



OFFICE OF THE VICE PRESIDENT
WASHINGTON

March 25, 1966

Memorandum of Conversation between the
Vice President and Ambassador B. K. Nehru.
The meeting took place at the Capitol Office,
Friday, March 25, 1966.

The following attended the meeting: The Vice President, Ambassador Nehru and John Rielly. Ambassador Nehru said that in his view, the visit of the Prime Minister to Washington should focus on two major areas: (1) the Indian position in Asia; and (2) the Indian economic situation.

In regard to the first, he explained this involved India's relations with China, Pakistan, and with Vietnam. On China there is no problem as both India and the United States share a common understanding of the threat posed by China. On Vietnam, India continues to feel that as Chairman of the ICC it must remain neutral if it is to serve the cause of peace. Afro-Asian nations would resent any Indian participation on the side of the United States in Vietnam. If India has any influence with these countries she would lose her ability to exert that influence by being involved with one side or the other. For that reason, India is not inclined to send a medical team into South Vietnam unless it also sends one to North Vietnam.

On Pakistan, the Ambassador stated that during the last two weeks there have indications that the Tashkent Agreement is being scrapped by the Pakistanis. Bhutto made a strong speech recently justifying wars of liberation and applying the principle to Kashmir. This violates the whole spirit of the Tashkent Agreement. After Tashkent the Indian Government had instructed all its missions around the world not to criticize Pakistan. This order has been scrupulously followed. When the three Indian Ministers were sent by the Government to Rawalpindi to negotiate a normalization of relations with Pakistan, their efforts proved unavailing. Now the Paks have openly flaunted both the Indians and the United States by inviting the Chinese to visit Pakistan at the time the Indian Prime Minister is in Washington and secondly by displaying Chinese tanks openly in a recent parade. Indian leaders hope that the United States

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By *jc*, NARA, Date *3-26-04*

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will not take the position that unless both India and Pakistan work out a Kashmir settlement the United States will not give aid to either country. This in effect would give Pakistan a veto on U.S. aid to India. In effect this would permit one party to sabotage the Tashkent Agreement and force a penalty on the other party.

In regard to Kashmir, the Ambassador stated that India is not prepared to yield territory. If the United States requires this as a precondition for aid, then there will be no aid. In his view, the U.S. should decide who is war-mongering, who is not living up to the Tashkent Agreement. The Ambassador stated that he believes that both India and Pakistan are interested in avoiding wasting scarce resources for military purposes. Because of the Chinese threat to India, India must have a certain level of military power. The threat posed by Pakistan doubles the military threat to India. Pakistan however is under no threat from either China or the USSR. In the foreseeable future, one can't do anything about the military threat posed by China except be prepared to meet it. Hopefully, one can reduce the military threat from Pakistan. If an agreement with Pakistan could be reached to limit arms expenditures, to de-escalate, India would be permitted to reduce the portion of her budget devoted to military expenses, and could concentrate on needed economic development. India is prepared to give guarantees to Pakistan on this score, a guarantee which could be backed up by the United States Government if necessary.

Switching to the economic side, the Ambassador stated that the U.S. must understand that India faces not only a short term food problem due to a drought this year, it also faces a long range economic problem requiring long term development assistance. The next Five Year Plan (the fourth) scheduled to begin April first of the year. Some long term assurance of economic assistance is essential if India is to go ahead with this plan. In the past they have had this assurance from the consortium that has backed Indian economic development. If this economic aid is to be effective the volume must be much larger than before (the Ambassador then showed the Vice President a chart indicating the amount of per capita aid that various developing countries had received around the world). He stated that the charts indicated

that despite development problems, India has done well. Nevertheless, Pakistan gets credit for performing much better in the field of economic development. The charts indicated in his view that India has done just as well as Pakistan. Similarly, India has made great strides in the fields of education and health which are of great interest to President Johnson.

The Vice President responded that on the question of China there is no problem. The United States understood India's position and has long believed that there must be a powerful free nation in Asia to offset the power of China, and that that nation is India.

He stated that Prime Minister Gandhi should understand the current environment in the United States. It is widely believed (even though it may not in fact be true) that Indian leaders hesitate to take a forthright anti-Communist stand. In this ambience, it would be very helpful if the Prime Minister got herself on record as being concerned about the militancy not just of China but of Asian Communism.

On Vietnam, the United States would appreciate some Indian interest, but not at the expense of her role as a peacemaker. At the same time the United States generally does not appreciate lectures by Indian leaders on what the United States is doing in Southeast Asia.

The Vietnam issue here beclouds most discussions. This issue stirs mixed emotions here and has many unpredictable side effects. It tends to color one's views on all of Asia. In this setting it is natural that the President would be very pleased by a sympathetic understanding on the part of the Indians of what the United States is doing in Southeast Asia- even though the Indians do not agree with some of the things we might do at some times.

The Vice President stated that he did not anticipate that any pressure would be placed on the Indians to extend their involvement in Vietnam.

What the United States is primarily concerned about is what India does internally. That is most important. We would be very happy to have India become active on Southeast Asian issues through the ICC. The Vice President stated that he believed that India may be too sensitive

to the views of the Soviet Union when it comes to the question of her role in the ICC.

The Ambassador replied that in his view the effectiveness of the ICC has long been destroyed by both sides. Both sides have openly violated it and it is hopelessly ineffective.

The Vice President concurred that the ICC had been weakened. Nevertheless he noted that President Radakrishnan told him, when he was in New Delhi, that he, the President of India, would continue to discuss solutions to the Vietnam problem with the Soviet Union. The Vice President stated that perhaps it was just as well that the President do that rather than the Prime Minister as she is so burdened with internal political problems.

In regard to Pakistan, the Vice President stated that any proposal to reduce military expenditures would be welcomed here in Washington. The President is very strong on the Tashkent Agreement. He feels that he was able to exert influence on Ayub to accept a Tashkent type settlement. It is quite possible that the President might look upon the willingness on the part of the Indians and Pakistanis to de-escalate as an opportunity for the United States to use its good offices. We are not unaware of what Mr. Bhutto has been up to recently, the Vice President added.

The Vice President quoted Reuters dispatch this week out of London indicating that the Prime Minister would be coming here with a shopping list of aid items. He stated that as the Ambassador well knew the presentation of a specific list would be disastrous. If the Prime Minister comes prepared to discuss the basic principles involved, she can be sure that the President at the appropriate time, and in his own way, will raise the question of assistance. If, on the other hand, the Indians come in with a detailed list and the President doesn't respond to its every point, the press will say that the Americans turned the Indians down. This would be very bad for both.

Ambassador Nehru stated that the Prime Minister has no intention whatsoever of presenting a list of specific requests and expressed surprise at the Reuters dispatch. He readily agreed that it would be wholly unwise for the Prime Minister to come here with cup in hand.

The Vice President told the Ambassador that he had had a long talk with George Woods, President of the World Bank, last week and had passed on to the President a memorandum summarizing that conversation. The Vice President stated that he was sure the Ambassador was familiar with the views of Mr. Woods who favored a substantially larger investment in the subcontinent in the coming years.

The World Bank does not take a "plague on both your houses" position regarding India and Pakistan. He doubted that the United States Government would either.

Therefore, if the Indian Government indicated that it would be heavily influenced by the position of the World Bank, it would have a great deal of influence here. Ambassador Nehru stated that Indians understand what the World Bank wants the Indian Government to do and is prepared to do it. They accept the Bank idea of de-controlling the economy, but they insist that it will cost more money. If the Bank is to impose this condition, the Bank must be prepared to raise the extra money needed.

The Vice President stated that Mr. McNamara has strong views on the subject of India's expenditures in the defense field. He was very much interested in military de-escalation in the India-Pakistan conflict. He believes McNamara would be interested in offering the good offices of the United States to bring the Paks around on this issue.

The Vice President stated that he had discussed with the Prime Minister the subject of private capital, not just U. S. capital. He indicated that many people in the United States believe that the socialist tendencies of many Indian leaders have led to a climate in India that is hostile to private capital of all types. This widespread belief that restrictions on private capital are due to an ideological commitment on India's part to restrict the activity of private capital has important consequences here. If it is untrue, the Indians should make very clear during this visit that this is not the case. They should make clear what their view is on the whole subject of private capital and its role.

