertilizers in 1971. The Ministry of Food and Agriculture's Committee on Fertilizers estimated this past fall that if present plant construction plans are realized, production in 1971 will reach 2.4 million nutrient tons - or six times present output. Even if this very substantial increase in production is achieved there still will be a gap in 1971 between domestic production and the consumption target for nitrogen and phosphate fertilizers of one million nutrient tons.* The one million tons of fertilizer, according to the Committee on Fertilizers, will cost \$240 million in foreign exchange to import. However, our information is that firm arrangements have yet to be made for many of the new plants which the Committee projected would be in operation by 1971. It is, therefore, urgent not only that present plant construction plans be realized but also that a major effort be made to increase the number of plants built in the next five years.

2. A substantial period of time is, under present circumstances, required for investors to complete feasibility surveys, sign firm contracts with partners, obtain the multiplicity of Government of India approvals required to build and operate a plant, and arrange for financing.

*The one million ton figure does not include potash as potash is not available in India and must be imported.

(Heretofore, such steps have not uncommonly taken a number of years to complete.) In addition, the construction of fertilizer plants under Indian conditions is estimated to take about three years. (In fact, during the third plan the period of construction for most plants was much longer.) Thus, if India is to avoid a shortfall in achieving its present production goals, let alone to exceed present targets for plant construction during the next five years, investors who can provide financial and technical assistance for the construction of plants must be found now. The Government of India has recognized this need in agreeing with A.I.D. (in the exchange of letters associated with the recent \$50 million fertilizer loan) that the Government would do whatever it could to reach agreements by July 1, 1966 with foreign private companies for the establishment of one million tons (nitrogen equivalent) of new fertilizer production capacity. It is now understood that this target will at best be met only in respect of about 660,000 tons (and if the Birla-Armour project is not finalized by July 1 - as appears likely - in respect of only 500,000 tons).

3. In this situation, new initiatives are called for. The freeing of fertilizers from price and distribution controls in December 1965 was a major step designed to stimulate private foreign investment. The contacts which Minister Subramaniam initiated with U.S. fertilizer companies during his visit to Washington following these changes was another welcome and useful move. These steps to attract private invest-

ment having been taken so decisively, it would be unfortunate if they were not followed up by the additional actions which are required if India is to turn the initial interest stimulated by the December announcements into an actual flow of investment. The following are actions which could be taken:

- (a) In the immediate future, actively canvass private fertilizer firms in the major industrialized countries, such as Japan, West Germany and the U.S. to interest such firms in investing in India. A high-powered Indian official team should tour these and other appropriate countries, explain to interested firms the general incentives available in India for private foreign investment, the specific incentives in the case of fertilizers, prospective site locations, details of the market around them, and the availability of raw materials, power, water, transportation and other facilities, etc. The object of this operation would be to create on a fairly wide scale among competent private fertilizer firms sufficient initial interest in establishing a plant in India to induce such firms to send missions to India to investigate investment prospects further.
- (b) The above initial effort will alone not be sufficient as the prospective investor, when he visits India, must also be satisfied that the right conditions exist and would be

sustained for his entry into the field. AID's extensive experience with U.S. investors indicates that the following are the major areas where the foreign investor looks for support from the Government of India:

- (i) An unequivocal assurance of fertilizer supplies for seeding programs for an agreed initial period until the plant gets into commission. This could be achieved either by a commitment to allocate sufficient foreign exchange over a multi-year period or by granting new fertilizer producers a first claim on all available supplies of fertilizer to fulfill seeding program requirements.
- (ii) An unequivocal assurance that foreign exchange will be allocated for the import of raw materials and spare parts once the plant gets into operation. This could be achieved by putting imported fertilizer raw materials and spare parts on a free import list or by the Government authorizing fertilizer plants to enter into long term supply contracts.
- (iii) Adequate credit support for marketing. The arrangements outlined in the Government of India's letter to A.I.D. of February 7, 1966 are encouraging but need to be accelerated and expanded. Of particular importance is the need to create competitive sources of

credit including the establishment of an effective mechanism for providing credit directly to private fertilizer distributors to enable such firms to, in turn, provide credit to cultivators.

- (iv) A decisive streamlining of investment procedures is necessary. The recent committee of three secretaries is really only a first step. The committee needs to be authorized to issue a single blanket license for the approval of privately sponsored fertilizer projects in lieu of the present system of requiring separate approvals of the basic project, its capital structure, the capital equipment to be imported to build the plant, the equity shares to be issued, the loan financing, the tax exempt status of foreign technicians to be employed in operating the plant, and the raw materials and spare parts required to operate the plant.
- (v) The committee of three secretaries, while made up of able and experienced men, does not have the staff or institutional support to fulfill effectively the role assigned to it to conduct negotiations for new plants and to anticipate and break bottlenecks in the construction of plants and related ancillary facilities. If the committee is to fulfill its designated responsibilities, it must have the support necessary to enable it to devote sufficient time

to negotiations with prospective investors and to anticipating difficulties in the implementation of projects (rather than merely to provide a forum for receiving complaints after bottlenecks have in fact arisen). The committee's responsibilities should not be limited to dealings with foreign investors but by all means should include projects being undertaken by Indian groups. A variety of complementary actions need to be taken in setting up any manufacturing facility and modern methods of programming need to be used to insure that all actions are closely coordinated. Historically, periods of 6 to 9 years have elapsed in India between the preliminary report and the operational completion of fertilizer plants while, with proper planning and coordination, it should not take more than 30 to 36 months. The process of fertilizer plant construction can be significantly speeded up only if the series of actions required to build plants, to provide for the necessary ancillary facilities and to allocate other essential resources, are planned and coordinated on a systematic basis with the aid of modern management techniques.

- (vi) Reduce the impact of increases in import duties enacted after a project has been finally approved by the Government by providing appropriate arrangements for financing such increases.

4. At present, the opportunities for investment in fertilizer plants around the world far exceeds the funds experienced producers have available for such investment. In competing with other countries for such capital, India has a number of undoubted advantages in the attractiveness of its market, its physical and human resources, and the stability of its democracy. Today, however, a number of impediments to investment exist which tend to minimize the effectiveness of these advantages in attracting investors. It would, indeed, be unfortunate if these impediments - which we believe can be eliminated without in any way undermining India's basic interests - were allowed to continue to have this negative impact on potential investors. The points made above are suggestions as to some of the steps which might be taken. Ultimately, however, the Government of India must determine what actions are necessary in order to induce the level of investment which is required in the vital fertilizer sector. The final test of the effectiveness of the Government's actions will be the magnitude and quality of investment that is in fact attracted to India.

3/18/66



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT

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FARIDKOT HOUSE
NEW DELHI-1 INDIA

March 21, 1966

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

*Gandhi
Visit*

Dear Bob:

This is the letter you requested on Indian Economic Prospects on the Eve of the Prime Minister's Visit to the President. I apologize for its length, but there is a lot to be said, and I think it will scan easily.

Mrs. Gandhi looks forward to the visit with confidence. She

- . greatly respects and likes the President;
- . senses his friendly regard for her;
- . is poised to respond favorably to our treatment of India as a major power in whose success we have a great stake but which, for all of its urgent need for help, is too grownup to be pampered with spoon feeding;
- . and thinks she has a positive and hopeful case to make.

She's had a rough first 2 months, especially from regional disorders in Kerala, Assam, Calcutta, and Bengal, and now Punjab. She's kept cool under fire, looked pretty effective. Our only hope now is that she'll have a few days respite for gathering her wits afresh before taking off for Washington.

The political dimensions of the talks have a good chance of going well enough to lay a solid base for the economic discussions:

1. Re Pakistan (and Kashmir) the Indians have continued, I should think, to perform fully up to our expectations of what they can do and how fast.

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2. Vietnam looks tougher. But at least Mrs. Gandhi should indicate understanding of and respect for our position, undertake to refrain from negative public comments, and emphasize India's powerful convergence of interests with us as to the containment of China.
3. As several of our Embassy messages lately have spelled out, Indian defense planning, despite last summer's chew-up of materiel, flattens out defense's economic take within the frame of the pre-hostilities 5-year defense plan and apparently below the foreign-exchange ceiling we negotiated in 1964. Defense will claim some 3-1/2% of the GNP in 1966/7, and as the economy grows this percentage should edge downward. Probably this is as much restraint as we can reasonably ask from a country that feels it still must be braced against two potential enemies and that we want to become stronger, not weaker, vis a vis the Chinese.

Now what about the economy?

I. The Current Situation

- A. The economic and food aid formula for India -- toughness plus performance plus compassion -- that the President has evolved during the past year has been working well.
 1. The Indians have learned they can't take our aid for granted.
 2. Our pressure on performance has helped inspire important changes in Indian policies.
 3. Moreover, we've continued to prove our basic reliability, capacity, and alertness as a friend by coming through
 - . with an uninterrupted, high -- and sharply increased -- monthly flow of food aid,

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- . and with the \$50 million fertilizer loan and the \$100 million general commodity loan to meet urgent interim needs.

B. Nevertheless, thanks to Shastri's death, the over-all pause in our assistance has been stretched out longer than most of us expected. Partly -- only partly -- because of this the Indian economy has been wrung out badly. It now faces deep short-term trouble on both the food and industrial fronts.

1. Foreign exchange allocations have been cut back to 70% of a year ago and many inventories of imported raw materials, components, and spares have been practically wiped out. Industrial production -- already far below capacity last summer because of inadequate imports and already dampened since -- faces a real plunge in the coming quarter year.
2. Similarly, the food crisis, despite the heavy rate of PL 480 imports, should begin expressing itself in the politically most dangerous manner during the coming quarter:
 - . Food prices, after being checked both by the carryovers of last year's stocks and the assurances of major American assistance, are apt to start soaring.
 - . Kerala and Bengal already have shown us the kind of political turmoil the Commies (and, for that matter, other opposition parties) could stir up on the food issue even before nation-wide price pressures got heavy.

C. Thus the new Gandhi Government faces tough sledding immediately ahead. And it has had no picnic in the immediate past.

1. The country has come through another remarkably orderly change of leadership.
2. Mrs. Gandhi has formed around her what is potentially the best Indian Cabinet yet from our viewpoint, thanks to

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- . Shastri's 11th-hour substitution of Sachin Chaudhuri for T. T. Krishnamachari as Finance Minister;
 - . the way the best pair, Subramaniam and Asoka Mehta, have taken charge of economic policy. (Chaudhuri is a strong third; and, although there still is plenty of loose ends to collective Cabinet thinking, Chavan and others support the Subramaniam-Mehta initiative.)
 - . the way Mrs. Gandhi has cast her lot with the Subramaniam-Mehta-Chaudhuri team despite the more leftist associations in her background.
3. It should follow -- and does -- that the new Cabinet remains basically committed to the new pattern of improved development policies toward which its predecessor had been taking some steps for more than a year and made major strides in December -- policies regarding
- . agriculture, including fertilizer
 - . family planning
 - . economic liberalization
 - . exchange-rate adjustment
 - . foreign private investment
 - . export promotion.
- a. Performance since the first of the year:
- i. Despite domestic political protests, the Government has stuck to the December commitments about fertilizer production and free marketing.
 - ii. As for its follow-through on its understanding with respect to our \$50 million fertilizer loan,
 - . it is doing a good job of approaching its ambitious fertilizer import target for the next crop year;

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- . it is less impressive thus far on other counts, especially the quick recruitment of foreign private investment in fertilizer production.
- iii. More specifically, as to fertilizer plants:
 - . The delays in the specific deals under negotiation since December have not been the GOI's fault.
 - . Some potentially interested American firms undoubtedly have been stalling until they can see what the U.S. Government is going to do in India.
 - . Nevertheless we have urged and will continue to urge the GOI to develop a "doctrine of hot pursuit" of potential foreign investors -- going after twice as many as they expect to get in a given period and adopting a hard-sell approach.
 - . This message has been getting through. I believe the prospect now is that Minister Alagesan of Petroleum and Chemicals with a crack team of officials will be touring the U.S., FRG, and perhaps Japan beginning next month beating the bushes for fertilizer investors.
- iv. Family Planning -- since the loop program began last summer -- is a surprisingly good success story thus far in about half the states. This is only a beginning, but it's encouraging, and, under Indira Gandhi's and Asoka Mehta's leadership, more punch in very recent weeks is being added to the Central Government's family planning organization.
- b. There have been these recent drags on policy momentum:

First, the sheer business of shaking down a new team -- for example, the possibility, evident for the brief interval between TTK's ouster and Shastri's death, that the GOI would hit us between the eyes with an outright devaluation

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before the Shastri visit was lost. And once the press got wind of that possibility, the Government's repeated assurances that no such action was imminent have made the exchange-rate problem a little more cumbersome.

Second, the GOI's inability to move on some of the key policy fronts -- notably the combined liberalization and exchange-rate package -- without knowing the aid outlook.

Third, the very heavy political flack into which the new economic policies have run at the Jaipur biennial meeting of the Congress Party and in this Lok Sabha session -- flack from wielders of gut political power at the state level who don't understand most of the economic issues but are mightily frustrated by the food situation, the foreign exchange shortage, and industrial anemia and whose pet economic slogans still are those of "post office socialism."

Finally, the successive, although contained, threats to law and order in Kerala, Assam, Bengal, and the Punjab, have demonstrated once again how heavy the latent propensity to mob violence is in India -- like most societies -- and how fragile the remarkably durable constitutional fabric wrought here still is. It is not special pleading -- it is the sober judgment of B.M. Birla, L.K. Jha, and every thoughtful Indian I have asked -- that these ugly symptoms are mainly a reflection of economic frustration.

III. The Crunch Economic Issues for the Meetings

A. The first, despite the short-run complications, is the issue of opportunity:

1. Mrs. Gandhi will fail in her mission if she does not project her Government's determination to bring about a quick, sharp and sustainable acceleration in India's economic performance. This opportunity exists. What is called for is a joint effort involving (a) further policy

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moves from the Indians, pressing more boldly in directions they now already are headed and (b) reliable and adequate Consortium assistance in support of a liberalized, accelerating, agriculture-emphasizing Indian economy.

2. As I've written you before, the chance now to support and help mold this new Indian effort offers the United States an opportunity for a first-rank foreign policy success. Seizing it would put us out of the aid-to-India business sooner -- and constructively.

- . If we and the Indians both were to continue as in the past, the Indian economy would keep growing 3-4% a year, the import gap would persist indefinitely, and so would the need for aid.
- . The new approach would push the Indian growth rate up to 6-7%. While it also would raise aid outlays temporarily, it probably would require little increase in appropriations for a couple of years; beyond that, the requirement would peak and start dropping in 3-5 years.

3. One need at the meetings, therefore, is for both sides to keep looking through the thicket of near-term problems to this mutual and major opportunity.

B. The second issue is that of timing.

1. It may sound as if, with all its recent troubles, the Gandhi Government would do well to postpone new initiatives for the time being. Not so. Things are going to be tougher later:
 - . Beginning at least by October the Cabinet will be thoroughly caught up in the domestic political campaign and will have become brittle on policies.

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- . The longer the economy limps along -- without the psychological lift of new initiatives and new prospects -- the greater the public's frustrations, the Government's political exposure, and the dangers of more disturbances and violence.
 - . Meanwhile, the Cabinet has an effective mandate. The Party can't dump it before next February, and the sooner the Government acts, the more time there will be for the pay-offs to begin registering before election.
2. If next week's meetings do not trigger a sustained thrust of working-level discussions and decision making, the result could be not only a long delay -- it could mean semi-permanent abandonment of the kind of big push in India we'd like to see and support:
- . The GOI cannot afford much longer just to sit; its own political survival will require it to mount some kind of positive Fourth Five Year Plan program.
 - . And if the Indians figure they can't count on us they'll veer their plan toward going-it-alone and their policies toward greater austerity, more controls, sterner repression of popular complaints, and the marshalling of a command economy more and more at odds with the survival of constitutional government.
- C. The third issue next week will be that of the Indians' courage and decisiveness:

How ready will they be, in order to seize their opportunity in the difficult but feasible period now at hand, to press key policy decisions? They are prepared, I think, to run domestic political risks. Just what they will do will depend importantly on the degree of assurance we give, as well as the whole mood and tenor of the talks (see below).

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D. The fourth crunch issue will be our realism and flexibility.

1. It is essential, certainly, that we give Mrs. Gandhi and her associates a faithful reading of our new performance-conditioned economic aid style world-wide. We cannot afford to cave on the necessity for substantial further economic reforms in India, especially in the import-liberalization and exchange rate areas. And we must emphasize our unflagging interest in the follow-through on decisions already made.
2. Yet we must also be realistic. If the opportunity at hand is as great and the timing for it is as perishable as I think, we may need temporarily to stretch some of our performance standards in order to get a strong converging program started now.

E. The final, underlying, issue for both of us is that of mutual credibility. Despite all of our associations, we look at each other through very different lenses, and have had many causes for mutual irritation and disappointment. But now, if we are to grasp our joint opportunity,

1. we, from our side must be satisfied (subject to a realistic discount factor) that the Indians' new determination to move and perform is worth betting on; and
2. they -- having just learned they can't take our aid for granted -- must now nevertheless be convinced that (subject to acceptable performance conditions) they can count on us under the new arrangements.

Development of this mutual confidence can be the most important product of the President's and Prime Minister's meetings.