The Ambassador stated that India will do what it can to de-control the economy and to facilitate an inflow of private capital. In his view, however, this will not realize any great benefits for India. Private capital flows to developed countries not to undeveloped countries. Faced with the choice between investing in Germany or India, the investor will almost always go to Germany. Therefore, he is never likely to realize large amounts of private capital in the immediate future. Nevertheless, India has altered its policy on foreign capital since 1947. The Indians believe they have done what they were asked to do. On the other hand, they cannot provide the conditions that exist in a developed country. He pointed out that both George Woods and Eugene Black of the World Bank had tried to interest the United States Steel Company in investing in India. They had no success whatsoever.

The Vice President concluded that in his view it would be highly advisable for some member of the Prime Minister's party, if not the Prime Minister herself, to discuss this subject very frankly with the President and with other U.S. leaders.

In concluding, the Ambassador said that he had been thinking that it might make a lot of sense for India to propose entering into some kind of multi-lateral project involving India and Pakistan. This could be patterned on the President's proposal in Southeast Asia to support regional development that would include and benefit both North Vietnam and South Vietnam. This might be something like a Mekong River Valley project. Would the United States be interested in supporting something like this? The Vice President said that he thought this would receive very sympathetic consideration here and he encouraged the Ambassador to advise his Government to raise the subject during the conversations.

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INFO: AmEmbassy NEW DELHI
AmConGen BOMBAY
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FROM : AmConGen MADRAS

DATE: March 23, 1966

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

REF :

In a conversation between the drafting officer and K.S. Ramanujam - Madras correspondent of the Hindustan Times and son of elder statesman and former GOIndia Minister K. Santhanam - on March 18, Ramanujam mentioned, while discussing Congress President Kamaraj's current visit to Madras "a very interesting conversation which four or five other correspondents and I had with Kamaraj when he was last in the City on January 28." Noting that the January 28 interview (held as soon as Kamaraj returned to Madras from New Delhi following Mrs. Gandhi's selection as Prime Minister) was one of the most interesting and revealing that he had ever had with Kamaraj and that his editors had commended him for the memorandum of conversation which he had sent reporting the interview, Ramanujam offered to let the drafting officer borrow his own copy of the memo. An exact copy of that memorandum is enclosure no. 1 to this airgram.

The Consulate General feels that Ramanujam's memo gives valuable insight into Kamaraj's thinking on a number of current matters and that, hence, it bears close reading. The points of particular interest seem to be the following:

1. Kamaraj's discussion of Mrs. Gandhi's selection for the Prime Ministership and his comments on various members of the Congress Party High Command.

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By 1118 NARA, Date 02-27-2013

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2. Kamaraj's belief that India, and he personally, have obtained a commitment by USSR Prime Minister Kosygin that Russia will help India ensure that Pakistan lives up to the Tashkent Agreement.
3. Somewhat surprisingly Kamaraj indicates that not only he, but many other Indian leaders as well, have "open minds" on a just solution of the Kashmir problem.
4. Kamaraj insists that both India's economic development and the peaceful relations between India and Pakistan necessary for that development, are contingent upon joint efforts by the U.S. and the USSR to maintain peace in the Subcontinent and to assist the economic development process here. However, Kamaraj twice within this interview contrasted recent American attitudes toward India with those of Russian leaders and found the Russians to be both "more direct and more understanding" than the Americans.
5. Kamaraj thinks there is little possibility of Russia and China working out a rapprochement between them.
6. Kamaraj indicated an interest in visiting both Moscow and Washington for very short periods "to talk with leaders" of the two countries, "not to see those countries".
7. Kamaraj continues to show a Tamil's deeply-felt distrust of the pro-Hindi stand taken on the language question by many of the politicians of North India.
8. Former Governor of Kerala A.P. Jain has aroused Kamaraj's anger and contempt by his political activities toward the end of his incumbency of the Kerala Governorship.
9. The last paragraph of Ramanujan's memorandum is particularly interesting, for the newsman records that he and his co-interviewers, finding that Kamaraj had gained new strength and confidence in himself as a result of his role in Mrs. Gandhi's selection as Prime Minister, feel that Kamaraj believes, "Destiny is driving him to take charge of leading the country". It seems instructive to read this last paragraph of the memo alongside Kamaraj's remark earlier in the interview that he was appalled to find that in New Delhi India's top leaders connive for power in much the same way as do politicians at the village panchayat level.

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It should be remembered that Kamaraj, who had then been President of the Madras State Congress Committee for many years, offered himself as a candidate in 1954 for the Chief Ministership of Madras only when it became apparent that squabbles among those seeking power had made it impossible for him to effect the unanimous choice of his own handpicked candidate for the Chief Ministership. It is possible that this blunt, yet complex man Kamaraj could in the foreseeable future, feeling that destiny is driving him on and deciding that it is necessary that some strong personality put an end to "conniving and gossiping" in New Delhi, offer himself for one of his country's highest offices - perhaps indeed, the Prime Ministership.

In extension of the thought mentioned in the preceding paragraph it is appropriate to mention that during a week of hectic political activity in Madras State March 13-20, Kamaraj told an audience that it was wrong for the opposition parties to charge him with thirsting for power since, "If I wish I can become a Minister in a big place in a very big way". In similar meetings during that same week Kamaraj told three different audiences how unhappy he is with the wave of violence now sweeping parts of India and warned that if such violence becomes a permanent way of life, either "a political party" (he presumably meant a non-Congress party) or "the military" could attempt to establish a dictatorship in the country.

It is likely that these disparate thoughts are largely unrelated in Kamaraj's mind at the moment. Still, those observers who believe Kamaraj sees himself chosen by destiny to lead India, wonder whether he may not already have begun to see himself as that man from among the common people who can bring unity to his country and prevent its political fabric from being torn asunder by any group or party in India not very much concerned about the continuation of India's democracy.


Albert B. Franklin
American Consul General

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Exact Copy of Memorandum of Conversation with Congress
President K. Kamaraj which K. S. Ramanujam, Madras
Correspondent of Hindustan Times, made for his Editors

Most Confidential

Madras January 28, 1966.

Along with four or five other senior newspaper Correspondents, I was with Shri Kamaraj for 94 minutes last night and this was immediately after his return from Delhi after recent developments and changes there.

He was as usual free and frank and communicative without any reserve and, of course, on the condition, as usual with him, that nothing that transpired was meant for any kind of publication, in any newspaper or periodical.

The first question, on this occasion, naturally was why he did not favour Nanda, Morarji or Chavan. According to him Mr. Nanda missed his chance by his own foolish follies which, if he had carefully avoided, he might have been on a different footing. It seems Mr. Nanda too had made known his desire for Prime Ministership within a few hours after Sri Sastry's death, quite some time before Sri Kamaraj's arrival in Delhi at 2PM on 11th by spl plane. This has irritated him and upset him as it would with anyone in his position as Congress President. He had flown to Delhi with an open-mind and had intended to talk it over with Mr. Nanda, Mr. Morarji, Mr. Chavan and a few others. The other factor which went against Nanda's chances was his acceptance of President Johnson's invitation to reach Washington on February 1. Mr. Kamaraj felt he had no business to notify acceptance when he had been sworn in for a temporary period only. Thirdly Mr. Nanda's ardent faith and belief in astrologers and his constant consultations with them made him feel that it would indeed be dangerous for the country to trust the leadership of such a person. Yet another factor he felt as being against Nanda was that he was not acceptable to many State leaders and that he would not be able to manage well whenever any controversy developed as between the states and Centre.

On Morarji he said the former had no business whatsoever to behave as he did. It seems Morarji had asked Mr. Kamaraj for his support and that all that did was to give a non-committal reply saying it was too early to give a decision. It seems Morarji had insisted on the reply saying "If you say yes, all others will come round and say yes and that would bring about an unanimous election in my favor". Having said so, he could not understand how Morarji thought it fit to describe Indira Gandhi as Congress President's candidate

while he

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while he himself wanted to be that so long as it suited him. Kamaraj concedes that a strong willed man like Morarji may prove very successful sometimes. But that was not enough. Morarji, in his view, did not enjoy the confidence of large sections of people in the country and it was too risky to handover the Prime Ministership to such a person. Asked if he thought Morarji would form a group of his own, Kamaraj said he did not think that would happen as the former knows that just would not succeed or help himself. Asked if recent defeat would mean an end to the political career of Morarji Mr. Kamaraj said it was not one thing on which nothing could ever be said in politics. Tables turned very fast sometimes! For the immediate time being Morarji was of course out but the situation might change anytime. It was Kamaraj's view that Morarji could have behaved in a dignified manner while felicitating Indira Gandhi on her election. His saying that he would cooperate provided his self-respect was not jeopardised was meaningless and his repetition that there was to remove "fear" from the minds of M.Ps. was not warranted on that occasion.

On Chavan, Kamaraj said it was too early to give such a big responsibility. They would have to wait so that he may gain more experience.

He himself just did not want that office when he had so much of work in the organisation with the next general election very near.

Kamaraj does not think "money" played any part in the leadership election.

It is his view that leaders at the very top positions in the country were not any different than those who aspired, competed and contested for positions in panchayats at the village level. This was an unhappy state of affairs. What had been happening in Delhi was an ugly demonstration of lust for power and positions and he found in most people in Delhi petty feelings, jealousies, rivalry, cheap gossiping, silly complaining etc which were all unbecoming for those who wanted to serve the interests of the nation by being in high offices of state. It is this which sometimes amazed him and worried him.

Asked if T. T. Krishnamachari would become Chairman of the Planning Commission Mr. Kamaraj said "You all don't seem to want to know TTK as he is. He would never touch any other post except that of the Finance Minister. He is like that for what it is worth. So, leave him alone".

Mr. Kamaraj said readjustments had been made in the Cabinet to satisfy regional requirements, claims etc. There was nothing very much in it with hardly a year left for the General elections. It was, therefore, not worth bothering about the Cabinet changes etc

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Asked about the views expressed in some quarters that Mr. K. D. Malavia and Mr. Krishna Menon would have influence over Mrs. Indira Gandhi and that, therefore, she would be more to the left, he said he had been attempting for sometime now to put an end to this because business of dialogues over "left, right, centre, left of the centre, right of the centre, extreme right, extreme left etc". There was the Congress policy, there was the Congress programme and they were very clear without ambiguities. Anyone who was Prime Minister had to do his or her best to implement them as well as possible. He also did not think Mr. Malavia and Mr. Menon had any particular influence over Mrs. Gandhi.

Mr. Kamaraj was also asked about Tashkent agreement and his meetings with Kosagin and Humpray. He said Tashkent agreement was in toto acceptance of the Security Council resolution, and that was good. But what seemed to him more important was the Russian commitment towards its implementation in letter and spirit by Pakistan. It seems Kamaraj pointedly asked Kosagin what Russia would do if Pakistan misbehaved as past experience made him entertain such misgivings. To this Kosagin had replied that Russia was morally bound to see that such misbehaviour on the part of Pakistan did not occur. It was, therefore, Kamaraj's firm belief that the Tashkent agreement would be implemented. If, according to Kamaraj, there could be peaceful conditions for a reasonable period and Pakistan and India can get along and an atmosphere created for calm and undisturbed negotiations, Kashmir as an issue estranging India and Pakistan must be settled and settled in such a manner that it provided for lasting peace and amity between the two countries which was indeed most essential for both the countries to progress and prosper. Everyone would have realised even during the three weeks of conflict what colossal set back such a development would impose on both. In fact, Kamaraj went on to explain, this was the way Nehru had been feeling and that was why he sent Sheik Abdulla on a personal mission to President Ayub. Late Sri Nehru was even willing to make Kashmir independent if only Pakistan would unreservedly approve of such a development. But Pakistan had turned it down. Though Sheik Abdullah had been in Pakistan when Nehru died, this came to be known when he returned afterwards and reported to Sastry. Thus Indian leaders, including himself, according to Kamaraj have an open mind on this delicate issue and they all were genuinely anxious to find a

lasting solution

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lasting solution to Indo-Pakistan differences as well as that of Kashmir. . . . Kamaraj said his impression of Humpray was that he was paying him a formal call. He therefore had reciprocated by being formal too. It was Kamaraj's impression that Russian leaders were more clearheaded in their understanding of issues and were also more direct while discussing issues and problems. He was particularly surprised that American who could afford to deal with problems more directly and boldly were needlessly complicated in their thinking and often confused. This is why they were often misunderstood by the parties whom they so generously helped with economic aid etc. They could easily do much better "in their politics with other nations" than they had so far done, he said.

Kamaraj said he would go to Moscow for 4 days in May and to Washington for 4 days in June. He just was not interested in going to see these places but strictly for talks with leaders in those places.

Kamaraj said he was amused at the repeated insistence on the part of the American President that Indira Gandhi should visit Washington as scheduled on 1st Feb. How could she go so soon; does she not require at least a few weeks to get to know her work; of what purpose can be such a made-up show of a visit? This is exactly one instance, amongst many others in recent months, when, in his view, American politicians and officials had shown an utter lack of understanding and appreciation of others' difficulties, problems, issues, worries etc. In spite of all this, he fully realized that it was the American and govt and its people who have really helped the world in numerous ways in the last two decades. It was his firm conviction that India needed the active, willing and generous help of both American and Russia for its economic and social progress without which the country can have no real hope in the near future.

Kamaraj was also of the view that it is by the joint assurance of both America and Russia that any revival of conflict between Indian and Pakistan could be wholly avoided for quite a few years to come and it is his conviction that such help from both would be there. It is also by every other help from these two giant nations that both Pakistan and India could hope to progress and prosper speedily.

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On the fears expressed in some quarters that dependence on Russia was not good as any day Russia and China may get together on the basis of "communism", Mr. Kamaraj said that recent developments and events pointed towards just the opposite of such a contention or view. He felt the border troubles between Russia and China would increase as also their race for superiority in the world of Communism.

On Jain's behaviour in participating in the leadership election and subsequent resignation, Mr. Kamaraj was candid in his reaction. He said Jain had been silly, childish and mad. He has no business to do all that he had done. It is such people who bring down the prestige of high and important public offices in the country and they were thus causing harm to national interest . . . He said Jain's behaviour had settled for himself his future in the public life of the country. He would be no party to giving any responsibility to Mr. Jain in the future, Kamaraj said.

Asked if it was true that Sen and Kabir had been dropped out of new cabinet at their own request as reported by All India radio broadcasts he said it was being kind and courteous to them. In both cases, it was not true. But what if they are shown such a concession, he asked. Asked if it was true that Pataskar was being appointed governor of Kerala Mr. Kamaraj said that it was newspapers who had publicised such a thing and that even Pataskar had not heard from any responsible quarters about it. In fact Pataskar lived just opposite to his own residence in Delhi and he had asked Kamaraj whether his name was being considered. Of course, he had no interest in knowing whether the name of Pataskar was being considered as he had not at all being consulted on this while in Delhi. Similarly he thought it sheer guess that Kabir is being appointed as Madras governor and that the Mysore maharaja had expressed a desire to retire. Such information, he was afraid, was coming out from the offices of Home Ministry and this was also an instance of lack of management of Home Ministry affairs, remarked Mr. Kamaraj.