IV. How Things Might Go Subsequently -- If They Go Well

- A. After the meetings -- in addition to food aid -- three distinct but not necessarily separate steps would be needed for getting India on an accelerated growth track;

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1. Restocking the economy and bridging part of the 1966/7 foreign exchange gap. This would be strictly interim or recovery assistance.
2. Striking a liberalization deal -- involving on the part of the GOI (a) import liberalization and (b) exchange rate adjustment and, on the part of the Consortium and the IMF (c) enough nonproject loan commitments to backstop the liberalization move for 2-3 years. From the Consortium as a whole this might require, per year, \$300-\$400 million more nonproject money, some of which could be gotten from debt refinancing and some of which temporarily could be substituted for project commitments.
3. Examining and assisting the balance of the Fourth Five Year Plan

Step 2 in our view would, along with agricultural promotion, be the core of Fourth Plan strategy. But wrapped around it would be the rest of the project content of the Plan, much of which would deserve Consortium support as in the past.

- B. The timing of these three steps will have to be played by ear with the final advice, of course, coming from officials in Washington.

These are the considerations:

1. In view of the disruptions of recent months, the Indians simply aren't ready for Step 3. Further, fearful that waiting for combined 1 and 2 would take them and/or the Consortium too long, they are anxious to take Step 1 quickly and let 2 and 3 follow -- either jointly or separately.
2. We are anxious not to fritter further resources on Step 1 without, in combination, getting Step 2 while the getting is good -- i. e., nailed down in June or July.
3. However, other members of the Consortium feel that our hopes on full-scale Step 2 timing are unrealistic; several members, including the U.S., might indeed have trouble committing full-scale liberalization backstopping by June or July; and if so Indian fears that we

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will let "the best become the enemy of the good" acquire substance.

4. Although I hope not, we may have to fall back on starting with a combination of Step 1 and part of Step 2 -- i.e., going for program loans to particular key sectors conditioned on import liberalization, higher import duties, and/or internal decontrol in those particular sectors.
- C. Next week's talks at the summit presumably will not get into these detailed timing matters. What I do hope they can do is:
- . recognize the need for all three of the above steps;
 - . recognize the general time urgency; and
 - . direct the working levels to push forward the whole sequence as rapidly as feasible -- with the explicit stipulation that we will be performance-conditioning step-by-step and reviewing performance as we go.

V. The Mood of the Encounter

- A. The Washington meetings are apt to go well because they will be so much a personal encounter between two Big League people, both highly skilled in personal relations, respectful of the other and anxious to arrive at a broad, historic understanding.
- B. If the President didn't already have a sixth sense about these things, however, it might be useful to spell out a few cautionary notes about the harmonics, which, as it is, I shall only enumerate. Our side will do well to remember constantly
 1. The Indian domestic political context -- the facts that the significant opposition, both within the Congress and outside, is all from the left; that in the traditional Indian political lexicon the good and bad economic labels are almost the inverse of our own; and that even a Government trying to reform this view of things cannot escape it instantly;

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- 12 -

2. Indira's own personality -- she has a proud Nehru streak, and like many of her countrymen takes much more kindly to being negotiated or reasoned with than lectured at; and
3. the importance of keeping our expectations of changes in Indian attitudes pruned down to realistic levels -- there is going to be no instant change in Indian character and general administrative style, and those officials who pragmatically shift toward market-freeing policies are not going to act or talk like doctrinal converts.

These may be prickly facts. But the onus they place on us to keep our own economic discourse with the Indians as non-ideological and pragmatic as possible is a reasonable concession to make to the most deeply dedicated, biggest-scale constitutional democrats in the underdeveloped world.

C. Let me press this last point with one concrete example: our attitude on the public sector/private sector question. It would be unfaithful to our own pragmatic persuasions, obviously, not to urge the vitality that can be added by encouraging indigenous private enterprise and, particularly, by the recruitment of foreign private capital and know-how. But this is a case where most senior Indian officials, probably including Mrs. Gandhi, suspect us of being too doctrinaire. Therefore it would be very useful, I think, if the President found occasion

- a. at some point to allude to his own difficulties now and again with U.S. business, and
- b. at another point, to remark that we certainly have no desire to press our particular image on them in this regard; that in the past we have made a number of loans to the Indian public sector, including public sector manufacturers, and may, as far as he is concerned, do so again; but that we just hate to see them fail fully to mobilize private energies to their developmental cause.

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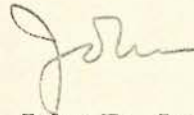
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(You will find that the attached speech, which Mrs. Gandhi made to the Federation of Indian Chambers of Commerce and Industry a week ago, contains quite a balanced view of this whole issue.)

Best regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "John".

John P. Lewis
Minister-Director

~~CONFIDENTIAL~~



S/S 4249
IN REPLY REFER TO:

DEPARTMENT OF STATE
WASHINGTON

CONFIDENTIAL

March 18, 1966

11/2
1. Kanner
2. Red. India
Leon
+ Gandhi visit

MEMORANDUM FOR MR. BROMLEY SMITH
THE WHITE HOUSE

Subject: Proposed Gift of Oceanographic
Ship to India

The Department understands that the National Science Foundation has written to Dr. Hornig to suggest that, subject to the political concurrence of the Department of State, the Foundation's oceanographic ship, the S.S. Anton Bruun, be presented to the Indian Council of Scientific and Industrial Research (CSIR). Before the fighting between Pakistan and India last summer, the CSIR was in touch with our Embassy in New Delhi and the NSF on this subject (see enclosure). The Department recently informed the NSF that it approves of the NSF proposal to present the ship to India. It is understood that the NSF plans to obtain the necessary clearances from the Congress and the Maritime Commission if the plan meets with the President's approval.

I am providing you with this advance information with the thought that if the necessary approval and clearances can be obtained expeditiously, it might be possible to make some use or mention of the gift in connection with the visit this month of Prime Minister Gandhi of India.

John T. Walsh
Benjamin H. Read
Executive Secretary

Enclosure:
New Delhi's telegram 415 of
August 30, 1965

CONFIDENTIAL
Group 4

DECLASSIFIED
Authority Group 4
By jc NARA, Date 16-04

Downgraded at 3-year intervals.
Declassified 12 years after date
of origin.

cc: Charles Johnson
1/5/67.

MAR 29 1966

INCOMING TELEGRAM *Department of State*

Tab A

SC/

48
Action
SCI

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Control: 22532
Rec'd: AUGUST 30, 1965
7:23 AM

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Info
NEA
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WHB

FROM: NEW DELHI
ACTION: SECSTATE 415
DATE: AUGUST 30

AL

FOR HORNIG, WHITE HOUSE AND POLLACK (SCI)

VB MET AUGUST 27 WITH S. H. ZAHEER, DIRECTOR GENERAL,
COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH (CSIR).
LATTER CONSISTS OF LARGE GROUP RESEARCH LABORATORIES FOR
APPLIED SCIENCE. ZAHEER IS ONE OF INDIA'S OUTSTANDING
SCIENTISTS AND HE AND COUNCIL WHICH HE HEADS ARE MAKING
IMPORTANT CONTRIBUTION INDIAN ECONOMIC DEVELOPMENT.
ZAHEER RAISED THREE MATTERS ON WHICH HE WOULD LIKE OUR HELP:

RSR

1. HE INFORMED ME THAT NATIONAL SCIENCE FOUNDATION
(NSF) HAS A SHIP, THE S.S. ANTON BRUUN, WHICH WAS USED IN
INTERNATIONAL INDIAN OCEAN EXPEDITION AND WHICH NSF DESIRES
DONATE TO PARTY WHICH COULD PUT IT TO GOOD USE. ZAHEER WOULD
LIKE THE SHIP FOR CSIR NATIONAL OCEANOGRAPHIC LABORATORY.
NSF HAS ALREADY BEEN IN CORRESPONDENCE WITH CSIR AND EMBASSY
ON THE MATTER.

I STRONGLY RECOMMEND THAT SHIP BE PRESENTED TO CSIR. IT WILL
GREATLY ACCELERATE EXTENSIVE AND IMPORTANT INDIAN OCEANOGR-
PHIC PROGRAM, OF WHICH NSF HAS BEEN INFORMED. IT WILL SAVE
APPRECIABLE FOREIGN EXCHANGE REQUIRED FOR CONSTRUCTION NEW
VESSEL WHICH CSIR HAD BEEN CONSIDERING. CSIR HAS STUDIED
ANTON BRUUN OPERATING AND MAINTENANCE COSTS AND CREW
REQUIREMENTS AND STATES THAT IT HAS ADEQUATE BUDGET AND
FACILITIES FOR PROPER USE OF VESSEL.

2. AS RESULT CURRENT FOREIGN EXCHANGE CRISIS THE \$3
MILLION IN FOREIGN EXCHANGE WHICH HAS ORDINARILY
BEEN ANNUALLY ALLOTTED TO CSIR HAS BEEN REDUCED TO IN-

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-2- 415, AUGUST 30, FROM NEW DELHI

SIGNIFICANT SUM OF \$100,000. AS CONSEQUENCE, CSIR IS UNABLE TO PURCHASE ESSENTIAL SCIENTIFIC EQUIPMENT AND INSTRUMENTS WHICH IT NEEDS FOR ITS WORK. IT REQUESTS \$500,000 FOR PURCHASE SUCH EQUIPMENT AND INSTRUMENTS FROM U.S. THIS AMOUNT APPROXIMATES ANNUAL CSIR PURCHASE OF SUCH EQUIPMENT FROM U.S. IN PAST.

I URGE THAT MEANS BE FOUND TO HELP CSIR TO CONTINUE PURCHASE SUCH EQUIPMENT AND INSTRUMENTS OVER NEXT TWO OR THREE YEARS UNTIL GOI IS IN POSITION RESTORE CSIR EXCHANGE ALLOTMENT.

3. TO PROVIDE NEEDED TRAINING INDIAN SCIENTISTS IN U.S. AND TO IMPROVE INDO-AMERICAN SCIENTIFIC COOPERATION, ZAHEER DESIRES DEVELOP SCIENTIST EXCHANGE PROGRAM WITH U.S. HE ENVISAGES PROGRAM OF ABOUT 1200 MAN-DAYS DURATION PER YEAR EACH WAY. VISITS WOULD LAST FROM 2 WEEKS TO 6 MONTHS. INDIA WOULD PROVIDE MAINTENANCE AND PER DIEM FOR U.S. SCIENTISTS VISITING INDIA AND U.S. WOULD DO SAME FOR INDIAN SCIENTISTS IN USA. EACH COUNTRY WOULD PAY TRANSPORTATION OF THEIR SCIENTISTS TO THE OTHER. ESTIMATED U.S. COST IS ~~25,000~~ ^{\$} 50,000 YEAR YEAR. I BELIEVE THIS PROGRAM WOULD BE EXTREMELY WORTHWHILE AND STRONGLY RECOMMEND IT. THE COST IS MINIMAL AND NO DOLLAR DRAIN WOULD BE INVOLVED.

I WOULD VERY MUCH APPRECIATE YOUR ASSISTANCE IN ACCOMPLISHING ABOVE THREE PROPOSALS. I UNDERSTAND HAYWORTH IS PERSON IN NSF WHO IS DEALING WITH ANTON BRUUN PROJECT. AS REGARDS SECOND AND THIRD PROPOSALS, IF U.S. GOVERNMENT FUNDS ARE NOT AVAILABLE, SUGGEST YOU CONTACT PRIVATE FOUNDATIONS SUCH AS ROCKEFELLER AND FORD AND ALSO NSF. UK AND GERMANY HAVE WORKED OUT SUCH PROGRAMS WITH CSIR AND I FEEL WE SHOULD NOT BE LEFT BEHIND.

ZAHEER IS PLANNING VISIT WASHINGTON MID-OCTOBER. I WOULD BE GRATEFUL FOR ANY WORD YOU CAN GIVE ME AS TO POSSI-

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-3- 415, AUGUST 30, FROM NEW DELHI

BILITIES WHICH I COULD PASS ON TO ZAHEER
BEFORE HIS DEPARTURE. I WOULD APPRECIATE AN EARLY REPLY.

BOWLES

BAP

*AS RECEIVED. WILL BE SERVICED UPON REQUEST.

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DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

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Bob:

This is a rather interesting little piece by Tom Thornton in our office. It might be useful b.g. for some of the folks who are going to have to hold Indira's hand when she is here.

JWSpain

U.S. DEPARTMENT OF STATE

DIRECTOR OF INTELLIGENCE AND RESEARCH

MW Home
Research
Memorandum

RNA-17, March 14, 1966

To : The Secretary
Through: S/S
From : INR - Thomas L. Hughes *Thomas L. Hughes*
Subject: Mrs. Gandhi and the Indian Left

*Gandhi visit
x India*

A major question that arose when Indira Gandhi was chosen Prime Minister of India was the extent to which she was associated with left-wing elements in Indian politics. Her performance in office thus far has not provided an answer, but certain trends do seem to be emerging in the way that Indian leftists and Communists, as well as Soviet commentators, are appraising her regime. These are examined in the following memorandum.

ABSTRACT

Because of Mrs. Gandhi's association with the relatively leftist group within the Congress Party, the Soviets and Indian Communists and leftists were relieved that she defeated Morarji Desai for the Prime Ministership; but since her investiture, little enthusiasm has been shown for her in the leftist press or in Soviet statements. The official Indian Communist organ New Age has expressed strong doubts that Mrs. Gandhi can have any positive impact on Indian politics and has been sharply critical of her government's continued imprisonment of over 1,000 Indian Communists. The Soviets have joined in this criticism. Other leftist (but not officially Communist) journals were more optimistic in their appraisal of Mrs. Gandhi, but have shown limited and decreasing enthusiasm for her.

This surprising coolness is probably based in part on the relatively moderate approach she has taken to government problems thus far; but it probably also reflects a recognition that Mrs. Gandhi does not control the Indian government or the Congress Party; that, even if she would, she could do little to alter the slow rightward drift of Indian politics. By keeping a discreet distance from her, the Communists maintain room for maneuver to attack the government -- especially

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By *jc*, NARA, Date *1-6-04*

important in view of the forthcoming elections. There is ample room for the left to shift its attitude, but it appears now that the Indian Communists and even the USSR may wish to avoid too close an identification with a government that faces enormous problems and is doing so with few, if any, radical elements in its program. Although the Communists are only of marginal importance in India, the attitude of the USSR towards Mrs. Gandhi and India in general can have notable consequences in terms of the India-Pakistan issue.

Over the past several years, the Soviets and the pro-Moscow Indian Communists -- not to mention the Chinese and the Indian extremists -- have been increasingly concerned over the drift of Indian politics. They recognized a rightward trend within the Congress party and the increasing strength of other right-wing forces. The left had barely been holding its own, and with the passing of Pandit Nehru the leftists within Congress had lost their patron. Although Shastri was not ideologically committed, there was little doubt that the Communists were much less optimistic about him than they had been about Nehru. Thus when Indira Gandhi was chosen Prime Minister, it appeared likely that the Soviets and Indian Communists and leftists would greet the choice enthusiastically. She had, after all, long been identified with the Congress left-of-center and she would be likely to follow her father's policies.

The actual attitude of the Indian Communists (i.e., the moderate, pro-Moscow faction) and the Soviets toward Mrs. Gandhi must at this point be deduced from open sources: for the Soviets, from Pravda commentaries and the like; for the pro-Moscow Indian Communists, from their printed materials -- the official party organ New Age, and the weeklies Link and Blitz, which represent extreme-left views. A survey of these various sources produces rather surprising results.

Initial Reaction

The initial reaction of the Soviets and the Indian Communists to Mrs. Gandhi's selection was one of considerable relief. Her principal competitor had been Morarji Desai -- known for his firm anti-Communist stance and willingness to foster the private sector of the Indian economy. From the Communist point of view, Desai would have been the worst of all possible candidates, so Mrs. Gandhi's selection was potentially a gain and forestalled a definite setback. The Soviets and Indian Communists spent most of their time expressing gratification at Desai's defeat; Mrs. Gandhi was mentioned almost in passing by New Age as being in a position to do considerable good or harm for the country (hardly a ringing endorsement) and it was noted that her victory resulted from the resolute stand of "healthy" forces within the Congress Party and elsewhere in India. The Soviets were more cordial in their welcome to her, calling attention to her family background and noting that she was well known in the USSR. Even Moscow, however, was less than effusive and cast her selection more in terms of its negative values -- the defeat of Desai -- than of any positive qualities of Mrs. Gandhi.

The reaction of Blitz and Link to Mrs. Gandhi's selection was considerably more favorable. Both of these left-wing, not-quite-Communist, journals have consistently attempted to attach themselves to the Nehru image, and thus greeted the new Prime Minister warmly. The flamboyant Blitz featured flattering cartoons (e.g., Indira, armed with a broom, addressing herself to the Augean stables of the Indian Food Ministry) and urged Mrs. Gandhi to follow in her father's footsteps to initiate a new "Golden Age" in India. Blitz pointed out the many pitfalls faced by the new Prime Minister, but it gave them secondary attention and left the impression that Mrs. Gandhi had a good chance of overcoming these dangers. In contrast, New Age implied that the odds were against her. Link followed a line similar to that of Blitz, pointing up her personal heritage and the support of the Indian people that she enjoys.

Evaluation of Performance

As the three papers have addressed themselves to Mrs. Gandhi's performance as Prime Minister, they have maintained the pattern evident in their reception of her accession: New Age continues to have strong reservations, whereas Link and Blitz have generally persisted in expressing favorable attitudes.