In Kamaraj's view Indira Gandhi was free from an unconscious desire for Hindi speaking peoples' domination over Indian affairs which he felt was quite deeply rooted in most other Hindi leaders at the Centre. As an example he would say how they were all placing hurdles in the way of a smooth settlement of the Panjabisuba issue. In two minutes hw would solve this problem if only

he could

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he could have his way. Both Panjabi and Hindustani in Punjab could well use Urdu script even as it was very common all over Delhi, UP and Punjab. Panjabi should, in terms of reason, be recognized as the official language and Hindi speaking punjabis should be generous to others. By adopting Urdu script, five crore muslims would be greatly satisfied In short, it was his considered view that Partition of Punjab could easily be avoided by the hindi speaking Punjabis showing realism to the situation in which that particular state is placed. It is the most vulnerable area and weakening it would not be in the interests of the nation. Hindi leaders at delhi including Mr. Nanda had a great responsibility in this regard he said. It seems Kamarj asked them sometime ago "When you are so particular about your Hindi and devanagiri script in Panjav and not willing to concede, what is wrong with fears expressed in Tanil nad about Hindi domination being a danger to their progress". This could not reply to him, he said.

According to Kamarj, Indira Gandhi is quite confident of herself as the PM. "When all of us support her and help her, she will be able to face problems all right," he said When asked why she should not continue CS Jha, he said, she should have someone in whom she had absolute confidence, trust and on whom she can safely depend upon. Hence was her search for someone of her own choice.

Yesterday's long chat gave all of us a feeling that the recent success at the leadership election has brought about a lot of sudden changes in Kamaraj's thinking and self confidence. It gave us the impression that he is now of the feeling, more than ever before in his life, that destiny is driving him to take charge of leading the country.

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SECRET MAR 21 SECTION ONE OF TWO

PLEASE PASS TO WHITE HOUSE

1. LATE SATURDAY AFTERNOON I CALLED ON FOREIGN MINISTER SWARAN SINGH FOR A FINAL REVIEW OF OUTSTANDING QUESTIONS BEFORE MRS. GANDHI'S DEPARTURE FOR THE U.S. BECAUSE THE DISCUSSION REFLECTED A GENERAL UNEASINESS WHICH HAS DEVELOPED WITHIN THE CABINET THE LAST FEW DAYS I SHALL REPORT IN FULL. EXCHANGE DEVELOPED ALONG THE FOLLOWING LINES.

2. SWARAN SINGH EXPRESSED THE FERVENT HOPE THAT MRS. GANDHI'S VISIT WOULD BE SUCCESSFUL. THERE WERE, HE SAID, SEVERAL BASIC REASONS

~~PAGE TWO RUSSDAE 1128/1 SECRET~~

WHY THIS VISIT WAS VITAL TO INDIA'S DEVELOPEMNT AS A DEMOCRACY.

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 E.O. 13292, Sec. 3.4
 State Dept. Guidelines
 By jc, NARA, Date 3-25-04

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A. INDIA'S ECONOMY AND INDEED ITS WHOLE POLITICAL SYSTEM IS UNDER VERY HEAVY PRESSURE. THE EFFECT OF THE DROUGHT ON FOOD PRODUCTION AND HYDRO-ELECTRIC POWER (NOW DOWN 40 PERCENT) COUPLED WITH THE CUTBACK ON NON-PROJECT AID FOR SPARE PARTS AND INDUSTRIAL MATERIALS HAS DRASTICALLY CURTAILED ALL SECTORS OF THE ECONOMY.

THIS STEADY ECONOMIC DETERIORATION COMBINED WITH THE EMOTIONAL AFTERMATH OF THE WAR AND THE PRESSURE OF VARIOUS LANGUAGE GROUPS TO ESTABLISH NEW STATES WITHIN THE INDIAN UNION HAS CREATED A POLITICAL OPENING FOR THE EXTREME LEFT THAT HAS CAUSED DEEP FOREBODINGS WITHIN THE GOVERNMENT.

B. AT THE SAME TIME RECENT STATEMENTS BY PAK LEADERS, PARTICULARLY BHUTTO, FOLLOWING ON THE HEELS OF THE RAWALPINDI IMPASSE, HAVE PLACED THE "TASHKENT SPIRIT" UNDER HEAVY PRESSURES FROM THE EXTREME RIGHT.

INDIA, HE SAID, HAD GONE TO RAWALPINDI WITH THREE CABINET MINISTERS AND SIX SENIOR CIVIL SERVANTS DETERMINED TO MAKE THE MEETING A SUCCESS. HOWEVER, FROM THE VERY OUTSET BHUTTO HAD ASSUMED AN INFLEXIBLE POSTURE. THE SOLE ISSUE THE GOP WAS PREPARED TO DISCUSS

India
PAGE THREE RUSBAE 1128/1 ~~SECRET~~
WAS KASHMIR WHICH ~~THE GOP~~, WITH A NATIONAL ELECTION LOOMING ONLY TEN MONTHS AWAY, WAS IN NO POSITION TO NEGOTIATE.

Pakistan
C. SWARAN SINGH'S UNDERSTANDING IS THAT ~~THE GOP~~ IS NOW DETERMINED TO TAKE THE KASHMIR ISSUE TO THE SECURITY COUNCIL. THE RESULTS, HE BELIEVES, WILL BE EMOTIONAL, CONTENTIOUS SPEECHES WHICH IN TURN WILL PRODUCE A RENEWAL OF THE "PLAGUE ON BOTH THEIR HOUSES" REACTION AMONG US AND OTHER OBSERVERS, AND INTENSIFICATION OF NATIONALISTIC SENTIMENT IN INDIA.

N
D. THE STATE VISIT TO PAKISTAN OF LIU SHAO CHI AND CHEY YI, IN HIS OPINION, HAS BEEN TIMED TO COINCIDE WITH MRS. GANDHI'S VISIT TO THE U.S. BHUTTO'S OBJECTIVE, HE SURMISED, IS TO AROUSE U.S. FEARS THAT THE PAKS MAY MOVE FURTHER INTO THE CHINESE CAMP. THE GOP, HE BELIEVES, CALCULATES THAT THESE FEARS, ONCE AROUSED, WILL INHIBIT *US.* ~~THE USG'S~~ WILLINGNESS TO ASSIST INDIA IN MEETING ITS ECONOMIC DIFFICULTIES ~~TIES~~

Indian Government
E. SWARAN SINGH ASSERTED THAT RECENT REPORTS TO THE ~~GOI~~ FROM WASHINGTON (NOTE: HE IMPLIED BUT DID NOT STATE THAT THESE CAME FROM AMBASSADOR NEHRU) HAD AROUSED FEARS THAT THE ~~USG~~ MAY BE DRIFTING BACK INTO ITS FORMER "BALANCED" APPROACH TO THE SUBCONTINENT WHICH BRACKETS SMALLER PAKISTAN WITH MUCH LARGER INDIA WITHOUT REGARD TO

India
PAGE FOUR RUSBAE 1128/1 ~~SECRET~~
THE GENUINE EFFORTS OF THE ~~GOI~~ TO ESTABLISH A NEW AND AFFIRMATIVE RELATIONSHIP.

^{Indian Government}
F. THE ~~GOI~~, HE SAID, IS PARTICULARLY CONCERNED BY REPORTS IN THE U.S. PRESS TWO WEEKS ^{ago} THAT THE ~~USG~~ INTENDS TO RENEW ARMS SHIPMENTS TO PAKISTAN. IF THESE RUMORS ARE CORRECT, ALMOST IMPOSSIBLE POLITICAL PRESSURES WILL BE BROUGHT TO BEAR ON MRS. GANDHI AND HER GOVERNMENT. 1/14

2. A. IN REGARD TO SWARAN SINGH'S FIRST TWO POINTS I STATED THAT TOP OFFICIALS OF THE ~~USG~~ ARE GREATLY CONCERNED ABOUT INDIA'S ECONOMIC DIFFICULTIES AND ARE ANXIOUS TO DO ALL WE CAN TO EASE THEM. WE ARE ALSO AWARE, I SAID, OF INDIA'S DIFFICULTIES AT RAWALPINDI AND THE IMPACT OF RECENT BHUTTO SPEECHES ON THE INDIAN RIGHT-WING; WE APPRECIATE THE CONTINUING MODERATION OF THE ~~GOI~~ IN THE FACE OF THESE PRESSURES. ^{India}

B. WHAT THE INDIAN PEOPLE AND THE INDIAN GOVERNMENT NEEDED RIGHT NOW, I SUGGESTED, WAS CONFIDENCE IN INDIA'S FUTURE. SINCE INDEPENDENCE IN 1947 THE ~~GOI~~ HAS MANY SIGNIFICANT ACCOMPLISHMENTS TO ITS CREDIT AND A FIRM ECONOMIC AND POLITICAL BASIS HAD BEEN CREATED FOR FUTURE PROGRESS.