In assessing Mrs. Gandhi's cabinet, New Age on January 30 headlined "Little New in Indira's Cabinet Team" and in a typical passage commented: "If she has been brave enough to step into the highest office, will she also be equally brave to face the tasks with wisdom, vision, and, above all, sympathy for the suffering masses and respect for democratic norms and principles? Or, will she simply tread the beaten track, leaving little to be remembered and much to be regretted?" The Communist organ has subsequently returned to the themes of suffering and democratic norms. In a much-publicized action, Mrs. Gandhi renounced her rice ration in favor of the people of Kerala and encouraged others to do likewise. Blitz praised the gesture, but New Age commented that symbolic acts such as this did little to alleviate suffering; only radical reforms of Indian agriculture and food procurement policies would turn the tide of hunger.

Similarly, New Age has persistently beaten the drums for release of the more than 1,000 Communists who are being held without trial in Indian jails. It has been sharply critical of the government -- and, by implication, the Prime Minister -- on this issue. The imprisonment of the Communists has not been laid at Mrs. Gandhi's doorstep; nonetheless, the Communists have in effect served notice that they will withhold approval of her government until the Communists have been released. Soviet commentators in Pravda have now also joined the chorus of protest against the imprisonment of the Indian Communists. They, too, have not associated Mrs. Gandhi directly with the detentions, but their strongly-worded articles leave little doubt that the Soviets found it embarrassing to be on intimate terms with New Delhi under these circumstances, especially at a time when Moscow was being called upon to defend embattled Indonesian Communists.

Link and Blitz, although also opposed to the detention of the Communists (an attitude shared by many non-Communist Indians on constitutional grounds), have not made the point a major issue. Both wrote approvingly of Mrs. Gandhi's performance in resisting the "pressures" to support the US on Vietnam allegedly brought by Vice President Humphrey during his visit. Blitz, harking back to the days when Pandit Nehru sought to lead world opinion, urged her to launch a peace offensive. Link has written in glowing terms of her implementation of the Tashkent agreements. New Age has been much more reserved on Vietnam -- questioning exactly what did go on during the Humphrey-Gandhi talks -- and has been sharply critical of New Delhi's failure to come out strongly in condemnation of the US role in Vietnam.

All three periodicals took a dim view of the Jaipur session of the All-India Congress Committee and of Mrs. Gandhi's performance there. Although Link had raised its hopes for a star performance by the new Prime Minister, it was forced to join in the chorus of disappointment. The Jaipur Congress was admittedly a lackluster affair, and Mrs. Gandhi's role there was uninspiring. All papers were critical of the continued dominance of the right-wing of Congress at the meeting; Blitz was reticent on Mrs. Gandhi's performance, but New Age expressed its frank disappointment in her failure to exert leadership.

In sum, then, the reaction of the Indian left to Mrs. Gandhi -- at least insofar as it is reflected in the press -- has been much less enthusiastic than might have been expected. The Soviets, too, have not in any way committed themselves to her support. The variation between New Age on the one hand and Blitz and Link on the other results both from the official party status of the former and the audience to which the various publications appeal. (New Age is written for Communists, many of whom were imprisoned by Mrs. Gandhi's father; the other two seek to influence the broad amorphous mass of Indian left-wing opinion, no small share of which is within the Congress.) It is evident in all three, however, that this segment of the Indian left harbors grave reservations whether Mrs. Gandhi can alter the course of Indian politics.

Motives and Prospects

There could be several explanations of why the Communists and leftists are maintaining discreet distance from Mrs. Gandhi. It is conceivable -- but not likely -- that they feel that she is the answer to all of their long-term problems, but do not wish to give her the kiss of death by embracing her publicly. Alternatively, they may feel that she is at best a centrist, and retain vivid memories of her dislodging the Communist ministry in Kerala in 1959 when she was President of the Congress Party. More likely, they feel that while she may have vague leftward leanings, she is not the master in her own house -- that she is the creature of the party leaders who put her into power. Perhaps most important, both the Soviets and the Indian Communists may see hard times ahead for any Indian government, no matter who the leader is. Shortly before Shastri's death, the Soviets were reportedly seeking to bring about a reunification of the two wings of the CPI on a platform that would necessarily be more critical of the Congress government than the pro-Moscow Communists had been in the past. Hostility towards the government has been growing among Indian Communists, and there is a strong undercurrent that seeks unity. A unified party with a combative platform would seem to be essential if the Communists are to fight next year's elections from a position of maximum strength and to conduct effective agitation against the government on the food front and elsewhere. Although Mrs. Gandhi is probably too popular in India to be attacked directly, a favorable public evaluation of her would circumscribe the Communists' freedom of action unduly.

The Communists and leftists have not committed themselves irrevocably to any single approach to the new Prime Minister, and their coolness could change rapidly if the situation warranted. Nevertheless, the present indications are that Communist strategy assumes that the Indian government will become an increasingly vulnerable target. Even if Mrs. Gandhi were to advocate policies congenial to the left, as long as she is unwilling to throw in her lot with the left, and lacks the power to direct her own Party, there is little reason for the left to idolize her. They may, therefore, judge that the best course of action is to devote little attention to her personally; to criticize her "evil advisors" and conservative forces within the Congress; and to exploit the government's problems to the maximum. Whether this program will bring the CPI any more success than it has had in the past is, however, very doubtful. More to the point is how the Soviet attitude will develop; whether it will continue to harden its approach towards the Indian government and perhaps even allow a cooling of state-to-state relations. Some indications of the Soviet attitudes should become available in the coming months as the Soviets respond to India's economic and food needs and take further steps in dealing with Indo-Pakistani affairs.

~~SECRET~~

Gandhi Visit

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MEMORANDUM TO THE NSC SUBCOMMITTEE ON SOUTH ASIA

Mr. Hoopes - DOD/ISA
Mr. Komer - White House ✓
Mr. Macomber - AID
General Sibley - DOD/JCS

FROM: Raymond A. Hare - NEA *(1st)*

I am forwarding to you two papers for your review. The first is our Strategy Paper for Prime Minister Gandhi's visit; the second is our Military Assistance Policy Paper.

I hope you will find it convenient to meet with me following our luncheon at 2:00 p.m. on Monday, March 14 in my office to identify and resolve what, if any, problems these papers raise.

~~SECRET~~

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By *jc*, NARA, Date *1-6-04*

MAR 11 1966

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Early draft
Gandhi
visit

INDIRA GANDHI VISIT

OUR STRATEGY

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 other's 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 undertain of how far she can carry her country in any under-

standing

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State Dept. Guidelines

By jc, NARA, Date 1-6-04

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GROUP 3

MAR 11 1966

standing 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:

- of the political limitations on her power to do all that she and we agree needs to be done;
- of the immensity of the food and economic problems her country faces;
- and 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.

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 reestablishment 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

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-3-

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 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 to continue at the highest level the dialogue we have already begun on the future of Indo-US 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

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- 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 of its potential as a counter-weight 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

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-5-

- 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

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

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- 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 on fiscal, import de-control, and other related measures aimed at freeing up the economy, stimulating the private sector, and encouraging private foreign investment in India.

B. Specifically,

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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;

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- we recognize the limitations on India's ability to help us directly in Vietnam in terms of its position as neutral chairman of the ICCs 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.
- 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 criticising U.S. policies and that when there are disagreements, they are dealt with privately.

VI. Tactics:

A. Tactically, one approach should take account of the fact that the Indian Parliament will be looking over Mrs. Gandhi's shoulder while she is here. that
she is here. She will be concerned/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.

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- 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, inter-dependent relationship between sovereign and equal states;
- 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, 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;
- 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,

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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 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. In sum: if Mrs. Gandhi is prepared to respond affirmatively to the measures we propose, then we can begin some additional movement in the direction of helping her meet her country's urgent needs, specifically:

- If she will entertain long-term measures to continue the demilitarization of the Indo-Pakistan dispute e.g. discussions on force levels, limit defense spendings, etc.
- If she is willing to conduct a meaningful political dialogue with Pakistan in a joint search for the basis of lasting peace;
- If she is willing to carry through on the necessary economic self-help measures, particularly in the agricultural field; she has already adopted; and,
- If we can reach agreement on complementary roles in Vietnam.

C. Then we should be prepared to move promptly toward consideration of:

- Longer-term measures to ease India's food problem keyed directly to Indian agricultural performance;
- A phased resumption of other economic aid programs; and, discussions on how we can help meet India's priority military requirements through a further relaxation of our commercial and credit sales policy.

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

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~~CONFIDENTIAL~~Military Assistance Policy in India and PakistanA. The Problem

To re-examine, in the light of events in South Asia, the basis for our military aid policy toward India and Pakistan and to consider how we establish a military supply relationship with both countries that will be (1) consistent with our long range goal of strengthening the security of South Asia as a whole; (2) conducive to the preservation of our own important bilateral ties with India and Pakistan; (3) consistent with their own legitimate requirements for self-defense; (4) in step with our objective of limiting the size of the Pakistani and Indian defense establishments; and (5) keyed to steps India and Pakistan take to establish a lasting peace on the subcontinent.

B. Where We Stand Now

On September 8, 1965, we suspended deliveries of military assistance items (grant and credit sales) to both India and Pakistan. We also informed both countries that we would refuse any further issuance of export licenses for the commercial sale of military items as defined by the Munitions List. This policy was adopted and maintained in support of UN efforts to end the fighting and to create conditions for lasting peace in the subcontinent.

In light of progress made by the two countries in carrying out the withdrawal provisions of the UNSC Resolution of September 20, 1965

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and of the Tashkent Declaration, we have now taken the first step in modifying this policy. Both governments have been informed that we will henceforth permit commercial and MAP credit sales of non-lethal military equipment, even though such equipment may be on the Munitions List. The Policy will be administered on a selective, limited, case by case basis with decisions clearly related to events on the subcontinent and subject to continued satisfactory moves toward peace; e.g., actual troop withdrawal.

C. The Rationale for Military Assistance

To a considerable degree the rationales we have applied in the past for providing military assistance to India and Pakistan would still apply, so long as they are not at daggers drawn. And so long as they continue with the post-Tashkent process of repair to their own bilateral relationship and establish a process by which they can move toward resolution of the fundamental issues which divide them, both this process and our own interests can be served by a progressive, phased response to their legitimate requirements for certain kinds of materiel.

1. Our rationale for providing military assistance to India remains essentially what it was when we began in 1962. We have provided military assistance to India to help it resist Communist Chinese political and military pressure and also to preclude total Indian reliance on Soviet weaponry. Our aid strengthens not only India's will and capability to resist the Chinese but it also contributes to the subcontinent's over-all security against Chinese Communism;

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and this security burden, which falls directly on India, relieves us of the burden of direct containment of Communist China in that theater of operations and decreases the necessity of direct support by U.S. forces.

2. Events have clearly changed the rationale for military aid to Pakistan. For Pakistan, the maintenance of a credible military force is heavily influenced by Pakistan's geographic location and by its historical experience. It faces three potential military threats: (a) the USSR (through Afghanistan and with Afghan help); (b) China across India; and (c) India. Lacking an industrial base, Pakistan must seek materiel for its military establishment almost totally from foreign sources.

In addition to these essentially military considerations, the military establishment in Pakistan is now and will remain for the foreseeable future the decisive factor for political control and internal stability in the country. The outlook of the military will also have an important bearing on the general orientation of Pakistan's foreign policy. In this connection, our willingness to provide and sell equipment and services for Pakistan's armed forces could prove a major factor in securing continued Pak membership in CENTO and, there^{by}/maintaining the regional military ties with the West.

A strong case can therefore be made that it is in the US interest, both bilaterally and in terms of our broader interest in peace and stability in

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stability in the area, for the US to continue to be a major military supplier to Pakistan, in order: (a) to help Pakistan to secure the military equipment its own defense requires primarily from Western sources, thus excluding or at least minimizing Chinese influence in this sensitive area; (b) to help Pakistan maintain, without undue detriment to its development, a reasonable deterrent to a potential Indian threat and a tolerable balance of power in South Asia; (c) to reinforce Ayub and the moderates who seek a Western-oriented Pakistan and a rational relationship with India; (d) to strengthen the fabric of a basically Western-oriented regional cooperation among Pakistan, Iran and Turkey - both within and without CENTO; and (e) to help ensure the continued retention of important US facilities in Pakistan.

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D. A Statement of Assumptions

If our military assistance is to contribute toward our long-range objectives rather than to continuing tension in South Asia, it must be consistent with the rationale developed above. It must also take account of some basic assumptions; i.e.

1. That fundamental changes have already occurred in India and Pakistan on the subject of arms aid. We cannot go back to where we were on September 6, even if that were a desirable course of action. Our aid cutoff has reduced our reliability as an arms source. The stance we took on our assurances has reduced their utility to both. Pakistanis believe we failed to meet our commitments to help them against India; Indians believe we failed adequately to prevent the use by Pakistan of US arms against India. Our past assurances are thus essentially dead.

2. That both countries will broaden their search for security and will look increasingly elsewhere for sources of military materiel. This is a new element in the case of Pakistan, which will seek to avoid the previous degree of US dependence; under its announced policy of diversifying sources, Pakistan has already received arms from a variety of Western and Chicom sources in yet unknown quantities. India for its part has turned even more than in the past to the Soviets and Eastern Europeans and to its own domestic facilities. (See Annex ____).

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3. That we therefore no longer have the influence or the leverage through the supply of military equipment that we once had in either country; we do however retain great indirect leverage on defense spending through the continued heavy dependence by both countries on US economic aid.

4. That the cutoff of US MAP nevertheless poses major, direct problems for Ayub in refurbishing his military forces - not only because of his previous degree of dependence on the US source but also the uncertainty (and the political consequences) of Chicom aid, the unlikelihood of Soviet aid and Pakistan's severely limited (especially by contrast with India) domestic arms production capacity.

5. That the war with India has for this and other reasons heightened Pakistan's basic security dilemma, with apparent beneficial impact in the short term on Pakistan's negotiating stance toward India but with potential adverse effect (for the US and India) if Ayub feels the power balance further deteriorating and if there is not some movement on Kashmir.

6. That the war probably strengthened India's determination, at least for the short term future, to build stronger armed forces capable of meeting both the Chicom and Pakistani threats in the terms India sees these threats.

7. That the Chicom threat to India continues and that while it will remain fairly limited in strict military terms an effective Indian military posture is an important element in India's over-all capacity to stand up to China in Asia.

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8. That the experience of open warfare, the emphasis currently placed by both India and Pakistan on seeking some rapprochement and the cold economic pressures working on both India and Pakistan, may offer a prospect not previously present for a start in the direction of reduced defense spending.

9. And finally, and most important, that our military aid policy can only be considered as a part of and in the context of our over-all relations with India and Pakistan and the progress (or lack of it) they make in building a viable political relationship.

E. The Objectives We Seek Through Military Assistance

Our military aid policy must serve our larger objectives in South Asia, namely:

- the maintenance of free governments basically friendly to the West.
- building development-oriented, expanding economies.
- building resistance to the Chicom threat and curbing undue Soviet influence.
- establishment of peaceful conditions that permit progress toward settlement of Indo-Pak differences, including Kashmir.

Seen against these broader objectives our policy in the military field should be designed to serve these more specific objectives:

- to enable both countries to put their primary focus on development.
- to get a limitation on defense expenditures to the minimum required for internal security and the maintenance of the territorial integrity of both India and Pakistan.
- to seek, through bilateral agreements with each on levels of defense spending, a ratio in Indo-Pak defense establishments which will help secure peace.

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- to seek, as an ultimate goal, an Indo-Pak understanding on force levels tolerable to each side, bearable to their economies and adequate to the national security of each.
- to prevent, in India, total reliance on Soviet weaponry and to preserve, in Pakistan, at least a portion of the influence that our role as a major supplier of arms has given us in the past.
- to seek, through our efforts to influence the size of the Indian and Pakistani military establishments, to cause their forces to be organized and equipped in a defensive posture which will be nonprovocative with regard to each other.

F. The Alternatives Open to Us

1. We can stick to essentially our present policy; i.e., cash and credit sales only, carefully monitored and limited to the sale of defensive, non-lethal equipment. Doing so would mean we would in effect bow out as a major military supplier and reduce or eliminate our military missions, seeking influence on Indian and Pak military policy primarily through conditions on economic aid and accepting the risk of Communist dominance in the arms business in South Asia.

2. We can gradually ease up beyond our present policy, as peaceful conditions are assured, and permit a phased resumption of cash sales of selected so-called lethal items on a case by case basis. We would not resume grant aid. We would seek leverage in the military field primarily through conditions on economic aid and gamble, in the case of Pakistan, that the problems involved in a changeover of military equipment would cause them to stick chiefly to the Western arms market.

3. We could permit a phased resumption of cash and credit sales and also resume limited grants under MAP of selected non-lethal and defensive

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oriented equipment--as well as training. This course would give us stronger and more direct influence than we could hope to have through the purely sales route.

4. We could offer to complete delivery of our grant MAP commitments from FY '65 and serve notice we will henceforth offer arms only on a cash or credit basis.

5. We could simply pick up where we were in the MAP field preceding September 1965, add a credit package for Pakistan and seek to convince the Congress that the Soviet and Chicom threats have not changed our previous assessment of the need for high levels of MAP in South Asia.

G. Recommended Policy

1. General Approach

We face, in effect, a clean slate on military aid policy in South Asia; we have opportunities to chart a new and more realistic policy to serve our interests in both countries that we have not had since the mid-50's. We need to decide now in general terms the direction we want to move and then evolve a military supply policy that will be in step with our over-all political and strategic objectives in South Asia.