C. ALTHOUGH THE RECENT AGITATION IN THE PUNJAB AND ELSEWHERE FOR

~~PAGE FIVE RUSSAE 1128/1 SECRET~~

THE REDRAWING OF THE STATE LINEEES WAS ADMITTEDLY TROUBLESEOME, IT IS CONCEIVABLE, I SAID, THAT IN THE LONG RUN IT MAY BE A HEALTHY THING. IF AMERICA HAD BEEN MADE UP OF ONLY 16 LARGER STATES, EACH AS POLITICALLY POWERFUL AS CALIFORNIA, TEXAS AND NEW YORK, THE EFFORTS OF OUR OWN FEDERAL GOVERNMENT TO BUILD A VIABLE DEMOCRATIC SOCIETY WOULD HAVE BEEN SERIOUSLY UNDERCUT. SIMILARLY INDIA MAY FIND THAT THE ADMINISTRATIVE PROBLEMS OF THE CENTRAL GOVERNMENT WILL BE SIGNIFICANTLY REDUCED IF A LARGER NUMBER OF WEAKER STATES SHOULD EVOLVE.

D. IN REGARD TO INDIA'S FEARS THAT A U.S. SWING TOWARDS ITS OLD APPROACH TO THE SUBCONTINENT IS IN THE CARDS AND THAT IT WILL RENEW LETHAL ARMS SHIPMENTS TO PAKISTAN, I SAID HE WAS NEEDLESSLY EXERCISED. ~~DOVER~~

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~~SECRET~~ MAR 21 SECTION TWO OF TWO

E. IN REGARD TO A SOLUTION TO KASHMIR THE USA HAD TAKEN NO PRECISE POSITION. WE UNDERSTAND MRS. GANDHI'S LACK OF ELBOW ROOM IN THIS CRUCIAL ELECTION YEAR. HOWEVER, THE KASHMIR ISSUE WAS IN SOME ASPECTS SIMILAR TO ALSACE-LORRAINE WHICH HAD LED TO THREE WARS INVOLVING FRANCE AND GERMANY, IN TWO OF WHICH THE US HAD BECOME INVOLVED AT GREAT COST.

ALTHOUGH THE US HAD NO OFFICIAL OPINIONS OF THE RIGHTS OR WRONGS OF THE ALSACE-LORRAINE ISSUE, ITS IMPACT ON FRANCO-GERMAN RELATIONS WAS A HARD FACT THAT WE COULD NOT READILY IGNORE.

~~PAGE TWO RUEBAE 1128/2 SECRET~~

THEREFORE, WHILE FULLY UNDERSTANDING INDIA'S POLITICAL AND STRATEGIC DIFFICULTIES IN OFFERING CONCESSIONS TO THE PAKISTANIS ON THE KASHMIR VALLEY AT THIS TIME, WE ARE FERVENTLY HOPEFUL THAT AS SOON AS THE ELECTION HAS BEEN SETTLED A WAY CAN BE FOUND TO DEFUSE THE ISSUE EVEN THOUGH A COMPLETELY TIDY SOLUTION MAY REMAIN IMPOSSIBLE FOR THE FORESEEABLE FUTURE.

F. IN REGARD TO SWARAN SINGH'S FEARS OF A PAKISTANI MOVE TOWARDS THE SECURITY COUNCIL I SUGGESTED. (SPEAKING UNOFFICIALLY) THE ALTERNATIVE POSSIBILITY OF RECONVENING THE TASHKENT CONFERENCE. IT WOULD BE LOGICAL, I SAID, FOR THE CONFEREES TO REVIEW THE PROGRESS OF THE LAST THREE MONTHS AND TO REAFFIRM AND PERHAPS EXPAND THE UNDERSTANDINGS WHICH HAD BEEN REACHED IN THE JANUARY MEETING.

3. SWARAN SINGH SEEMED RELIEVED BY MY RESPONSE AND EXPLANATIONS. HE STATED THAT HE FULLY UNDERSTOOD AND ACCEPTED ~~THE~~ RELEVANCE OF THE ALSACE-LORRAINE ANALOGY.

IN RESPECT TO MY SUGGESTION ON TASHKENT HE SAID THAT THE GOI WOULD PREFER NOT TO BECOME DEPENDENT ON THE SOVIET UNION TO BAIL THEM OUT OF THEIR DIFFICULTIES. HOWEVER, HE AGREED THAT IF INDIA IS FACED WITH A CHOICE BETWEEN TASHKENT OR THE SECURITY COUNCIL, A SECOND TASHKENT MEETING WOULD BE PREFERABLE.

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4. COMMENT: I BELIEVE THAT SWARAN SINGH'S NERVOUSNESS AND OBVIOUS SENSE OF INSECURITY REFLECTS THE CURRENT IMMENSE PRESSURE ON MRS. GANDHI'S CABINET WHICH SINGH OUTLINED.

5. SIMILAR CONCERN HAS BEEN EXPRESSED TO ME IN THE LAST FEW DAYS IN SOMEWHAT DIFFERENT TERMS BY CHAVAN, C.S. JHA, THE ABLE NEW MINISTER OF IRRIGATION AND MANUBHAI SHAH AND OTHERS. HOWEVER, WE HAVE NO INDICATION THAT MRS. GANDHI HERSELF SHARES THE UNCERTAINTY OF HER ASSOCIATES. INDEED ON MY LAST VISIT WITH HER SHE SEEMED REMARKABLY CONFIDENT AND ASSURED.

~~GP-3 BOWLES~~
BT

~~SECRET~~

NNNN

Mr. Bill Moyers
Press Secretary
The White House
1600 Pennsylvania Avenue
Washington, D.C.

India
x Kashmir
x Pakistan

19 March 1966

59

Dear Mr. Moyers:

I write to you in the conviction that one of the most ardent desires of the Johnson Administration is to see peace between India and Pakistan, and for the benefits an honorable settlement on Kashmir would bring the two countries and to the free world, of which this nation is the acclaimed leader.

From its beginning I have been a concerned observer of the Kashmir dispute and of the failures to reach a peaceful settlement. However, it might not yet be too late to try an alternative to the many solutions that have been offered.

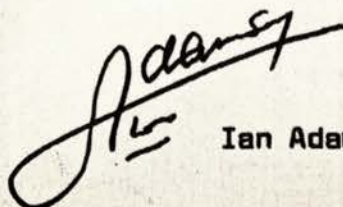
Briefly, it would consist of placing the State under the administration of the authority of the Colombo Plan, modified to perform this function. Concurrently, the State would be placed under a physical guarantee of the United Nations Security Council. All foreign troops would be evacuated and all other forces disarmed and disbanded. A police force would be raised locally. A State administration would consist of locally elected officers and dependent on the regional organization. If necessary for the peace and security of the State during an interim period, the use of a United Nations force could be made. The initial cost of the settlement would be defrayed through international subscription. This special status for Kashmir would last as long as convenient or until a better one is devised.

In response to any interest in this alternative for a settlement on Kashmir, I would go into the details of the solution, which, I believe, respects the honor of both India and Pakistan and answers the concern for the well-being of the Kashmiri. It might help to heal a wound which has bled for too long,

I would like to add the following: I am an Argentine citizen. I was a volunteer with the Royal Air Force in World War II, serving for three years on the Burma Front. My last command was the 10th Fighter Squadron, Royal Indian Air Force, which with Hindu and Muslim did a task well done. From then dates my admiration and affection for the people of the subcontinent, and also the certainty that they can work together in harmony. And it is to them and to this belief that I would dedicate any service I may be able to render.