The policy we choose must be one that gives us a maximum in flexibility and a solid hold on our options. Events in South Asia (and our response to those events) have restored those options, particularly in Pakistan where our previous commitments were largely open-ended. What has happened has freed us of the specifics of earlier commitments in both countries and we should make it perfectly clear to both that this is the case. In the absence of mutual agreement as to future force goals, any commitments we undertake in terms of military supply in the future should be

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in the shortest time frame possible that is consistent with our larger objectives. We should stay in a position where we can stop our supply at any time and we should ensure that both sides know not only that we would do so again but also under what circumstances we would do so.

We can and should determine ourselves the pace at which we move in evolving a new military supply policy, phasing our actions to take account of and be related to efforts India and Pakistan make in repairing and enhancing their bilateral relationship and resolving the problems which led to last year's hostilities; but we need to keep in mind that our ability to exercise our options in a field so sensitive to sovereignty as military supply continues to diminish as we hold out and this applies especially to Pakistan.

2. Military Supply Policy

We believe we should move now in the direction of the third alternative listed above; i.e., a policy resting on a combination of cash and credit sales and limited MAP grants, keyed in the short run to a process of re-establishing peace in South Asia and in the longer run to a more basic rapprochement between India and Pakistan. At least until there is considerably more progress toward Indo-Pakistan accommodation, reaching down to the fundamental issues separating the two countries, we believe our grant aid should be restricted to areas in which it is essential for the achievement of our objectives (e.g., cartographic exchange and

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exchange and training).

This degree of direct and indirect support for each country's security (a) will preserve some measure of influence with the military establishments of both during the political transition periods underway in each country; (b) is probably essential if we are to keep Pakistan from turning to China for arms; (c) can strengthen the leverage we will apply through our economic aid to keep the lid on military spending in the two countries; and (d) can be implemented in a way that preserves the options we want to hold as we move along.

3. Assurances

We should follow the same flexible approach regarding security assurances. We should make no attempt to restate assurances we have given in the past that lead either party to believe we can prevent the misuse of US military equipment by the other party. These have been discredited and would be of little value even if we attempted to resurrect them. In the broader sense, however, India and Pakistan should know both that the restrictions on the use of US equipment remain in effect and any further misuse would have a most serious effect on our bilateral relations, and that any conflict resulting from the use of our equipment will lead to US actions through the UN to stop it.

Any assurances which we offer in the future should consist of giving expression of general support for each country's territorial integrity, in line with our commitments under the United Nations Charter. They should be clearly stated and matters of public knowledge. Their wording should leave neither country in doubt as to our general intent; but leave us full options as to the nature and circumstances of our response.

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We have already provided such an assurance to Pakistan in the Johnson-Ayub Communique of December 1965. We should consider including a similar statement in the Johnson-Gandhi communique and then go no farther with regard to assurances.

4. Size of Military Establishments

It is of major importance to the achievement of our objectives on the subcontinent that India and Pakistan limit the size of their military establishments and maintain a balance between them which will enable each country to meet its essential defensive requirements without exciting the security concerns of the other. Such limitation is important both to economic development and to the establishment of a lasting peace, upon which development depends.

There are two principal means of exercising control over the size of these military establishments: through agreed limitations on force levels and through agreed limitations on the size of military budgets. In the past, because of the very high proportion of Pakistani military equipment supplied through grants by the US, we have been able to exercise a control over the size of the Pakistani military establishment through agreement on force levels. In the future, however, since Pakistan will diversify its sources of equipment and since the grant component of our aid will be small, we will not have the military supply leverage which we have had in the past. Our influence to secure an agreement on force levels will therefore be much less.

We have never been able to reach any understanding with India regarding force levels. Our grant aid has never met any substantial portion of

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Indian military procurement. It has not come anywhere near providing full equipment for specified Indian forces. There is, however, a precedent, in the form of the McNamara-Chavan agreement of 1964, for an understanding regarding the size of India's defense budget. The prospect for securing limitations on the military establishments of both India and Pakistan through agreement on the size of their military budgets seems better than through the force level route. While our military supply leverage is less than formerly, our economic aid leverage is now greater and there is logic to using it to keep military budgets down. We could use this leverage in an economic context and avoid the accusation that we were placing political conditions on our aid, i.e., we could maintain that a restriction in the size of a military establishment was necessary both to assure adequate funds for development and to assure the peace essential to development. Furthermore, in proceeding along the military budget route, we could enlist the support of the World Bank and other major aid donors.

There will of course be major problems; the greatest, perhaps, will be how to determine the appropriate defense budget level, and the appropriate ratio between India and Pakistan. Our strategy will require careful preparation and refinement.

Recommended Scenario

Our steps in the direction of a new over-all South Asian arms policy should be phased over roughly three phases: (1) the period between now and Mrs. Gandhi's visit; and immediately thereafter; (2)

(3) the

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the period beginning with FY '67. (3) the longer term beginning calendar '67.

First Phase: During the period encompassing Mrs. Gandhi's visit and thereafter, we can and should hold to the present limited sales policy. We need this time to develop a better idea of current Indo-Pak military interests and requirements, and to watch what further steps are taken toward accommodation now that withdrawals are completed. We also need (and have asked for) an assessment from our missions of current military spending and the prospects for agreed limitations in such spending. (Tentative figures are in Annex ____). Pakistan's response to our offer of credit terms may also help give us information of the kind we need before we move beyond the first phase.

Meanwhile we will be implementing our current, interim policy on a gradual basis, taking account of progress under Tashkent, concentrating on cash sales and moving only slowly and selectively into credit sales.

Second Phase: Following a successful visit by Mrs. Gandhi and again assuming continued bilateral progress between India and Pakistan, we should - roughly by July 1 - be prepared to indicate first to the Indians - then to the Pakistan Governments our longer term intentions in military supply.* If progress continues toward lessening of Indo-Pakistani tensions, we should this time convey to both governments our willingness to approve sales of parts for US-supplied lethal equipment and sales of selected items of defense lethal equipment. This should be done as one part of across the board policy discussions with both governments and preferably through a special emissary (e.g., Arthur Dean), whose task would be to discuss what we are prepared to do in working together with both India and

Pakistan and

* Movement beyond our present policy on military sales and credit will create more problems in India than in Pakistan (because of the lethal character of the equipment needed by Pakistan from the US). Given the balance of power in India's favor which emerged from the conflict, our major hope of moving toward a peaceful settlement of Indo-Pak problems lies in bringing India to an understanding of the political desirability of the policy we intend to pursue with Pakistan, both from the standpoint of India's interests as well as those of the U.S.

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Pakistan and how we will relate our economic and military aid to their effort. Our approach on military aid in such talks should be keyed both to our interests in South Asia as a whole and in each country specifically.

We should say to both:

- that we see our arms aid policy as only a part of our larger objective of helping India and Pakistan give priority to development, while retaining their capability to maintain internal security and the security of their international borders.
- that a stable peace in South Asia is essential to successful development and to our ability to help and requires a willingness by both countries to limit the size of their military establishment.
- that we, however, recognize the need for both India and Pakistan to maintain modern and effective armed forces.
- that we are therefore prepared to work out a military supply relationship - supplementing sales with credit sales and ultimately including a limited grant component.
- as a next step we are willing to: extend greater credits for non-lethal equipment; permit selected sales of spare parts for all US equipment; and permit limited sales of defensive equipment (whether or not lethal).
- that we don't intend, however, to feed an arms race in South Asia, and we will not hesitate to monitor our aid, both economic and military, accordingly.
- that this means we will look to both India and Pakistan for a sustained effort to resolve their differences.
- that it also means we will want to seek some understanding on total arms spending so that our economic aid is not diverted to military purposes.
- that it would be helpful if India and Pakistan themselves could work toward some kind of understanding on force levels.
- that if we can agree on these general principles we are ready to work out the specifics of the kind of materiel we would sell (and when) through discussions with our military missions in each country (making clear that we regard our previous commitments as superseded by events).

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- and that we intend to be completely frank with each as to the volume, direction and purpose of our arms aid in both countries.

In addition we would convey to India:

- our belief that it is in India's interest as well as ours to keep Pakistan from turning to China as a source of military supply, that Pakistan obviously needs some outside source for arms and that we therefore intend to resume sales and offer credit and very limited grant aid.
- our view that India's concern over Pakistan's intentions can only be met in the context of a basic improvement in relations that might include eventual agreed limitations in force levels; and progress in settling outstanding differences, including Kashmir.
- our continued awareness of the Chinese threat, which we intend to help India meet.
- our special concern over the current rate of Indian defense spending, particularly in the context of India's food crisis and its general economic problems.

Similarly we would convey to Pakistan:

- our awareness that geography and other considerations require Pakistan to maintain a respectable military establishment and our readiness to assist Pakistan to keep a modern but smaller defensive oriented force without undue detriment to priority needs and development.
- that we cannot countenance any renewed use of force in Kashmir.
- that what Pakistan does with China will have a direct bearing on our arms aid, and we will look to Pakistan to be completely frank with us in this area.

Third Phase: At the outset of this period we would put into effect the liberalization of our arms sales policy. Thereafter assuming some general understanding along these lines with both countries and continued movement toward better Indo-Pak relations, our objective would be to authorize our military missions to discuss the general outlines of our supply policy

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supply policy with their military counterparts in each country as soon as practicable after the broad substantive talks described above. It is not practicable to spell out in detail beyond the general policy stated above exactly what types of military supply programs we would agree upon. We would expect, however, that our approach would continue to be one of examining each case as they came up and retaining full flexibility of options as we proceed.

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DEPARTMENT OF STATE

Approved in S:3/29/66

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MEMORANDUM OF CONVERSATION

1966 MAR 30 PM 12 07

DATE: March 11, 1966

SUBJECT: Prime Minister Gandhi's Visit

PARTICIPANTS: India

H.E. B.K. NEHRU, Ambassador of India
Dr. P. K. BANERJEE, Minister, Embassy of India
Mr. Ashoke S. CHIB, First Secretary, Embassy of India

United States

The Secretary

Ambassador Raymond A. HARE, Assistant Secretary,
Bureau of Near Eastern and South Asian Affairs
Miss Carol C. LAISE, Director, Office of South Asian
Affairs

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White House INR SOA (3) IO Amembassy NEW DELHI Amembassy LONDON

The Secretary called in B.K. Nehru to alert him to the items we wished to discuss with Prime Minister Gandhi during her visit March 28-29. He said this would be just a beginning and not the last of such discussions we would have in preparation for the visit. He asked the Ambassador to also let us know of any suggestions he receives from his own Government. The Secretary noted that we were all looking forward to the visit and regarded it as very important; the President is anxious to see Mrs. Gandhi.

to Delhi

Following the guidelines in Deptel 1649, the Secretary indicated there were three broad subjects the President would want to get into: first and foremost would be the question of food and assistance generally. This was a key point from the U.S. side. This is not a problem we can meet unless there is help from other countries and unless India does everything possible to help itself. The Secretary noted that we have been encouraged by the decisions taken on the agreement reached with Food Minister Subramaniam last December and hoped that these efforts would continue to be given priority attention. The Secretary noted that this element of self-help is necessary not only for its own sake but it is also politically important here. The Secretary's experience since the President had met with the Congressional leadership two weeks ago gave a clear indication that we will be closely questioned as to what India is doing to help itself and what other countries are doing to help. (As an aside, the Secretary indicated Canada's inability to give large amounts owing to sales to Communist China does not help. To this Ambassador Nehru replied that Canada is increasing its contribution.)

Thus,

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E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 1-7-04

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2.

MEMORANDUM OF CONVERSATION
(cont'd.)

the President will want to talk about the latest reports on the international effort to meet India's short-term and long-term food problems and this is likely to be the most immediate operational question to arise. Ambassador Nehru noted that the Indian Government is keeping the Department informed on this and would continue to do so. He asked if there was anything in the internal program that raises doubts in the mind of the United States. The Secretary replied that it wasn't a question of doubts, we simply had questions that needed to be discussed about the measures India was taking to achieve full utilization of its own resources. Another problem was information about steps taken to achieve rodent and pest control. He indicated that this was one of the recurring questions on the Hill and wondered what the accurate destruction figures were. Dr. Banerjee thought FAO had information on this which it had made available and promised to supply the figures.

The Secretary noted there were other problems in relation to our aid which he thought would be worth going into in detail in a subsequent conversation but one of these was our interest in the movement of policy on public versus private sector. He noted experience in the Alliance for Progress where \$3 billion was allocated for the private field. Again, this is a question of importance not only for its own sake but because of the political problems it raises for us. He thought it would be desirable that this point be clarified between us. Ambassador Nehru noted that the short answer is that U.S. aid goes both to the private and public sectors and India's target for private investment is the sky. The Secretary asked if India supplied any brochures on this for private investors and the Ambassador promised to supply samples used by the Indian Investment Center in New York. The Secretary noted it is not simply a question where U.S. public funds go but U.S. wants to see more private U.S. funds go into India. The Ambassador agreed on the desirability of this and said that the GOI can only say, "come in". He had had discussions with AID people on this but one of the problems involved is guarantees given to private enterprise against risks and private entrepreneurs often felt they were not adequate. The private investors seemed to feel that ^{the} U.S. Government should protect them against political risks. The Ambassador then discussed the possibility of allowing private U.S. pension funds and insurance companies to invest in Indian bonds. But he said this created troubles for the U.S. Treasury, both because of the balance of payments and the cost of borrowing. In answer to a question, he thought India could attract a few hundred million dollars a year in this kind of investment. Summing up, the Secretary said the first category of concern, therefore, is food, aid and self-help. The Ambassador asked whether the U.S. would include family planning. The Secretary replied that he would think so but the President is not going to try to determine other people's policy in this area. The Ambassador, however, noted that this is no problem for the Indian Government; it has already reached a decision on this matter.

The Secretary

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MEMORANDUM OF CONVERSATION
(cont'd.)

The Secretary then specified that the second category of concern during these talks would be the question of peace on the subcontinent. We have been encouraged by the progress following the Tashkent Declaration; he thought the President would emphasize how fundamental this is and we will want the Prime Minister's assessment as to how she sees the future evolution of the Tashkent Declaration and further discussions between India and Pakistan. He noted that he hoped the path now opened up would be a powerful impetus to peace; both sides had had a chance to think hard about what had happened and where they were going and maybe 1966 will prove to be a more favorable and stabilized year. Stubborn questions remain but we would hope that the two countries would keep in contact in order to keep things under control and prevent the grim prospect of war from once again arising.

The Ambassador replied that 1966 could indeed be important. He said he would like to speak frankly and bluntly; the result of the war is that Pakistan realizes it cannot, in spite of its armament, gain an easy military victory over India. This is a great safeguard of peace in the subcontinent. Nobody in India has any intention of attacking Pakistan; the reverse is not true of Pakistan. With the re-establishment of the natural power balance in the subcontinent there will be no military confrontation if the U.S. and others do not intervene to alter the balance of power. For this reason he was disturbed about where the U.S. was going on military aid. India does not want the situation to develop as it did between 1954 and 1965. On the question of substance, if Pakistan hopes to get India to part with Kashmir they are wrong. This is not possible now or in the future. What India now holds of Kashmir is thoroughly an internal matter. Even such strong supporters of Indo-Pak reconciliation as J. P. Narayan have come to this conclusion. This will take a long time for Pakistan to swallow and if countries continue to hold out hope to Pakistan the process will only be prolonged. India, including the Prime Minister, is attempting to develop relations with Pakistan in every possible field, including economic interdependence. However, Pakistan does not wish to accept this until Kashmir is settled. It was the Ambassador's assessment that India is observing the spirit and letter of Tashkent with complete integrity. (As an example he noted that all missions were informed to desist from propaganda against Pakistan and not to discuss Kashmir. The Indians have been observing this here but not the Pakistan Ambassador.) The situation remains uneasy; much depends upon the policies and actions of other powers.

The Secretary asked if there would be a further meeting of Ministers in the near future and was informed that one was expected but none was actually scheduled. The Secretary concluded this topic on the note that we will wish to explore this subject more thoroughly.

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4.

MEMORANDUM OF CONVERSATION

(cont'd.)

The third subject which the Secretary envisaged as a matter for the talks with the President relates to Southeast Asia, Vietnam and China. He noted that the problem of China is one of general concern to all countries in Asia, but it has to be broken up into segments: India; Burma and Ceylon, who are worried but hope for the best; Vietnam and Laos. We understand the general orientation of the Indian policy of nonalignment but wonder whether India cannot find a way to express more concern about the situation in Southeast Asia within its nonalignment policy. It could move more strongly to support the 1954 and 1962 agreements and to improve the functioning of the ICC machinery; this would be a position around which countries, including the nonaligned, might rally. If in the process India finds it possible to do something on the humanitarian side, this would be appreciated. We believe all of us are in a delicate position vis-a-vis China. A re-assessment is going on in China; it is looking at its policy over the last fourteen months-- failure in Africa, debacle in the Bandung Conference last fall, major setback in Indonesia (the Secretary privately figures 300,000, plus or minus, are dead and a good deal of this has fallen on those favoring Peiping); China marched up and down during the Indian-Pakistan fighting (the reasons vary, but the Security Council's ability to work together plus private messages from some of the major powers had some effect); China has objected to the Japanese-Soviet, Japanese-Korean and Tashkent agreements; they see encirclement. The big question is what their reaction will be--to be more wild or more sober; we do not know, but India and the U.S. have a tremendous stake in the answer. It may be a moment of historical importance. We are concerned if Peiping thinks Hanoi's present course has any future. China seems to be living on hopes--victory on the ground, collapse in South Vietnam (we do not feel whatever change may occur in the government will lead to collapse), build-up of international opinion in favor of Hanoi and China and division in the ranks in the U.S. If India could move with a more specific show of interest in Southeast Asia, consistent with nonalignment, and press the ICC machinery into more effective action, this would contribute to the interest of all.