Yours respectfully,

250 East 53rd Street
New York, N.Y. 10022



Ian Adamson

MAR 23 1966



60 ✓
UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT

FARIDKOT HOUSE
NEW DELHI-1 INDIA

March 18, 1966

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

India

Dear Bob:

I have had much in mind your request for another letter and intended getting something into the pouch yesterday or today. However, enough is happening in a series of conversations that I have started with such people as Subramaniam, L.K. Jha, Pitambar Pant, and I.G. Patel to make me want to postpone writing the note until the last available minute for safely conveying it to Washington. Hence, it will be handcarried by Chet who is due in Washington Wednesday morning. He will plan to get it to you, but if the timing is critical you may want to send someone to him for it. I'll send a similar letter to Dave and Bill Macomber.

An Air India navigators' strike that started this morning may upset Chet's travel plans, but I am sure that one way or another he will get there by mid-week. And I will see that the letter is ready whenever he leaves.

Leave us hope that the Air India strike doesn't delay Indira! I dare say the navigators were not unmindful of the GOI's need to have an airplane ready to go by next Friday.

Warm best regards.

Sincerely,

John P. Lewis
Minister-Director

P.S. I may try to get the essence to you by quicker means but for insurance am sending copies of the above both through the pouch and APO.



S/S 4416
IN REPLY REFER TO:

DEPARTMENT OF STATE
WASHINGTON

India
March 17, 1966

1. *Letter*
2. *Return*
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MEMORANDUM FOR MR. BROMLEY SMITH
THE WHITE HOUSE

Subject: Telegram of March 17 from
President of India regarding
the Gemini 8 Mission

*612 12715
Ret'd BKS-3/21/66*

I refer to your route slip of March 17
requesting a recommendation on the message to
President Johnson from President Radhikrishnan of
India offering congratulations on the Gemini 8
mission.

We think that no reply is needed.

for

Benjamin H. Read
Executive Secretary

Enclosure:
Telegram

3/18/66

6/a

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NEWDELHI MARCH 17 1966

THE PRESIDENT

WHITEHOUSE WASHINGTONDC

WE ALL SEND YOU AND THE AMERICAN PEOPLE OUR HEARTIEST
CONGRATULATIONS ON THE SUCCESS ACHIEVED BY THE GEMINI EIGHT
MISSION

S RADHAKRISHNAN

Copies have been despatched
to Hare, Handley & Hooper

File
1. Indig
2. India ^{econ.}
~~from~~

62

62a

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

March 14, 1966

MEMORANDUM FOR RECORD

Luncheon with Ambassador Nehru. I had an hour's luncheon chat with B.K. Nehru at his invitation. First off, I told him that we desired to confirm Indian agreement in principle to the long-standing Binational foundation project, because we were thinking of announcing this at the time of Mrs. Gandhi's visit. BK was not up on the matter, but promised to check right away. He then expressed his own personal reservations about the project as meaning a permanent American presence in India. I soft-soaped him a bit and pointed out that, at a minimum, endowing a foundation with US-uses rupees on a major scale would sterilize a large chunk of these. Nonetheless, BK is not a friend of this project.

He then hit me hard on the million tons of PL 480 milo which the President had recently authorized. Aside from many other problems such as moisture content, Subramaniam was very worried about taking so large a quantity as a million tons because it would add to the clogging of Indian port facilities. As BK put it, milo could only be unloaded at a rate 60% that of wheat. Ergo, the more milo we insisted on shipping before the monsoon season, the harder it would be to meet the optimum 1.2 million per month rate of shipment through Indian ports. Since milo had a higher rate of spoilage we also risked stories about US air cargoes spoiling -- which would do neither country any good. I urged that he take this problem up with Secretary Freeman, who was the President's agriculture expert.

BK was quite concerned over our intentions on resumption of economic aid. He thought this an urgent matter and was concerned lest Mrs. Gandhi and the President could not reach a full meeting of minds. As BK understood it, the Indians were prepared to do what the International Bank proposed -- but this economic medicine simply could not be usefully taken without the cushion of aid resumption. I confined myself to expressing mild optimism that if Mrs. Gandhi could convince the President of India's determination to move forward, she would find us comparably responsive.

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By *jclp* NARA, Date 3-25-01

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- 2 -

I pointed out, however, the parallel importance of a political meeting of minds along the lines discussed by Nehru and Secretary Rusk last week. I told BK that I could add little to this constructive discussion except to worry a bit over BK's statement (and a parallel one by C.S. Jha in Delhi) that India objected to any resumption of military aid to Pakistan. Stressing that we had made no policy decision whatsoever on military aid, and expressing my doubt that this would become a live issue for the next months, I nevertheless emphasized that India and the US had a strong common interest in providing Pakistan an alternative to undue ties with Peiping. If the Pak military, who were Ayub's power base, became convinced that there was no hope of any more MAP from the US this would powerfully risk their moving closer to the Chicoms. We Americans felt that India had for too long left it to the US to deal with Pakistan; it was about time that India joined us in the realization that a Pak/Chicom combination remained the greatest single threat to the stability of the subcontinent.

BK retreated a bit and ended up by saying that what was really needed was some kind of ceiling on Pak arms expenditures to avoid a reciprocal arms race. He said he was speaking personally, but alleged that both India and Pakistan should avoid excessive arms expenditures directed against each other and put their primary focus on development. I told him that this was close to our own preliminary thinking, since we were not in the business of indirectly fueling arms races by allowing the diversion of external resources which we and other Western donors had contributed for economic purposes. He agreed that this was quite legitimate.

At this point we were interrupted by Mrs. Nehru and I took the opportunity to leave for another meeting. However, BK indicated he would like to talk further before Mrs. Gandhi arrived. I noted that the Secretary planned to talk with him about economic matters.

RWK

R. W. Komer

cc: Amb. Hare
Mr. Handley
Mr. Hoopes

~~SECRET~~

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U.S. DEPARTMENT OF STATE

DIRECTOR OF INTELLIGENCE AND RESEARCH

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

India
RUNDY-SMITH
BAYAR
BOWDLER
CHASE
COOPER
JESSUP
JOHNSON
KENNY
KOMER
MORRIS

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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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By *pkc*, NARA, Date *3-25-01*

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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.

ABSTRACT

DECLASSIFIED
E.O. 12958, Sec. 1.4
State Dept Guidelines
EX-100 NARA Date 3-25-04

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.

RWK -

You asked me to see
Trench vice you.

Mr. Komer
file
India
64

SECRET

March 11, 1966

MEMORANDUM FOR THE RECORD

Nigel Trench came in this morning for a tour d'horizon, mostly on South Asia. He started out by describing London's recent efforts on the Indian food crisis. Prime Minister Wilson has now written to Prime Minister Holt. The British Embassy in Ottawa has talked to Martin and to the Deputy Under Secretary of Commerce there. The Canadians say they'll try to do more but feel that now may be the time for some sort of international meeting of donors. The Canadians feel very strongly that the whole burden of the Indian emergency should not fall on the big food producers -- that some of the other industrial nations with strong foreign exchange positions should also help.

He asked about the Gandhi visit, and I gave him a general rundown of our approach. I mentioned the kind of broad political understanding we hoped for -- parallel views of India's role in Asia and reassurance that India will pursue rapprochement with Pakistan. On the economic side, I said we would push the self-help theme as hard as we could and probably would focus on agriculture and population, import liberalization, and improving the climate for ~~the~~ foreign investment, I told him this description was not intended to be all-inclusive, but was indicative of what we had in mind.

When he asked about military assistance, I told him we really hadn't made up our minds but would be thinking comprehensively about this problem in the next few days. He said London hadn't thought the matter through to a conclusion yet either. This subject seemed uppermost in his mind because he asked several specific questions about the kinds of equipment we included under our term "non-lethal". I made only a very general response, saying I was not the best authority on details of military sales.

He pushed this subject one step further, trying to get some feel for what we would think if the British went ahead and resumed military aid on their own. We discussed the pros and cons without reaching any conclusion.

He turned then to the Middle East and said London appreciates our efforts with Nasser on its behalf. I noted that Ambassador Battle had not yet been able to see Nasser but expected to within the next few days. Trench knew that the Ambassador had talked with Foreign Minister Riad, and I said I thought that Battle had done a good job on Britain's behalf. The rest of the conversation was taken up with a brief description of the first British meeting with FLOSY leader Asnaj. Though that meeting turned up little concrete, Trench was not completely pessimistic.