Ambassador Nehru considered that Indian policy sought to do what the Secretary outlined. As far as China is concerned, that is India's bugbear. The Ambassador was not sure the Indian contribution to the containment of China is appreciated. It seeks to tackle the military defense of India, Bhutan, Sikkim, Nepal, Burma and Ceylon; although this is not stated publicly, this is the Indian trend of thought. With regard to the ICC, the Ambassador observed candidly that both parties have broken the agreement and he didn't know what would be accomplished by publicizing it. The Secretary noted that the ICC operations affect all the Indo-Chinese states and it should be more active in Cambodia and keep a closer eye in Laos on infiltration. The Secretary promised to provide the Ambassador with further details on this. What was needed though was to keep the machinery tuned up. He had in mind Canadian Foreign Minister Paul Martin's suggestion that the three ICC members should confer among themselves to explore what moves might be taken to bring about peace. We have heard reports that there may be a meeting of a group of nonaligned ^{countries} in the next month (the Afghans, as the Indians are probably aware, have thoughts of this) and we want to be kept in touch. If India

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could be

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MEMORANDUM OF CONVERSATION
(cont'd.)

could be more active diplomatically--and he acknowledged that India would get rapped for it in China and elsewhere--this would be important because the problem of China is a general problem. If China is encouraged to believe that Hanoi won't get international support then this fact may give more reality to the peace efforts.

The Secretary suggested that we continue at another meeting and hoped the Ambassador would not hesitate to let us know what the Prime Minister may wish to take up. The Ambassador specifically asked to pursue the economic aid angle at another meeting. The Secretary agreed that this should be done and said that Mr. Bell or Mr. Gaud should join us.

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MEMORANDUM OF CONVERSATION
(cont'd.)

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Rec'd 3-11-66 12:35 PM
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

118
*To Jack Underhill
The President asked
my opinion & like
it. Gruyer*
Friday, March 11, 1966
11:00 AM

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: Visit of Madame Gandhi and possible gift of
oceanographic vessel

Attached is a copy of a letter from Dr. Leland Haworth, Director of the National Science Foundation, suggesting that the oceanographic research vessel ANTON BRUUN be transferred to the Indians. It will be available this fall. The forthcoming visit of Madame Gandhi would provide an opportunity to get maximum mileage from the transfer.

The transfer would be advantageous to both the U. S. and India. The BRUUN is one of our largest oceanographic ships but it requires too large a crew for us to afford, whereas it would be economical with an Indian crew.

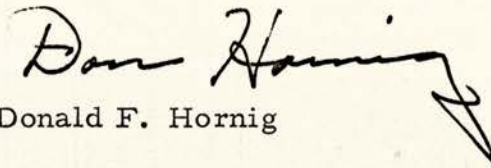
The Indians want to and badly need to do oceanographic work. In particular, it is important if they are to make progress on their food production and protein problem. For example, a very large and virtually unused fishery of sardines and mackerel off the west coast of India, which is presently fished only by primitive means within a few miles of shore, could be developed.

The Indians have gained experience during the International Indian Ocean Expedition. The Indian Council of Scientific and Industrial Research has approved the establishment of a National Institute of Oceanography. The time is therefore ripe.

The program involving the ship would afford continuing opportunities for cooperation between American and Indian scientists.

From our own point of view, the savings resulting from the reduction in crew costs would pay for a new, smaller, more efficient vessel in 4 to 5 years.

This idea is approved by State and AID and the Board of the National Science Foundation; there are no legal obstacles to the transfer. I recommend that you announce the gift during the visit of the Prime Minister.


Donald F. Hornig

Attachment:

Ltr from Dr. Haworth, NSF to
Dr. Hornig

cc: Mr. Komer

NATIONAL SCIENCE FOUNDATION
OFFICE OF THE DIRECTOR
WASHINGTON, D. C. 20550

118a

March 2, 1966

Dr. Donald F. Hornig
Director
Office of Science and Technology
Executive Office Building
Washington, D. C. 20506

Dear Don:

The R/V ANTON BRUUN (formerly the Presidential yacht U.S.S. WILLIAMSBURG) was converted to a research ship in 1962 by the National Science Foundation to meet the needs of American scientists for the International Indian Ocean Expedition. She is one of the largest American oceanographic research ships in active service today, with a displacement of 1700 tons and an over-all length of 243 feet. Her normal crew complement is 31, while she carries a scientific party of 15 with no difficulty. Although constructed in 1930, she is considered at the present time to be in good condition. According to competent engineering authority, she has an estimated remaining useful life of at least six to eight years. The BRUUN played a leading role in the International Indian Ocean Expedition in 1963 and 1964, during which time several Indian scientists gained valuable experience in oceanographic techniques while aboard this ship.

Since September of last year, the BRUUN has been engaged in the Southeastern Pacific Biological Oceanographic Expedition. This is a series of cruises designed to explore a variety of biological problems in the Humboldt Current west of the South American continent. The SPBOE comes to a conclusion in September 1966.

The BRUUN program is now costing the National Science Foundation somewhat in excess of one million dollars per year of which the operation of the vessel itself totals \$850,000 per year. A large proportion of the cost relates to the wages of the 31-man crew.

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The National Science Foundation has a strong interest in the maintenance of an "open" national vessel like the BRUUN for the benefit of both American and foreign scientists. However, this job could be done by a smaller and more efficient vessel at considerable savings each year. The BRUUN now has a crew to scientist ratio of about 2 to 1, whereas a specially designed vessel should achieve a ratio of approximately 1 to 1. Such a ship should save about 50% of the annual cost of the BRUUN operation, or enough to pay for construction costs of the new ship in a period of 4 or 5 years. The Foundation expects to include provision for such a new ship in its budget estimates within the next two or three years; it would cost on the order of \$2 million.

When the activities planned for the ship come to an end this autumn, therefore, it will be available for transfer to another organization for oceanographic research purposes. The Government has title to the vessel, and the NSF is accountable for it. Recent contacts with other Federal agencies which might conceivably have need for a vessel of this type do not indicate a demand for the ANTON BRUUN at this time. Nor is there any indication that any organization in the United States is interested in operation of the vessel unless operating costs are to be supported by the Government; but as mentioned above, we believe the operation of the BRUUN by this country is uneconomical.

Since the primary basis for terminating NSF use of the BRUUN is the relatively high cost of its operation, the interest of science can most effectively be served by transferring her for oceanographic research purposes under conditions which would not require U.S. support of the operating cost. An attractive possibility is to make a gift of her to India.

During the International Indian Ocean Expedition several Indian scientists gained valuable experience in oceanographic techniques while aboard this ship. The Indian Council of Scientific and Industrial Research has now approved the establishment of the National Institute of Oceanography and made a provision in long range plans for building and operating an oceanographic vessel. Informational exchanges with Dr. S. H. Zaheer, Director General of CSIR and Dr. V. K. Panikkar (CSIR) have established their interest in having the BRUUN if she could be made available to them. We believe that the BRUUN would

give them considerable assistance in undertaking this new program. They could operate the BRUUN at a much reduced cost due to the great differential in wage standards between the two countries. We have official assurance from Indian scientists that rupees are available to operate the BRUUN locally.


There is a great deal of investigation that can profitably be done in the Indian Ocean, the results of which would be of value to the progress of American science and could have an important influence in the future upon India's food production potential. Moreover, some research space might well be available for qualified American scientists who might wish to continue or initiate studies in the waters surrounding India. Thus, the availability of this ship in the waters surrounding the Indian subcontinent may make it possible for American scientists to cooperate with the Indians and to expand and verify important studies which were initiated during the IIOE.

The State Department has been thoroughly informed about the discussions relating to possible transfer of the ANTON BRUUN to India. Our Embassy in New Delhi has been contacted by the Indians and on August 30, 1965 Ambassador Bowles recommended to Secretary Rusk by telegram that the transfer be made if feasible. I am informed by Mr. Pollack that the Department is in favor of the transfer. However, because of recent developments, including the dire food situation in India, they are currently reviewing the question again and will let me know their present views as quickly as possible.

In view of the above the National Science Board, on my recommendation, at its February 19, 1966 meeting authorized the grant or transfer of the BRUUN to the Indian Government, or other appropriate Indian organization, for oceanographic research purposes.

Should the President approve the transfer of the ANTON BRUUN to India, he might wish to announce the gift during the visit of the Prime Minister later this month. The details of the actual transfer could then be worked out in the course of negotiations between U.S. and Indian representatives. Would you please advise me whether the President desires to have the BRUUN transferred in this manner?

Sincerely yours,



Leland J. Haworth
Director

SUMMARY

INCOMING TELEGRAM *Department of State*

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LIMITED OFFICIAL USE MAR 19

GANDHI VISIT

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Gandhi visit

1. FOREIGN SECRETARY C.S. JHA CALLED ME SATURDAY MORNING WITH WHAT HE TERMED "AN EXPLORATORY REQUEST FOR ASSISTANCE" IN GETTING PM TO US. HERE IS PROBLEM:

2. ON FRIDAY 'AIR INDIA' NAVIGATORS WENT ON STRIKE FOR HIGHER WAGES THEREFORE BRINGING ALL 'AIR INDIA' FLIGHTS TO A HALT. SINCE THE STRIKE APPEARS DESIGNED TO EMBARRASS MRS. GANDHI WITH REGARD TO HER US VISIT IT HAS CAUSED DEEP RESENTMENT BOTH INSIDE AND OUTSIDE GOVERNMENT. HOWEVER, THERE IS

GRAVE DOUBT THAT STRIKE WILL BE SETTLED THIS WEEK.

3. ACCORDING TO PRESENT STANDBY PLAN MRS. GANDHI WILL LEAVE ON FRIDAY, MARCH 25 FOR PARIS ON CARAVELLE OWNED BY INDIAN AIRLINES WHICH IS DOMESTIC SERVICE. AS PART OF THIS PLAN JHA WANTS TO KNOW IF A US GOVERNMENT PLANE COULD PICK PM UP IN PARIS SUNDAY MORNING MARCH 27 AND FLY HER TO NEW YORK, WASHINGTON, OR BETTER YET WILLIAMSBURG. I SAID I WOULD ENQUIRE.

4. ALTHOUGH I DID NOT SUGGEST IT AND IT MAY PROVE UNNECESSARY I KNOW IT WOULD BE A DRAMATIC AND HIGHLY WELCOME GESTURE IF WE COULD OFFER TO PICK UP MRS. GANDHI IN NEW DELHI AND BRING HER THE WHOLE WAY. WOULD APPRECIATE REACTION SOONEST.
 BOWLES

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MESSAGE

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U. S. INFORMATION SERVICE

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FROM: USIS INDIA, New Delhi

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TO: USIA WASHINGTON

MESSAGE NO.

REF:

March 10, 1966

SUBJECT: Mrs. Gandhi's Visit to the U. S.

DATE

MAR 14 11 11 '66

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SUMMARY: PRIME MINISTER GANDHI SCHEDULED TO MAKE OFFICIAL VISIT TO WASHINGTON AND NEW YORK, MARCH 27-APRIL 1, 1966. USIS INDIA OUTLINES PROGRAM OBJECTIVES THE VISIT CAN SERVE, RECOMMENDS WAYS OF IMPLEMENTING SAME, SPELLS OUT THE KIND OF COVERAGE REQUIRED, AND PROVIDES GUIDANCE ON THE COVERAGE REQUESTED.

Prime Minister Gandhi's visit to Washington and New York, March 27 to April 1, will present us with exceptional opportunities to advance U. S. psychological objectives in India. To assist the Agency in its advance planning, we are outlining below the objectives the visit can serve, recommendations as to ways in which they can be implemented, our coverage requirements, and suggested guidance regarding media coverage of the visit.

A. Objectives and Their Implementation

1. To demonstrate the strong bonds of friendship between the United States and India, based on common goals regarding the kind of world order both nations desire, and rooted in their shared commitment to constitutional democracy and a common revolutionary heritage.

Implementation: Contents of statements made by U. S. officials (including, whenever appropriate, references to the strength of India's parliamentary system, to her early organization of political parties, to her efforts to strengthen democracy at the grass roots through such constructive concepts as the Panchayati Raj, to the revolutionary challenges contained in the fundamental rights section of India's constitution, and to America's early championship of Indian independence). The manner in which U. S. hospitality is extended to Mrs. Gandhi by her hosts. The manner in which we portray the American public, its elected representatives, and the news media reacting to her visit -- the warmth and respect with which she will be received, as reflected in the U. S. media coverage of her visit

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(show Americans viewing her on TV!), in the friendly faces of crowds present at public appearances, by youngsters waving Indian flags, etc. In addition to strongly associating the visit with President Johnson, associate it also, if possible, with three former U. S. presidents particularly revered in India, Lincoln, FDR, and JFK: Lincoln by means of a brief visit to the Lincoln Memorial; FDR via references to his championship of Indian independence; JFK by means of a visit to the grave.

2. To reflect America's strong faith in India's ability to cope successfully, within a democratic framework, with the vast and complex problems confronting her in the job of nation-building and in India's ability to muster the required strength and spirit to build a viable and politically stable nation.

Implementation: Contents of statements by U. S. officials. Feeding back selections of salient passages from editorials, columns, radio and TV commentaries, IPS columns and VOA commentaries, and press briefings by U. S. spokesmen. Statements by members of Congress, especially those who visited India in November and December. Exploit in full all activities and statements which underscore America's determination to help India, together with other nations, meet the present food crisis and achieve self-sufficiency in food. Use visit by Mrs. Gandhi to an educational institution (and/or award of an honorary degree by a university) to bring out pertinent points of President Johnson's message of February 2 on international education.

3. To emphasize U. S. respect for, and confidence in, Mrs. Gandhi as the leader of the world's largest democracy and for her pragmatic approach to the problems confronting India; and to reflect the fact that the U. S. looks upon India as a major Asian power which can provide an example to other nations in the area of peaceful progress through democratic means.

Implementation: The manner and style in which Mrs. Gandhi is received by her hosts in Washington and New York. Expressions of well-informed admiration for her part in India's struggle for independence; her past and present role in the Congress Party and the government; her courage, fortitude, and statesmanship. Also, expressions of well-informed recognition of India's steady, well-balanced progress accomplished in a spirit of democratic pragmatism, without violating man's desire for freedom and dignity and without destroying ancient traditions. Exploit Mrs. Gandhi's visit to the U. N. to bring out India's 20-year history of support for the U. N. and involvement in U. N. activities as well as her implementation of the September 20 UNSC resolution.

4. To demonstrate America's maturity and sense of responsibility as a world leader and, in particular, to demonstrate President Johnson's deep and personal concern with the social and economic problems of the developing world and his concern with advancing the cause of peace, especially in SEAsia.

Implementation: The manner in which the visit is arranged -- an atmosphere of simple dignity, seriousness of purpose, and sincere desire to make it contribute to strengthening the forces dedicated to bringing about a peaceful revolution in Asia. Demonstrate at every turn the great sense of responsibility which LBJ feels in regard to the proper uses of U. S. power and overlay this with the serious attention he pays to India's Prime Minister and her views, thus bringing out that this is a meeting between equals in every sense of the word. Tone and content of official statements. IPS columns, VOA commentaries.

5. To focus attention on the wide area of agreement between India and the U. S. in regard to the necessity of containing the Chicom threat as it is making itself felt along the whole Southern perimeter of Communist China, especially in Viet-Nam and along the Indo-Chinese border.

Implementation: Official statements; pertinent quotes from comments by U. S. opinion molders; background briefings; IPS columns and VOA commentaries.

B. Coverage Requirements

1. Press: Daily WF stories and columns; texts of all statements (advance texts whenever possible); sidebars; gridirons; full texts of significant editorials and pertinent quotes from name TV and radio commentators; daily sets of up to twenty-five 8x10 photographic copy negatives to be sent to USIS India, New Delhi, as well as directly to USIS Bombay, Calcutta and Madras (for distribution to the press; but also for use in USIS exhibits and window displays, in connection with feature stories in USIS periodicals, and in a planned USIS pamphlet on the visit); color transparencies and, since time is too short to produce in India color blocks for illustrations in the May issue of Span, color blocks produced in the U. S. (see separate message); four sets of clippings from major U. S. dailies and weeklies covering the visit, to be mailed directly to Delhi and the three branch posts (for use in window displays and, in form of a montage, in the planned USIS pamphlet); interviews with Indian visitors (see #5).

2. Radio: All-India Radio will be feeding spot coverage on the visit to Indian listeners, hence no need for VOA feeds; however, it is requested that VOA extend facilitative assistance to the AIR correspondent. Full VOA coverage of the visit in news, correspondents' reports, commentaries, editorial round-ups, Week in Review, etc; interviews with Indian visitors (see #5);

3. TV: Daily clips, 7-10 minutes in length, for placement on AIR-TV.

4. Mopix: Production of a one-reel color film, 16mm and 35mm, of top-notch quality; clips for GOI News Review (up to 1500 feet, 35mm), to reach

Mopix Officer, USIS Bombay, by April 7, 1966. It is especially important that the producer of the documentary film be fully briefed on Sections A and C of this message.

5. Exchanges: To the extent possible, make it possible for selected participants under the International Visitors Program to be in Washington during the visit and, if possible, be invited to the Indian Embassy for its reception in honor of the PM; arrange IPS and IBS interviews with them on U. S. reaction to visit;

6. Presentation: Preparation of a photo album on the visit for presentation under a covering letter from the President of the United States to PM Gandhi as soon after her return to Delhi as possible.

C. Guidance Regarding Coverage Requested

1. In our coverage of Mrs. Gandhi's visit to the United States, we should keep references to the Ayub visit last December to a minimum and avoid all unnecessary references to the Kashmir issue. While we should not play down the significance of the Tashkent Declaration and the promise it contains for further improvements in Indo-Pak relations, we should also use this visit to remind our audiences of the U. N. 's contributions to a reduction in tensions.

2. We should make clear that Mrs. Gandhi did not come to Washington as a suppleant. In referring to U. S. aid to India, it should be understood that it is a joint and necessary effort from which both nations will benefit. Any conditions placed on aid to be rendered are not political but economic and are placed there by mutual consent and for shared objectives.

3. We should place primary emphasis on Mrs. Gandhi in her capacity as Prime Minister, only secondary and incidental emphasis on her as a woman occupying one of the world's biggest jobs.

4. We should refrain from placing undue emphasis on the fact that she is Nehru's daughter and on her close association with her father. Moreover, we should avoid associating her too closely with Nehru's policies, stressing rather, her pragmatic approach to India's problems.

5. The memory of John F. Kennedy has as much magic in India as ever and continues to be a positive force for us. Nevertheless, we should utilize Mrs. Gandhi's visit primarily to focus attention on President Johnson and the specific policies of concern to the U. S. at the present time, pointing up the manner in which they are a continuation of policies at work during the Eisenhower and Kennedy and Roosevelt administrations. Johnson's association with Roosevelt

during the New Deal period should be mentioned when possible without straining.

6. In photographic and other coverage of the Johnson-Gandhi conversations, we should portray a genuine give-and-take between the two leaders. Indian audiences will react very responsively to any indication of a genuine rapport being established between Mrs. Gandhi and President and Mrs. Johnson, to an ambiance of genuine warmth and friendliness.

7. The Prime Minister's press advisor will be Mr. George Verghese, until a few days ago an Associate Editor of the Times of India. Since he will be still quite new in his job and will be relatively unfamiliar with the workings and approach of the U. S. mass media, it may be advisable to have a savvy Agency officer be ready to assist him with Mrs. Gandhi's press relations. We understand Mr. Verghese will depart early for Washington. Incidentally, he knows Mr. Edward O'Neill of IAN.

William D. Miller

William D. Miller
Country Public Affairs Officer

cc: USIS Bombay/Calcutta/Madras

Talking points for meeting with Mrs. Gandhi

March 9, 1966

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- 1) Food situation: a) The problem of public relations abroad.
b) The need for pressing other governments --
letters from Mrs. G. to Pearson, Holt, DeGualle, etc.
- 2) Agenda for talks with President --
 - a) Indo-Pak: need for India to take initiative and be forthcoming short of the impossible on Kashmir.
 - b) Southeast Asia: need for private expression of understanding regarding our position in SVN.
 - - publicly acknowledge broad Chinese threat.
 - - GOI should stop blinking at evidence on ICC
 - - privately GOI should begin frank talks with us about how we both deal with China threat.
 - c) Economic pitch .. with emphasis on World Bank, Indian initiatives, and especially private sector.
- 3) Other aspects of Visit:
 - a) Would she like to bring her sons?
 - b) Who might go? If Dinesh Singh or others who have not seen much of US might one or two like to stay on for two weeks?
 - c) Would she be willing to come to pre-departure tea in her honor?
4. University program as an example of irritant?

~~SECRET~~

March 9 1966

Mildred:

Mr. Komer

proposed appointment by G. D.

Birla thru call from Mr. Lloyd

Cutler - from 14 March

*RWK agreed
to see 3:00 PM*

March 21

Cutler's office informed

Sophia

Yes

No

When convenient:

Make apt if so, keep me informed

G. D. BIRLA

123a
file
Gandhi Visit
BIRLA HOUSE,
NEW DELHI.

5TH MARCH 1966

DEAR MR. KOMER,

AS I AM COMING TO THE STATES ON THE 14TH OF THIS MONTH,

I THOUGHT I SHOULD SEND YOU COPY OF THE INTRODUCTION LETTER

ADDRESSED TO YOU BY MR. WARREN UNNA. I HAVE ASKED MR. LLOYD

CUTLER TO CONTACT YOU AND FIX UP AN APPOINTMENT WITH YOU WHICH


I HOPE HE HAS DONE. I SHALL BE OBLIGED IF YOU WILL KINDLY GIVE

HIM A SUITABLE TIME.

LOOKING FORWARD TO THE PLEASURE OF MEETING YOU. WITH

MY KINDEST REGARDS,

YOURS SINCERELY,

ea one


MR. ROBERT KOMER,
WASHINGTON D.C.

*RWK
Saw Birla
3/21/66*

THE WASHINGTON POST

1 HANUMAN ROAD

NEW DELHI, INDIA.

WARREN UNNA
SOUTH ASIA CORRESPONDENT

Mr. Robert Komor.
Special Assistant to the President.
The White House.
Washington D.C.

Dear Bob:

Mr. G.D. Birla is coming to the United States in advance of Prime Minister Shastri to be of what help he can in insuring that the Prime Minister's visit with the President goes well. He already has dispatched S. Mulgoakar, the editor of his HINDUSTHAN TIMES, on a cross-country visit with U.S. editors. He also is commissioning an Indian supplement in that other publication, the new york times.

Mr. Birla asked me for suggestions of people to sit down with and I took the liberty of suggesting both you and Assistant Secretary of Defense John McNaughton. I know he also would welcome a chance to talk with the President so I suggested he discuss that with you.

Merry Christmas and Happy New Year. And forgive my bad typing, but I am in Calcutta with a too-closely-spaced Olivetti and a non-existent eraser.

December 20, 1965.



OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

SECRET

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ACTION: Amembassy NEW DELHI PRIORITY

1649

MAR 5 1 28 PM '66

EXDIS

FOR AMBASSADOR FROM SECRETARY

New Delhi's 2233, 2226

Gandhi visit

1. We welcome frank discussions with GOI, such as the one with FonSecy C. S. JHA reported reftel, ~~XXXXXXXXXXXXXXXXXXXX~~ during current period of preparation for GANDHI visit. We shall of course act in parallel fashion here with Ambassador NEHRU. We see such talks as follow-up to Vice President's recent New Delhi discussions designed ensure that Prime Minister Gandhi comes to Washington with clearest possible understanding of what the key issues are that President wishes to discuss and on which President will be looking for forthright responses.

2. There are of course a wide range of issues of considerable importance in our current bilateral relations that may come up during Washington visit in one form or another. Without wishing to derogate importance of any of them, I wish in this message to focus on three that are of paramount importance, in that Mrs. Gandhi's response to the President on each one will clearly have a decisive bearing on the course of our bilateral relations in the months and years ahead.

A. Vietnam: Simple hard fact regarding our struggle against

Drafted by: NEA/SEA: CSCoon:dam 3/2/66	Tel. Ext. 3728	Telegraphic transmission and classification approved by: The Secretary FE=Leonard Unger
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FE/VN - Mr. Miller (draft)
FE/SEA - Mr. Trueheart
AID/NESA - Mr. Farr (draft)

S/AH - Governor Harrison
S/S - Mr. Gordon
White House
Mr. Komer

FE=Leonard Unger
NEA - Mr. Handley

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DECLASSIFIED

SECRET

FORM 8-63 DS-322

Authority State Ltr. 10-18-78
B: clip. NARA. Date 1-7-01

~~SECRET~~

Communist threat in Southeast Asia is that time has come when we must identify our friends. We of course recognize current limitations on India's ability to help us out in Vietnam as outlined by Jha. We also understand India's reluctance to risk serious alienation of USSR, based ultimately on Indian interest in securing Soviet as well as U.S. support in any future Sino-Indian confrontation. Within limitations, we sympathize with this concern and recognize that continuing Indian ability to communicate effectively with Moscow serves our mutual interests. Thus we welcome Indian efforts to persuade Soviets to play constructive role in moving Vietnam issue from the battlefield to the negotiating table. Nevertheless, President needs from Mrs. Gandhi some private reassurance of where India would stand if despite our best efforts the war in Vietnam should lead us to a direct confrontation with China. Vice President has already asked Mrs. Gandhi to ponder this question. Equally important, we need some public sign that India recognizes that the enemy we face in Vietnam is backed by the same xenophobic and expansionist power that India itself faces. Additionally, while we recognize constraints which India's role as neutral Chairman ICC places upon it, we fail to understand how this neutral role is consistent with India's unwillingness to identify clear evidence of North Vietnamese aggression. (Cases in point are procrastination and inconclusiveness of ICC investigations of (a) North Vietnamese munition ship sunk a year ago at Vung Ro Bay, and (b) members of 325th North Vietnam Regiment captured in South Vietnam. You should also cite deficiencies in Laos and ICC/Cambodia, drawing on para three, Deptel 1498.) We do not share Jha's view that policy of appeasing Hanoi is way to establish respected ~~XXXXXXXXXX~~ international presence or to maintain effective communication link.

~~SECRET~~

~~SECRET~~

B. Peace with Pakistan: We are of course extremely pleased with India's solid performance in implementing spirit and letter of Tashkent Declaration. At same time we recognize that some of the most difficult problems remain to be sorted out. As Indians know, we believe it in India's interest as well as U.S. that Pakistan not be drawn into Communist China's fellowship of the frustrated. We continue reluctant involve ourselves in specifics of issues dividing India and Pakistan, believing that GOI and GOP are fully capable of working out their own solutions if they want to do so badly enough. What President will want from Mrs. Gandhi therefore is general assurance that India will continue to do its level best to contribute to search for peaceful solution of issues dividing India and Pakistan and is ready if necessary to QUOTE walk the extra mile UNQUOTE to achieve this. This involves recognition of Kashmir as an issue that must be explored from standpoint of preserving national interest of both countries; it also requires efforts to deal rationally with Pakistan's fears about military imbalance between India and Pakistan. What would not be understood here is any unwillingness of India, the larger power, to sit down and talk things over with Pakistan.

C. Food and Self-help: We are encouraged by current GOI determination give ^{higher} ~~top~~ priority to efforts achieve self-sufficiency in food production and particularly by apparent GOI willingness to undertake necessary new departures in **but progress to date disappointing in some respects.** relevant internal policies, as evidenced in budget statement ~~of 1966-67~~ ~~with regard to~~ ~~the~~ ~~most~~ ~~crucial~~ ~~current~~ ~~items~~ as we see them are new approach toward fertilizer production and distribution; mass attack on population problem; cooperation with

~~SECRET~~

~~SECRET~~

IBRD on fiscal, import decontrol and related measures. ~~What President will be expecting from~~

Without firm follow through on these and related measures we see little practical possibility of getting India off the dole in any reasonable time span. More detailed suggestions on these economic issues will follow. / ~~What President will be expecting from~~ Prime Minister ~~is firm and~~ Gandhi ~~is firm and~~ unequivocal reassurance on GOI determination follow through.

GP-3.

END

RUSK

~~SECRET~~

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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44

Origin

NEA

Info:

SS

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P

USIA

NSC

CPR

SY

ACTION:

Amembassy NEW DELHI

1642

Gandhi visit

MAR 4 5 22 PM '66

GANDHI VISIT

Indian Embassy has informed Department Mrs. Gandhi
will spend one additional day (April 1) in US in NYC.

BUNDY-SMITH
BATOR
BOWDLER
BOWMAN
CHASE
COOPER
JESSUP
JOHNSON
KEENE
KROMER
MOODY

RUSK

END

Drafted by: NEA:SOA:HGwing:oh (3/4/66)	Tel. Ext. 2625	Telegraphic transmission and classification approved by: SOA - David T. Schneider
---	-------------------	---

Clearances:

S/CPR - Mr. King

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INCOMING TELEGRAM *Department of State*

126

4-S

SECRET

Action

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NEA

RR RUEHC
DE RUSBAE 279 0631420

1966 MAR 4 PM 8 34

Info

ZNY SSSSS
R 041333Z

SS

FM AMEMBASSY NEWDELHI/
TO SECSTATE WASHDC/2302/

G

STATE GRNC

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BT

P

~~SECRET~~ MARCH 4

USIA

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 US . OUT OF THESE VISITS HAVE
EMERGED THE FOLLOWING POINTS:

NSC

INR

CIA

NSA

GPR

SY

RSR

1. REGULAR DISCUSSIONS HAVE BEEN HELD THROUGHOUT THE INDIAN
GOVT 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 GOVT IN REGARD TO THE OUTSIDE WORLD
AND PARTICULARLY THE US.

PAGE TWO RUSBAE 279 ~~SECRET~~

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

DECLASSIFIED

E.O. 13292, Sec. 3.4

State Dept. Guidelines

By *pc*, NARA, Date *1-7-04*

SECRET

BUNDY-SMITH
BATOR
BOWDLER
BOWMAN
CHASE
COOPER
MESSUP
JOHNSON
KEENE
KORNER
MOODY

Gandhi visit

2-P

~~SECRET~~

-2- 2302 March 4 FM New Delhi

PAGE THREE RUSBAE 279 ~~SECRET~~

TO GO HIMSELF. ASOKA MEHTA IS A PROBABILITY. FINANCE MIN CHAUDHURI WHOM: BELIEVE WOULD BE A GOOD ADDITION WILL BE TOO INVOLVED WITH THE BUDGET AND PARLIAMENT TO LEAVE AT THIS TIME.

6 THE GOI 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 PROPHESED 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.

PAGE FOUR RUSBAE 279 ~~SECRET~~

COMMENT: I AM SATISFIED THAT THE INDIAN GOVT 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 GOI HOPES THAT WE WILL UNDERSTAND THEIRS.

PLEASE ADVISE IF YOU HAVE ANY SPECIFIC POINTS THAT YOU WISH ME TO EMPHASIZE IN TALKS WITH MRS GHANDHI AND SENIOR GOP OFFICIALS DURING THE NEXT TWO WEEKS. BOWLES
BT

~~SECRET~~

Row -

127

Wouldn't this be
good for the President's
reading at some point?

It puts India on
our track ~~but~~ eventually
but makes it clear
we have to do some
time-buying until
India is ready.

H.

SUMMARY

INCOMING TELEGRAM *Department of State*

127a

BUNDY
BATOR
BOWDLER
BOWMAN
CHASE
COOPER
JESSUP
JOHNSON
KERRY
KORER
MOODY

82-S

~~SECRET~~

Action

NVV QSA752ZCZCSBA625

NEA

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Info

DE RUSBAE 1447 0591330

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SP

FM AMEMBASSY NEWDELHI

FE

TO RUEHC/SECSTATE WASHDC [2233]

NSC

INFO RUQVKR/AMEMBASSY KARACHI 834

INR

STATE GRNC

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NSA

~~SECRET~~ FEB 28

DOD

DEPT PASS WHITE HOUSE

RSR

1. DURING MY DISCUSSIONS WITH C S JHA FRIDAY EVENING, FEB 25, I ASKED HOW HE WOULD LIKE ME TO FOLLOW UP SUGGESTION SWARAN SINGH MADE TO VICE PRESIDENT HUMPHREY THAT WE START A DIALOGUE PRIOR TO MRS GANDHI'S VISIT TO THE US ON AREAS WHERE THE US AND INDIA AGREE IN REGARD TO SEA, AND THOSE WHERE WE MAY DISAGREE BUT WHICH MAYBE BRIDGEABLE.

I SUGGESTED THAT MEA AND THE EMBASSY EACH PUT TOGETHER A MEMORANDUM STATING THE POSITION OF ITS GOVT AND UNDERSCORING

PAGE TWO RUSBAE 1447 ~~SECRET~~

THOSE QUESTIONS ON WHICH FURTHER EXPLORATION SEEMS TO BE NEEDED. JHA REPLIED THAT WHILE HE FELT DISCUSSION WAS TIMELY AND NECESSARY HE WOULD HESITATE TO USE WRITTEN PAPERS AS THEY WOULD SOONER OR LATER HIT THE PRESS. HE THEN PROCEEDED TO OFFER WHAT HE DESCRIBED AS SOME PRELIMINARY THOUGHTS WHICH INCLUDED THE FOLLOWING:

A. IN VARIOUS PARTS OF ASIA THE US HAS BEEN FORCED BY CIRCUMSTANCE AND PERMITTED BY ITS MASSIVE RESOURCES TO PLAY A DYNAMIC AND FORWARD ROLE IN CONTAINMENT OF CHINA. THE GOI IS GENERALLY SYMPATHETIC TO OUR EFFORTS AND KEENLY AWARE OF ITS OWN STAKE IN OUR SUCCESS.

B. AS THE INDIAN ECONOMY BECOMES STRONGER AND INDIA'S POLITICAL FOUNDATION MORE SOLID, INDIA WILL EVENTUALLY BE IN A POSITION TO PLAY AN INCREASINGLY BROAD AND MORE EFFECTIVE ROLE IN COUNTER-BALANCING CHINA WHICH MIGHT EVENTUALLY INCLUDE PUBLIC MILITARY GUARANTEES TO ITS NEIGHBORS AGAINST CHINESE AGGRESSION (HE SPOKE PARTICULARLY OF BURMA, NEPAL AND THAILAND).