DECLASSIFIED

E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By jc, NARA, Date 3-25-01

H. S.
Harold H. Saunders

SECRET

THE WHITE HOUSE
WASHINGTON

March 5, 1966

MEMO FOR BILL MOYERS

Bill, do me a favor and sign this thing. Normally Bundy would have done so, but it ought to be signed with a name this nice old guy will recognize. *However, I'll gladly do it if you'd prefer not.*

R. W. Komer

R. W. Komer

*Ret'd Runk 3/8/66.
Lucha 65*

MAR 18 1966

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THE WHITE HOUSE
WASHINGTON

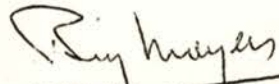
Dear Mr. Rajagopalachari:

President Johnson asked me to reply personally to your letter to him of February 9 in which you suggested various means by which the United States might facilitate a speedy and successful conclusion to the conflict in South Vietnam.

The President deeply appreciates your desire to help meet the serious threat to the peace and freedom of Southeast Asia. I can assure you that the United States is exploring every honorable avenue that can lead to peace and democracy in South Vietnam.

With many thanks for giving the President the benefit of your thoughts,

Sincerely,


Bill Moyers

His Excellency
C. Rajagopalachari
Naoroji Road, Kilpauk
Madras-10
India

MAR 8 1966



S/S # 3567

DEPARTMENT OF STATE
WASHINGTON

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March 4, 1966

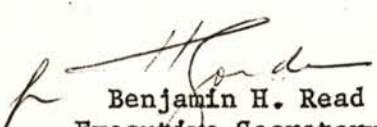
1966 MAR 4 PM 4 43

MEMORANDUM FOR MR. BROMLEY SMITH
THE WHITE HOUSE

Subject: Letter from C. Rajagopalachari to
the President dated February 9, 1966.

The former Governor-General of India, esteemed elder statesman, and founder and currently a leader of the right-wing Swatantra Party, C. Rajagopalachari, has written to the President on February 9 to suggest that the United States take over the Government of South Vietnam on a trusteeship basis in order to facilitate winning the war.

The Department does not consider it appropriate for the President to reply personally to such a proposal. Because of Mr. Rajagopalachari's previous position and the respect for him in this country (he was received by President Kennedy in 1962), however, we suggest that one of the President's Special Assistants reply on his behalf. A suggested draft reply is enclosed.


Benjamin H. Read
Executive Secretary

Enclosures:

1. Suggested Reply
2. Letter to the President from
C. Rajagopalachari of February 9.

MAR 8 1966

C. RAJAGOPALACHARI
Naoroji Road, Kilpauk
Madras-10

9th February 1966

~~SECRET~~
~~SECRET~~
MADRAS-10

65c

Mr. President:

It is presumptuous for me to write to you about your most difficult problem of Vietnam. I hold no position in the Government of India but what may hardly be given the name of position, a retired Governor General of India, who had held that office during the period of transition succeeding Lord Mountbatten. Mr. Chester Bowles who is your Ambassador in Delhi and his predecessors have honoured me with many long talks. So also your Consuls General in Madras which is where I live. I am known to be a friend of your people and your Government and a firm opponent of such anti-Americanism as unfortunately prevails in some quarters in India in spite of all the continuous goodwill and solid help received in many ways from your Government for keeping India going.

That Mr. Nixon quoted me in a very fine article comprehensively dealing with Vietnam and supporting your policy which I read in the Readers' Digest is the immediate provocation for this letter to you. I think I understand the terrible dilemma you have to deal with in Vietnam. I shall not load this communication with what can be left out to be apprehended without explanation.

My proposal is the following:

It is absolutely necessary for any substantial success in your defence of South Vietnam against the

Rajagopala
Chari to
2/9/66

MAR 8 1966

the name of position, a retired Governor General of India, who had held that office during the period of transition succeeding Lord Mountbatten. Mr. Chester Bowles who is your Ambassador in Delhi and his predecessors have honoured me with many long talks. So also your Consuls General in Madras which is where I live. I am known to be a friend of your people and your Government and a firm opponent of such anti-Americanism as unfortunately prevails in some quarters in India in spite of all the continuous goodwill and solid help received in many ways from your Government for keeping India going.

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My proposal is the following:

It is absolutely necessary for any substantial success in your defence of South Vietnam against the aggression of North Vietnam plus Communist China and the local militant Communist party, that South Vietnam's own civil government should be efficient and serve as a

solid base

solid base behind the military effort. You have tried to secure this base but as far as I can see, it has not been very successful. I feel the time has arrived when a bold proposal should be made that the Government of Vietnam be taken over by the United States on trust, with notice to, if not approval of the U.N. so as to shorten the period of the war and bring it to a successful end, at the least cost for the people of South Vietnam.

This trusteeship (which I propose and which you should notify to the U.N. and the world including the people of Vietnam) may appear at first sight to be an impossible proposal and one which would be given all sorts of names by the Communist nations of Asia and Europe as well as by others. But without it, this war will be a protracted business which the American citizens will ultimately refuse to keep up. And it is this aspect of the matter which makes Hanoi so firm in refusing to come to any negotiations. The impossible-looking proposal which I suggest has to be made if you intend to win. Furthermore, it will save much innocent killing and destruction. The proposal must be backed by reference to America's previous history of honest fulfilment of all promises to restore the freedom of nations. No one can charge U.S. with having failed faithfully to fulfil any trust undertaken or with converting trusteeship into colonial acquisition.

a bold proposal should be made that the government of Vietnam be taken over by the United States on trust, with notice to, if not approval of the U.N. so as to shorten the period of the war and bring it to a successful end, at the least cost for the people of South Vietnam.

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This bold step must, I feel, be taken however open it may be to misapprehension. Once you have this firm base, you can

you can beat the Viet Cong pretty easily. Without this base, I fear it will mean an intolerable cost in human lives, money and valuable South Vietnamese property.

I do hope you will ponder over what I have written.

With highest respect,

Yours sincerely,

C. Rajagopalachari

C. RAJAGOPALACHARI

Mr. Lyndon B. Johnson,
President of the United States of America,
White House,
Washington, D.C. (USA)

RWK:

March 5, 1966

66
India

FYI. During Fulbright-McNamara exchange in Foreign Relations Committee, Fulbright argued that Indians had started 1962 fracas with China and that China withdrew of its own accord. McNamara maintained it was a case of Chinese aggression but said he wanted to insert a more detailed analysis into the record.

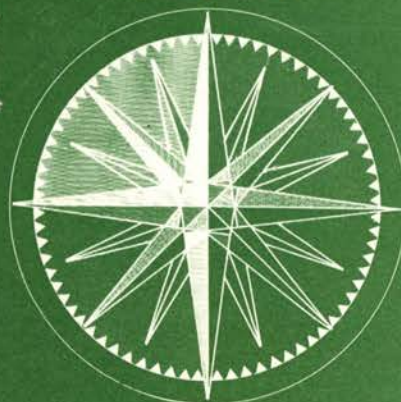
State provided the paper for the record, putting 1962 in the perspective of the 1959 land grab. So the Administration's position will stand clearly that China is the aggressor.

However, Fulbright insists on releasing this testimony and plans to make a speech on China, probably Monday. So we will probably have some loud press next week with Fulbright saying India was the aggressor against China.

Carol Laise is warning Bowles of all this now. There will be some disturbed Indians--especially those who would like to follow Fulbright's position on Vietnam. My view is that this may be healthy in exposing Indian schizophrenia and pointing out that they can't have it one way in Vietnam and another in the subcontinent. Of course, the Paks will applaud.