C. IN THE MEANTIME INDIA CAN MAKE A SIGNIFICANT CONTRIBUTION BY MAINTAINING ITS UNITY (BWLWCZPNUONG)*A MAJOR DEVELOPMENTAL EFFORT

DECLASSIFIED

E.O. 13292, Sec. 3.4

State Dept. Guidelines

By p, NARA, Date 1-7-04~~SECRET~~

~~SECRET~~

-2- 2233, February 28, From New Delhi

UNDER A DEMOCRATIC GOVT. THE VERY FACT THAT INDIA EXISTS AS
A GOING CONCERN HELPS TO ESTABLISH AN ALTERNATIVE TO CHINA IN

PAGE THREE RUSBAE 1447 ~~SECRET~~

THE MINDS OF THE ASIAN PEOPLE AND REASSURES THOSE WHO OTHERWISE
MIGHT FEEL THAT CHINA IS THE WAVE OF THE FUTURE.

D. ALTHOUGH AT THIS STAGE OF ITS DEVELOPMENT THE GOI IS IN
NO POSITION TO ASSUME A MAJOR ROLE IN THE CONTAINMENT OF
CHINA IT IS PREPARED (1) TO DEFEND ITS OWN COUNTRY AGAINST
CHINESE AGGRESSION ALONG ITS 2400-MILE BORDERS; (2) TO DEFEND
NEPAL IF NEPAL IS ATTACKED BY CHINA; (3) TO ASSIST BURMA
AGAINST CHINESE AGGRESSION IF HELP SHOULD BE REQUESTED.

JHA EXPRESSED PERSONAL VIEW THAT THE MOST LIKELY AREA FOR
CHINESE AGGRESSION WAS IN NEPAL. THE INDIAN-NEPALESE BORDER IS
ALMOST WHOLLY UNDEFENDED AND ONCE THE CHINESE FORCES BREAK
THROUGH THE NORTHERN BOUNDARIES OF NEPAL WHERE THE PASSES ARE
LESS FORBIDDING IT COULD QUICKLY PRESENT ITSELF ON THE NORTHERN
EDGE OF THE INDIAN PLAIN.

ALTHOUGH IT WAS JHA'S FEELING THE CHINESE ARE NOW STRETCHED
RATHER THIN AND PROBABLY WILL NOT TAKE ACTION ALONG THESE
LINES IN THE NEAR FUTURE, THERE IS NO DOUBT IN HIS MIND THAT
NEPAL IS THE MOST VULNERABLE AREA OF THE LONG INDO-CHINESE BORDER.

E. JHA EXPRESSED THE HOPE THE US WOULD PATENTLY UNDERSTAND
INDIAN LIMITATIONS UNDER PRESENT CIRCUMSTANCES AND DO WHAT

PAGE FOUR RUSBAE 1447 ~~SECRET~~

WE CAN TO SPEED THE DAY WHEN INDIA CAN PLAY A
AFFIRMATIVE ROLE IN REGARD TO CHINA AND THUS BEGIN TO RELIEVE
US OF SOME OF OUR RESPONSIBILITIES.

F. JHA EXPRESSED THE HOPE THAT BEFORE MRS GANDHI LEFT FOR THE
US I COULD HAVE FURTHER TALKS WITH HIM AND SWARAN SINGH ON THIS
AND RELATED SUBJECTS AS A BACKGROUND FOR THE TALKS WHICH WOULD
BE HELD IN WASHINGTON.

2. COMMENT: THIS WAS THE MOST FRANK AND FORTHCOMING TALKS
I HAVE HAD WITH C S JHA AND I BELIEVE IT REFLECTS TO SOME
EXTENT RESULT OF VICE PRESIDENT'S VISIT.

HOWEVER I SUSPECT THAT IN LARGE MEASURE THESE ARE STILL THE
PERSONAL VIEWS OF C S JHA, SHARED BY A FEW OTHER SENIOR OFFICIALS
SUCH AS L K JHA, BUT NOT YET GOI POLICY.

~~SECRET~~

~~SECRET~~

-3- 2233, February 28, From New Delhi

STILL THE TIMING WOULD APPEAR TO BE RIPE FOR PRIVATE DISCUSSIONS
WITH GOI CONCERNING LONGTERM ROLE WHICH INDIA SHOULD PLAY IN
ASIA. AND WE SHALL CONTINUE TO WORK ALONG THESE LINES. BOWLES
BT

*AS RECEIVED

NOTE: ADVANCE COPY TO S/S-O, 8:38 P.M.
PASSED: WHITE HOUSE, 8:18, P.M.

~~SECRET~~

INCOMING TELEGRAM *Department of State*

~~SECRET~~

84
Action
SS
Info

022995

1966 FEB 28 PM 6 10

VV QSA738ZCZCSBA622
RR RUEHC
DE RUSBAE 1444 0591400
ZNY SSSSS
R 281236Z
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2229
STATE GRNC
BT
~~SECRET~~ FEB28

LIMDIS

FOR CAROL LAISE FROM BOWLES

IN REGARD TO MRS. GANDHI'S VISIT, I BELIEVE MY TIME IN THE NEXT TWO WEEKS OR SO WOULD BE BEST SPENT IN NEW DELHI HELPING PREPARE ATTITUDES HERE FOR FORTHCOMING DISCUSSIONS. THUS I PLAN TO RETURN WITH STEB ON MARCH 18. WE WOULD COME TO WASHINGTON ON SUNDAY NIGHT MARCH 20 AND SPEND FULL WEEK THERE BEFORE MRS. GANDHI ARRIVES PROBABLY AFTERNOON OF MARCH 27. IN ADDITION TO THE PRELIMINARY CONSULTATION AND THE ACTUAL

PAGE 2 RUSBAE 1444 ~~SECRET~~
WORK DURING MRS. GANDHI'S VISIT THERE ARE THREE OTHER ASPECTS TO MY TRIP: (1) FOLLOW UP IN WASHINGTON BEFORE RETURNING TO INDIA TO MAKE SURE WE ARE IN AGREEMENT ON OUTCOME OF THE TALKS IN TERMS OF ACTIONS REQUIRED THERE AND IN DELHI; (2) MY ANNUAL CHECKUP AT THE LAHEY CLINIC IN BOSTON WHICH USUALLY TAKES A DAY AND A HALF PLUS BRIEF VISIT WITH DR. COOPER IN NEW YORK; (3) SOME FAMILY MATTERS WHICH WOULD TAKE FIVE OR SIX DAYS AND INVOLVE SOME PLANNING ON PART OF OUR CHILDREN SOME OF WHOM ARE ON THE WEST COAST AND COMING EAST TO SEE US.

THEREFORE FOLLOWING MRS. GANDHI'S DEPARTURE ON THE 31ST OF MARCH I WOULD TENTATIVELY PLAN TO GO TO ESSEX FOR THE WEEKEND, GET MY MEDICAL CALLS OUT OF THE WAY ON APRIL 5 AND 6, SEE MY CHILDREN AND MY SISTER (WHO IS QUITE ILL) IN CONNECTICUT FROM APRIL 6-11 AND RETURN TO WASHINGTON FOR FINAL CONSULTATION ON APRIL 11.

AN ALTERNATIVE PLAN WOULD BE TO RETURN IMMEDIATELY FOLLOWING MRS. GANDHI'S DEPARTURE TO WASHINGTON FOR CONSULTATION AND WRAP-UP WHICH WOULD MEAN LEAVING THE PERSONAL BUSINESS

~~SECRET~~

BUNDY-SMITH
BATOR
BOWDLER
BOWMAN
CHASE
COOPER
JESSUP
JOHNSON
KEENE
KOMER
MOODY

Gandhi visit

SECRET

-2- 2229, February 28, From New Delhi

UNTIL THE END. I CAN DO IT EITHER WAY.

PLEASE, ADVISE AND IF POSSIBLE GIVE ME ESTIMATE HOW LONG YOU

PAGE 3 RUSBAE 1444 S E C R E T

FEEL THE FOLLOW UP VISIT TO WASHINGTON SHOULD TAKE. BOWLES
BT

SECRET

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

CONFIDENTIAL
~~SECRET~~

129
14520
GUNDY-SMITH
BATOR
BOWDLER
BOWMAN
CHASE
COOPER
JESSUP
JOHNSON
KERRY
KROGER
NGOBY

48
Origin
SS
Info:

ACTION: AmEmbassy New Delhi

~~Priority~~
IMMEDIATE

1602 FEB 27 12 41 PM '66

LIMDIS

Gandhi Visit

Gandhi visit

DECLASSIFIED

Authority State Ltr. 4/17/78
By fc/lhw NARA, Date 1-7-04

Indian Embassy here has informed us that Mrs. Gandhi proposes to make an announcement to parliament on February 28, between 1500 and 1700 Delhi time, that she has accepted President Johnson's invitation to visit him in Washington on March 28. We have informed Indians here that White House approves this, hopes Mrs. Gandhi's announcement will be nearer 1700 than 1500, and will issue confirmatory announcement along following lines:

QUOTE The White House announced today that Prime Minister Indira Gandhi of India has accepted President Johnson's invitation to meet with him in Washington. Mrs. Gandhi is expected to begin her official visit to Washington on March 28. Further details of the visit will be made available later.

President Johnson welcomes the opportunity this visit will afford to renew his friendship with Mrs. Gandhi, who last month became the leader of the world's largest democracy. UNQUOTE

Drafted by: NEA/SGA HGHagerty	Tel. Ext. 5070	Telegraphic transmission and classification approved by: NEA - William J. Handley
<p>NEA/SGA - Miss Laise (subs) P - Mr. McCloskey S/CPR - Mr. King (subs) White House - Mr. Komer (subs) (subs) Mr. Layton (subs) S/S - Mr. Rattray</p>		

CONFIDENTIAL

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~~SECRET~~ ~~CONFIDENTIAL~~

Please inform GOI of foregoing and let us know by flash message when Prime Minister has made her announcement. END

GP 3

RUSK

~~CONFIDENTIAL~~

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

~~SECRET~~/LIMDIS

130
13557

81
Origin

55
Info

ACTION: Amembassy NEW DELHI IMMEDIATE 1590

FEB 25 3 41 PM '66

Gandhi visit

LIMDIS

Embtel 2192

already

Indian Embassy has ~~already~~ sounded us out informally on proposed schedule raftel, and we have responded that proposed schedule is ~~not~~ satisfactory. Indians say that on receipt of report our informal approval in Delhi, Mrs. Gandhi will send formal letter of acceptance of President's invitation, confirming agreed dates.

GP-3

— BUNDY-SMITH
— BATOR
— BOWDLER
— BOWMAN
— CHASE
— COOPER
— JESSUP
— JOHNSON
— KENY
— KOMER
— MOODY

END

RUSK

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 1-7-04

Drafted by: <u>NEA:SOA:HCHagerty:oh</u>	Tel. Ext. <u>2625</u>	Telegraphic transmission and classification approved by: <u>W. J. Handley</u>
Clearances: <u>CPR - Mr. Armour (subs.)</u> <u>S/S - Mr. Thompson</u>	<u>White House - Mr. Komer</u> <u>NEA/SOA - Mr. Schneider</u>	REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

~~SECRET~~/LIMDIS



3014

DEPARTMENT OF STATE

WASHINGTON

February 23, 1966

RECEIVED
MR. McGEORGE BUNDY'S OFFICE

1966 FEB 24 AM 8 42

131
1. Mr. Komer
2. Ret.
Ret'd BKS 3/1/66
Gandhi Visit
*+ India*MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Letter to Indian Prime Minister Indira Gandhi
from the President concerning a date for her
United States Visit.

Prime Minister Indira Gandhi has proposed to visit the
United States beginning March 28 in response to the President's
invitation. Enclosed is a recommended text of a letter from the
President to be sent telegraphically to Ambassador Bowles in New
Delhi for delivery to Prime Minister Gandhi.

John P. Walsh
Benjamin H. Read
Executive Secretary

Enclosure:

Suggested reply to
Prime Minister Gandhi.

*This is overtaken
by events & draft
telegram to
new ~~Delhi~~ Delhi
(W N Lag #507).*

*approved 2/25/66
HHS*

FEB 24 1966

131a

SUGGESTED REPLY

Dear Madam Prime Minister:

I am delighted to learn through your Embassy that you now see your way clear to fix March 28 for the beginning of your visit to the United States. Mrs. Johnson and I are looking forward to seeing you at that time. We both recall with pleasure our last meeting in 1964.

May I take this opportunity to thank you for your kind letter of February 8. I am pleased that we have been able to respond to the question raised in your letter, as you already know from Vice President Humphrey.

With warm good wishes,

Sincerely,

Lyndon B. Johnson

Her Excellency
Indira Gandhi,
Prime Minister of India,
New Delhi, India.

11

132
Wednesday, February 23, 1966
7:45 p.m.

P.D.
x India
x Gandhi visit

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

R. W. Komer

mfk

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

SECRET

ACTION: Amembassy NEW DELHI IMMEDIATE

JAN 25 8 19 PM '66

EXDIS

Deliver soonest

/following letter dated January 24, 1966, from the President to Prime
Signed original being
Minister Gandhi. Delivered to Indian Embassy for transmission to Prime Minister
in New Delhi:

QUOTE Dear Madame Prime Minister: I am very glad to have your letter
of January 24 and I do understand that it will take a few weeks before you
can come. Mrs. Johnson and I will go on looking forward to your visit just
as soon as it is convenient to you.

I completely agree with you that there are some problems of immediate
concern which we ought to work on before then, and I have today written to
Ambassador Nehru that I will be glad to receive him just as soon as he gets
back here. Sincerely, Lyndon B. Johnson UNQUOTE

GP-3

End

RUSK

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By jc, NARA, Date 1-7-04

Drafted by:

Text received from White House 1/25/66

NEA - William J. Handley

Clearances:

S/S - Mr. Miller

SECRET

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JAN 26 1966

U.S. DEPARTMENT OF STATE
DIRECTOR OF INTELLIGENCE AND RESEARCH

Intelligence
Note -46 11 134

January 19, 1966

To : The Acting Secretary
 Through: S/S
 From : INR - Thomas L. Hughes *TH*

Subject: Indira Gandhi as India's Prime Minister

Indira Gandhi brings a number of significant qualifications to the Indian Prime Ministership. Above all, she is the daughter of Jawaharlal Nehru and is thus a figure known throughout India and the world. She does not represent any regional or communal interest in India and therefore can be a significant factor encouraging Indian unity. Having long been associated with the Congress Party, and having been her father's confidante, she is thoroughly familiar with the issues and personalities of Indian politics. Her term as Congress Party president was generally successful and she demonstrated an ability to make difficult decisions -- even over her father's misgivings.

In choosing Mrs. Gandhi, the party leaders probably gave little attention to her personal talents. She was picked because she is Nehru's daughter: the candidate most likely to block Morarji Desai's bid for the Prime Ministership and to be a vote-getter in the national elections of 1967. The Congress Party bosses probably believe that they will be able to control and manipulate her with relative ease and that she will be fairly well bound to follow the political course charted by Nehru and Shastri. Certainly the mere task of coping with the myriad problems now facing India would tax the abilities of any politician, and Mrs. Gandhi is neither physically robust nor is she fond of political rough-and-tumble.

It is possible, however, that Mrs. Gandhi's political sponsors have reckoned wrong. She is a determined woman who undoubtedly sees her task as developing

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By *jc*, NARA, Date *1-7-04*

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GROUP 3
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India into the type of society that her father dreamed of. This apparently includes a fairly pronounced "leftness" in her approach to domestic and foreign affairs. She is probably more doctrinaire in her approach to "socialism" than was Shastri, and despite an inherited basic sympathy toward the West, she has been sharply critical of some US policies and well disposed towards the Soviet Union. The Soviets will almost certainly view her appointment with enthusiasm, as a turning point in the recent rightward drift in India that has worried them for some time. They may hope to establish close rapport with the new Prime Minister and will probably at least reconsider their recent policies of movement away from a close identification with India and the Congress Party.

Whatever her personal predilections, for some time to come Mrs. Gandhi will be restricted in her conduct of Indian policy because of the influence of her sponsors and advisers. At least through the 1967 elections, we would not expect her to attempt any significant new policy departures and in many fields her freedom of action is inevitably narrowly circumscribed. She will have little scope to improve relations with either Pakistan or China, although she will almost certainly endeavor to implement the Tashkent agreement and seek a reduction of Indo-Pakistani tensions. Following in her predecessors' footsteps, she is likely to be sharply critical of domestic Indian Communism; resist India's entry into the nuclear club; emphasize the role of non-alignment in Indian foreign policy; continue -- probably reluctantly -- a high rate of military spending; and concentrate on agricultural development for the immediate future. She may make some changes in the composition of the cabinet but is unlikely to bring in such controversial figures as Krishna Menon.

Such changes as Mrs. Gandhi is likely to bring about will probably be more of tone and style than of major substance. There may perhaps be more high-level criticism of the US than there has generally been during the past few years, but the Indian leadership, including Mrs. Gandhi, is well aware of the importance to India of good relations with both the US and the USSR.

Mrs. Gandhi will almost certainly remain in office until the 1967 elections. No doubt some leaders are already thinking in terms of removing her thereafter, and Mrs. Gandhi might herself wish to leave office. Should however the Congress win strikingly in 1967 -- as is likely to be the case -- and should Mrs. Gandhi desire to remain on, she might prove extremely hard to displace.

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*Gandhi visit
x India*

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RE YOUR CAP66028 DTG 0 190021Z

TO ACCOMMODATE INDIAN POLITICAL FORMALITIES, I AM TAKING
LIBERTY OF DATING PRESIDENT'S LETTER JANUARY 19 AND CHANGING WORD
"APPOINTMENT" IN FIRST SENTENCE TO "ELECTION". I AM ALSO CHANGING
SALUTATION TO USE OF NAME RATHER THAN "PRIME MINISTER" SO THAT
LETTER MAY BE DELIVERED TODAY RATHER THAN AWAIT FORMAL SWEARING
IN, WHICH MAY NOT RPT NOT COME BEFORE WEEKEND. BOWLES
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By *je* NARA, Date *1-7-04*

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8800PM EST
TUESDAY, January 18/

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TO AMEMB NEW DELHI
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FROM: THE WHITE HOUSE SITUATION ROOM
TO : AMBASSADOR BOWLES, NEW DELHI

*OK'd by [unclear]
miss*

*Indira
x Gandhi*

JANUARY 18, 1966.

AMEMBASSY NEW DELHI IMMEDIATE

FOR AMBASSADOR.

DELIVER FOLLOWING MESSAGE SOONEST TO NEW PRIME MINISTER FROM
PRESIDENT JOHNSON:

MRS. GANDHI:

QUOTE: DEAR MADAM PRIME MINISTER:

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E.O. 13292, Sec. 3.4
NSC-Memo, 1/30/95, State Guidelines
By *jc*, NARA, Date *1-7-04*

PAGE 2 RUEPWW 070 ~~CONFIDENTIAL~~

ELECTION

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 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. I ALSO RECOGNIZE THAT YOUR NEW BURDENS OF OFFICE MAY MAKE THIS DIFFICULT, AND IF YOU ARE UNABLE TO COME THEN, I HOPE THAT WE CAN RESCHEDULE YOUR VISIT FOR AN EARLY DATE, SO THAT WE CAN DISCUSS THE MANY MOMENTOUS PROBLEMS 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

PAGE 3 RUEPWW 070 ~~CONFIDENTIAL~~

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.

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8800PM EST
TUESDAY, January 18, 1966

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FROM: THE WHITE HOUSE SITUATION ROOM
TO : AMBASSADOR BOWLES, NEW DELHI

JANUARY 18, 1966.

AMEMBASSY NEW DELHI IMMEDIATE

FOR AMBASSADOR.

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PRESIDENT JOHNSON:

MRS. GANDHI:

QUOTE: DEAR MADAM PRIME MINISTER:

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By jc, NARA, Date 1-7-01

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MEMO FOR BILL MOYERS

Attached seems to me a sensible gesture,
preferably in response to a query and pre-
ferably 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.

Bob K.

R. W. Komer

TO: Bob Komer
The Pres. says let's wait
until the successor is
chosen and then can make
his statement

January 17, 1966

137

Gandhi Visit

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NSC Memo, 1/30/95, State Guidelines

By *jc*, NARA, Date *1-7-04*



DEPARTMENT OF STATE

WASHINGTON

RECEIVED
McGEORGE BUNDY'S OFFICE
January 15, 1966

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1966 JAN 17 AM 10 11

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Revalidation of the President's
Invitation to the Indian Prime Minister.

So far we have not commented publicly as to whether the President's invitation to India's Prime Minister to visit Washington remains in effect despite Shastri's death. From the report on the talks of the Vice President and the Secretary in New Delhi, it seems clear that the Indians assume that the invitation still remains open, to be picked up by Shastri's successor. The Secretary's efforts to get the GOI to keep an open mind about an early visit have undoubtedly reinforced this view. We, therefore, think it would be a courteous gesture now for us publicly to reaffirm that the invitation still stands.

A statement to the press by Mr. Moyers would be a good way of buttressing the Secretary's private approach to the GOI. Suggested language is attached.

Once the new Prime Minister is designated we might follow up with a congratulatory message once again reaffirming the invitation. If you agree to this proposal we shall prepare the text of such a message.

Recommendation:

We recommend that Mr. Moyers make an early statement to the press along the lines of the enclosed text.

Enclosure:

Suggested Language.

John P. Walsh
Benjamin H. Read
Executive Secretary

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State Dept. Guidelines
By *jc*, NARA, Date *1-7-04*

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JAN 17 1966

SUGGESTED LANGUAGE

There has been some question as to the status of the President's invitation to India's Prime Minister to visit Washington in the light of Mr. Shastri's death. The President's invitation of course still stands. As you know, the President was shocked and grieved to learn of Mr. Shastri's death. He hopes that Mr. Shastri's successor will be able to visit here in Washington at some convenient time.

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MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Sanki Vimal

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Enclosure:

Suggested Language.

Benjamin H. Read
Executive Secretary

Clearances:

S/CPR - Mr. King (draft)
G - Mr. Low
NEA - Mr. Handley

SOA - Miss Laise
NEA/P - Mr. Brown

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By *jc*, NARA, Date *1-7-01*

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Gandhi Visit

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LIST OF PAPERS FOR SHASTRI VISIT

Due in SOA January 14 - Due in S/S January 19

I. General

- | | |
|-------------------------------|---------------------|
| A. Strategy Paper | NEA/SQA - Carl Coon |
| B. President's Briefing Paper | NEA/SQA - Carl Coon |
| C. Issues/Problems Paper | NEA/SQA - Carl Coon |

II. Background and Supporting Papers

- | | |
|---|--|
| A. <u>India and Pakistan</u>
The current situation; the range of issues between them; the Kashmir conundrum; the recent conflict; the problem in the Security Council. | INR/RNA - Thomas Thornton
IO/UNP - George Moffitt |
| B. <u>India and Communist China</u>
A review of the relationship; the changes brought about by 1962; the current status of relations and developments in the Himalayas; the rivalry outside South Asia. | FE/ACA - Harold Jacobson
INR/RNA - Allen Whiting |
| C. <u>The Chinese Threat to the Subcontinent</u>
(Already done for the Ayub visit) | FE/ACA - Paul Kreisberg |
| D. <u>India and the Soviet Union (including Eastern Europe)</u>
The Tashkent summit; the basic determinants in the relationship; the role of India in the Sino-Soviet polemic; India's use of the USSR vis-a-vis China; the changing Soviet view re India and Pakistan; Communism in South Asia. | EUR/SOV - Vladimir Tomanoff
FE/ACA - Paul Kreisberg |
| E. <u>India and Southeast Asia</u>
The problem of Viet Nam; India's role in the ICCs; Indian relations with Burma, Indonesia and Malaysia. | NEA/SQA - Carl Coon
FE/VN - Bob Miller
FE/ACA - Paul Kreisberg |

F. Other

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By *jc*, NARA, Date *1-7-04*

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- F. Other Aspects of Indian Foreign Policy NEA/SQA - Carl Coon
India's basic foreign policy INR/RNA - Thomas Thornton
considerations and interests; the IO/UNP - George Moffitt
changing character of nonalignment and
of relations with the Afro-Asian world;
the qualitative changes in Indian foreign
policy since Nehru; India's role in the
UN and Peacekeeping.
- G. India's Internal Political Situation INR/RNA - Thomas Thornton
The domestic determinants of foreign
policy; the internal problem of Kashmir;
Shastri's political position; the role
of the Kamaraj "caucus"; the language
problem; the health of the Congress Party;
the 1967 elections.
- H. India's Food Situation USDA - William Horbaly
The current status; the international AID/NESA - Herb Rees
relief effort; prospects for the future;
political considerations; the
Subramaniam talks reviewed.
- I. India's Economy - Performance and NEA/SQA - Sid Sober
Foreign Assistance AID/NESA - Herb Rees
The Third and Fourth Five Year Plans; INR/RNA - David Cohen
the Public vs the Private sector; the
Planning Apparatus; US Economic Aid
Policy; Economic assistance from the
Soviet Bloc; from the rest of the Free
World; the population problem.
- J. India's Security - The Defense Establishment
and Foreign Aid DOD/ISA - Jock Stoddard
India's armed forces, a comparison with L/NEA - Don Wehmeyer
Pakistan's and China's; defense
production capabilities; military
assistance from the US, the USSR, the
Commonwealth, the Bloc, the others;
security assurances to India; Indian
Ocean Islands.

K. Indian

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K. Indian Nuclear Policy
The pressures to proliferate;
the Shastri policy; our actions;
peaceful uses, LASA and the rest.

S/P - W. Gathright
DOD/ISA - J. Stoddard
ACDA - A. Neidel

III. Public Statements

A. Draft Communique

NEA/SQA - Carl Coon

B. Arrival and Departure Statements

NEA/P - Dan Brown

C. Toasts, etc.

NEA/P - Dan Brown

IV. Biographies

A. A biography of Shastri

NEA/SQA - Carl Coon

B. Biographies of the Others

NEA/SQA - Carl Coon

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January 3, 1966

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STRATEGY PAPER FOR A SHASTRI VISIT

I. The Setting: A New Balance in Asia

The Sino-Indian conflict, the three-weeks war on the subcontinent, and most recently the threat of famine in India, have fractured the underpinnings of the South Asian policy we developed in the 1950's. We need to adjust our strategic concept to a realistic appraisal of the emerging balance of forces in Asia. India has a central role in this concept -- it is the only noncommunist Asian entity big enough, and potentially strong enough, to compare with China. Furthermore, the new governmental confidence, strength, and apparent stability emerging from the recent tests of arms with both Pakistan and China have the potential of becoming the kind of responsible nationalism, oriented against China, which it has been our policy to promote in India.

Our vision of the future, and India's, is an Asia in which China is contained and eventually made responsive to the dictates of international law and order by a combination of Free World forces based in large measure on Asian manpower and influence, including that of a strong and determined India, and US economic and military strength.

This vision of the future is still obscured by present problems. India must master its current food crisis, defuse its fratricidal quarrel with Pakistan, introduce fundamental improvements in its agricultural sector and otherwise set its economic house in order, tackle its population problem, and shake off some of the woolier shibboleths of the Nehru era. We in turn
need to

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State Dept. Guidelines

By jk, NARA, Date 1-7-01

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need to make it clear that if India does these things it can count on our full support, not through any formal alliance, but because of a mutual interest in erecting an Asian power structure capable of containing China.

The place to establish the basis for such an understanding is at the summit.

II. Assumptions

An analysis of how we go about building such an understanding ^{you must} rest ~~on~~ on the following assumptions:

A) India, by virtue of its power position and its potential for serving as a counterweight to Communist China, is more central to our interests than Pakistan. But India's ability to function in this positive context in Asia depends in considerable measure of how effectively it masters its own food problem and on how it plays its hand vis-a-vis Pakistan.

B) India cannot indefinitely continue to rely upon the foodgrain surpluses of the Western Hemisphere to feed its people; it must face the magnitude of its own problem and take the hard decisions necessary to give agricultural progress and population control measures the priority ^{needed} ~~need~~ if India is to become self-sufficient in food production.

C) India cannot indefinitely resist the requirement for some sort of resolution of India-Pakistan problems on terms that both sides can live with. It is accepted as a matter of fact that India is not going to settle the Kashmir dispute on anything like Pakistan's terms; beyond India's traditional position on Kashmir is the additional determining factor that control of the lines of communication to Ladakh (and thus control of the

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Vale of Kashmir through which they pass) is central to the defense of India against China. It is accepted equally as a matter of fact, however, that a maverick, irredentist Pakistan can upset stability in the subcontinent and can adversely affect India's security vis-a-vis China.

D) While India will continue to regard China as the prime long-term threat to the subcontinent, it will continue to cultivate close relations with the USSR. Within reasonable limits this is not inconsistent with our own interests.

III. Our Objectives in India

Our maximum objective is full achievement of the strategic concept described above.

Our minimum objective is simply to keep India from becoming either a power vacuum or a communist state.

In pursuit of these, we want India to:

A) Continue its commitment to the federal, parliamentary, and democratic system now functioning. India is also important as an ideological counterweight to Red China;

B) Rapidly develop its economic potential, with particular emphasis in the next several years on achieving self-sufficiency in food production;

C) Maintain military forces adequate to meet the Chinese threat, but avoid a level of military spending that will jeopardize its foreign exchange position and thus curtail economic development;

D)

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D) Recognize that US efforts to contain China in Southeast Asia and elsewhere serve India's interests as well, and that such US efforts should accordingly have at least tacit Indian diplomatic support;

E) Recognize that peace with Pakistan is a prerequisite to progress and that it is up to India as the larger and stronger power to seek a reconciliation.

F) Forego development of an independent nuclear weapons capability;

G) Limit the extension of Soviet influence, especially within the military;

IV. How Shastri Sees the Visit

Shastri and his colleagues believe that ^{they} have won a military victory over Pakistan in which their government's mettle, their army's fighting qualities, and their nation's unity and principles have been tested and proven. Shastri will come, therefore, with greater confidence and strength than he would have brought earlier this year, but burdened with a serious food shortage and with less room for maneuver on Pakistan and Kashmir.

Despite this greater confidence Shastri is concerned and troubled about his country's future relationship with the USA. The questions uppermost in his mind are probably these:

A) How much assistance on food will we continue to provide and what will be the price we expect to exact?

B)

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B) How important to us is the Indo-US community of interest vis-a-vis China, relative to our other interests in the subcontinent? Specifically, to what extent does our past relationship with Pakistan lead us to equate India with Pakistan despite India's larger size and greater importance in the confrontation with Communist China?

C) How wedded are we to a Kashmir "settlement" and to what extent does our interest in such a "settlement" take account of what Shastri considers to be the realities of the situation in the subcontinent today?

D) What are our interests and intentions regarding future development assistance to India? Future military aid to Pakistan? To what extent do we intend to relate future aid to progress on Kashmir and related issues?

V. Exploratory Talks Already Undertaken

Although confirmed as India's leader, Shastri remains a shy and diffident person who tends to listen and consider, rather than expound. His style is quite different from Nehru's: he tends to reach major decisions slowly, after consultations with his principal partners in power. We have, therefore, in talks with Shastri's Food and Agriculture Minister Subramaniam, in talks with the Indian Ambassador here, and in talks with Shastri and others in New Delhi, sought to give India's leadership some idea of what we expect from India--and what we do not expect from India. Our advance discussions have touched on:

A. The purpose of the meeting: First and foremost that we regard

Shastri's

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Shastri's visit as the occasion, at the highest level, for a basic discussion and review of the central postulates of the Indian-US relationship now and in the future. The Indians have been made aware that many operational decisions will logically follow after a successful meeting takes place, but-- apart from possible further action on the food front--they do not expect the summit meeting to produce specific solutions to specific problems. Since, however, they believe that there already exists a greater community of interest between India and the US than, for example, between Pakistan and the US, they probably expect at least some discussion of specifics.

B. Substance of our position: In our discussions to date we have let the Indians know we wish to discuss the following during the visit:

1. The Food Situation and Economic Self-help Measures: On balance, India's economic performance has been good -- but it needs to be much better. We are especially concerned with the present food situation and its omens for the future in terms of the need for expanding food production, and controlling population growth. We are also concerned with excessive economic controls which stifle the market mechanism and shackle private initiative. Our global aid policy has changed; we want results, not promises, and although we are willing to help India through this present period of its food emergency, we want it understood that there can be no more doles. Future economic aid to India as to other countries will depend on effective self-help measures.

2. Common Indo-US interest vis-a-vis China: We have an overriding mutual interest in the military and ideological containment of China.

There are

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There are long-terms implications to this mutuality of interest (the strategic concept)--as well as short-term implications (Indian attitude toward the US role in Southeast Asia).

3. Relations with Pakistan: We do not *India* equate with Pakistan--

we will however insist that India fully cooperate with efforts to achieve a secure cease-fire and withdrawal, and that it persevere in a political dialogue with Pakistan on a wide range of issues (under the sponsorship of the UN or through some other agreed arrangement)--the purpose would be to develop "a process of the gradual reconciliation of differences"--we do not plan to dicker with the Indians over the specific "concessions" we think they ought to be making toward the Pakistanis--but we do intend, during the visit, to stress the importance we attach to peace on the subcontinent as a whole and its relevance to our future bilateral relations with both India and Pakistan. (Input on Tashkent to be added).

VI. Presidential Talks: an Understanding at the Summit:

These talks should be designed with the primary objective of confirming a basic understanding of what the Indo-US relationship can encompass and where it is going in the years ahead. Substantively the task will be to address the major issues set forth above and to try to strike a bargain between what Shastri needs from us in terms of food and other aid, and what we ask of him.

In sum: if Shastri is prepared to provide firm assurances on the cease-fire and withdrawal questions, and agree to opening of a political dialogue with Pakistan; if he is willing to adopt necessary economic self-help measures

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particularly in the agricultural sector; and if he sees his way clear to taking a reasonable position on Viet-Nam; then we should be prepared to move promptly toward:

- A) Longer-term measures to ease India's food problem keyed directly to Indian agricultural performance;
- B) A phased resumption of other economic aid programs; and
- C) A discussion of how we can help meet India's priority military requirements through a relaxation of our commercial sales policy.

We should tell Shastri that restoration of aid levels will be gradual, and will depend on performance; i.e., before we can consider resumption of long-term aid we will need to be assured that it will not be wasted in a resumption of hostilities or diverted to greatly increased defense spending. And we should let Shastri know (and indicate that we have spoken similarly to Ayub) that in the final analysis what we can do to help both countries maximize their own efforts in development will depend on what they do to resolve their differences.

Other steps, both bilateral and multilateral, would follow logically, if the foregoing kind of bargain can be struck at the summit.

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