HHS

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25 February 1966

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SPECIAL REPORT

INDIA UNDER INDIRA GANDHI

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DECLASSIFIED

Authority CIA letter 11/2/77

By jd/rmg NARA. Date 3-25-04

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INDIA UNDER INDIRA GANDHI

Indira Gandhi inherited a bewildering maze of urgent national problems when sworn in as India's prime minister on 24 January. A continuation of last summer's drought into the winter growing season has killed any hope that spring harvests will ease the impending food crisis. Foreign exchange shortages are forcing many industries to curtail production, and unemployment is increasing. Relations with Pakistan remain delicate and the threat posed by Communist China also continues to worry India's defense and foreign affairs ministers. National politics, moreover, are troubled by feuds among state leaders of the ruling Congress Party which are frustrating efforts by the party's high command in New Delhi to promote party unity in preparation for the 1967 general elections.

Despite the magnitude of the problems facing it, the government, with its massive parliamentary majority, is assured of at least a year in which to prove itself. Failure to meet the present crisis could place the Congress Party in its most disadvantageous position since independence. On the other hand, a marked success in the face of adversity could reinvigorate the sagging morale of party members and revive the confidence of the electorate in the Congress Party's leadership.

Assets and Limitations

In her efforts to cope with these pressing problems Mrs. Gandhi has some substantial political and administrative assets at her disposal. Within her cabinet she can rely upon the close counsel of three competent ministers holding key portfolios: Defense Minister Chavan, Agriculture Minister Subramaniam, and Planning Minister Mehta. She is also on good terms with powerful Congress Party president Kamaraj, to whom she owes her election and upon whose judgment she will prob-

ably rely heavily in party matters. Mrs. Gandhi's own long exposure to Indian political life as her late father's closest confidante, as party president in 1959, and as a member of Shastri's cabinet compensates somewhat for her lack of extensive administrative experience.

Policy alternatives open to the new government are sharply limited by the very magnitude of the problems it faces. It will probably continue the relatively pragmatic approach to domestic problems adopted by the Shastri government. The

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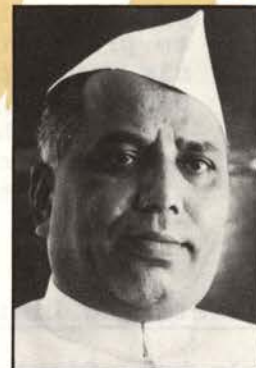
Indira Gandhi with Congress Party president Kamaraj at the time of her selection as prime minister.

india

KEY MEMBERS OF THE INDIAN CABINET



Defense Minister
CHAVAN



Planning Minister
MEHTA



Agriculture Minister
SUBRAMANIAM

25 FEBRUARY 1966
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cosmopolitan Mrs. Gandhi may take a more active personal interest in foreign affairs than did her predecessor, but here again there is little room to maneuver and no major changes are expected.

The Gandhi Government

Despite early rumors that Mrs. Gandhi would name a younger and more "action-minded" cabinet than Shastri's, she contented herself with only a modest revision of the group she inherited. Eleven of her 15 cabinet ministers have previously held cabinet posts, eight of them under both Shastri and Nehru. Two others have had extensive dealings at the cabinet level, one as a subcabinet minister of state and another--Asoka Mehta--as deputy chairman of India's interdepartmental economic planning commission.

The cabinet selections as a whole seem to emphasize continuity. Nevertheless, a change in the style of administrative leadership is probable. Mrs. Gandhi will rely even more heavily than did Shastri upon the advice of several ministers whose judgment she trusts. A small inner cabinet consisting of herself, Chavan, Subramaniam, and Mehta may well evolve.

By all accounts Chavan has played his cards well. His timely withdrawal from last month's prime ministerial race in favor of Mrs. Gandhi has left him with a strong claim to the job whenever she decides to step down.

THE INDIAN CABINET

24 JANUARY 1966

Prime Minister **Indira Gandhi**

PORTFOLIO	MINISTER
Home Affairs	G. L. Nanda *
Labor; Rehabilitation	Jagjivan Ram **
External Affairs	Swaran Singh *
Railways	S. K. Patil **
Defense	Y. B. Chavan *
Transport; Aviation; Shipping; Tourism	N. Sanjiva Reddy
Food and Agriculture; Community Development	C. Subramaniam *
Finance	S. N. Chaudhuri
Parliamentary Affairs; Communications	S. N. Sinha *
Education	M. C. Chagla *
Industry	D. Sanjivayya *
Planning	Asoka Mehta
Commerce	Manubhai Shah
Law	G. S. Pathak
Irrigation and Power	Fakhruddin Ahmed

Shastri's cabinet

* Nehru's last cabinet

** Earlier Nehru cabinets

61157

Chavan's political stock rose sharply last year because of the strong showing of the Indian armed forces in their short war with Pakistan.

Since taking over the defense portfolio from the discredited V. K. Krishna Menon at the height of the 1962 Chinese invasion, Chavan has presided over a massive build-up of India's armed strength during which the army has nearly doubled in size and all the services have benefited from an infusion of Western and Soviet bloc equipment. His feud with fellow

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Maharashtrian S. K. Patil, the Bombay boss who holds the railways portfolio, may prove troublesome, but Chavan's political base in his home state still appears sound. Another year or so in New Delhi may provide him with the political tools he needs to get around a Patil veto.

Chavan seems to be on good terms with Mrs. Gandhi, and he will probably work toward closer ties with Kamaraj. He will probably be given a relatively free hand in the formulation of defense policy, while the defense implications of India's relations with China and Pakistan will ensure him a major voice in foreign policy decisions.

The agriculture portfolio, a politically dangerous one, continues to rest with the beleaguered Subramaniam. He has long been close to Mrs. Gandhi, and even his enemies grudgingly acknowledge his competence. He is saddled with the enormous task of ensuring that enough food is imported and distributed among India's food-deficit states to ward off the threatened widespread famine. The task requires a delicate combination of pressure and persuasion in dealing with powerful state leaders, each of whom has his own interests to protect.

Subramaniam's efforts may be made all the more difficult by his sour relations with Kamaraj, undisputed boss of Subramaniam's home state of Madras. At the Congress Party's annual session early this month Kamaraj and others clashed sharply with

Subramaniam over agriculture policies. If India weathers this year of shortage without extensive starvation it will redound strongly to Subramaniam's credit, but the cost of failure is likely to be high.

Asoka Mehta, a long-time socialist leader who rejoined the Congress Party in 1964 after his appointment to the planning commission, will advise Mrs. Gandhi on economic development. Because defense and agriculture are likely to assume greater importance in future development plans, his efforts will be closely linked with those of Chavan and Subramaniam. Mehta shares with Mrs. Gandhi an affinity for a socialist path toward economic growth, but both are sufficiently flexible to acknowledge the significance of the private sector of the Indian economy.

A fifth figure, Finance Minister Chandhuri, may eventually find himself a part of the inner cabinet, although he is relatively new to national political life and is as yet untested. A conservative corporate lawyer from Calcutta, Chandhuri was selected last December by Shastri to replace the leftist T. T. Krishnamachari. The shift has been salutary if only because Krishnamachari's doctrinaire rigidity was proving troublesome at a time when flexibility was urgently needed. Thus far Chandhuri's perceptiveness and adaptability have earned favorable comment. He is unlikely to become a major political force, but a growing reputation for competence in his key job would almost automatically draw him into the inner circle.

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Food Crisis

At the top of the new cabinet's agenda is the expanding food crisis. The worst drought of this century will cause an over-all drop of at least 12 million tons in food-grain production in the agricultural year ending this June, or about 14 percent of last year's production. New Delhi estimates that over 100 million persons will feel the pinch of food scarcity, 12 million of them so seriously that they will be entirely dependent for their survival upon government grain doles. If widespread starvation is to be avoided, at least 11 million tons will have to be imported in calendar year 1966, in contrast to 7.4 million tons imported during the 1964/65 crop year.

Recent studies indicate that imports at that level can be cleared through India's crowded ports, but only if a major effort is made to improve grain-handling efficiency and if priority is given handling operations. However, port labor unions tend to resist the introduction of mechanical equipment, such as pneumatic evacuators. There have already been hints of work stoppages unless the government takes steps to placate the stevedores. Indian shipping interests have also objected to measures necessary to boost grain handling above 9 million tons annually, for they would have to give up the handling of more profitable cargo.

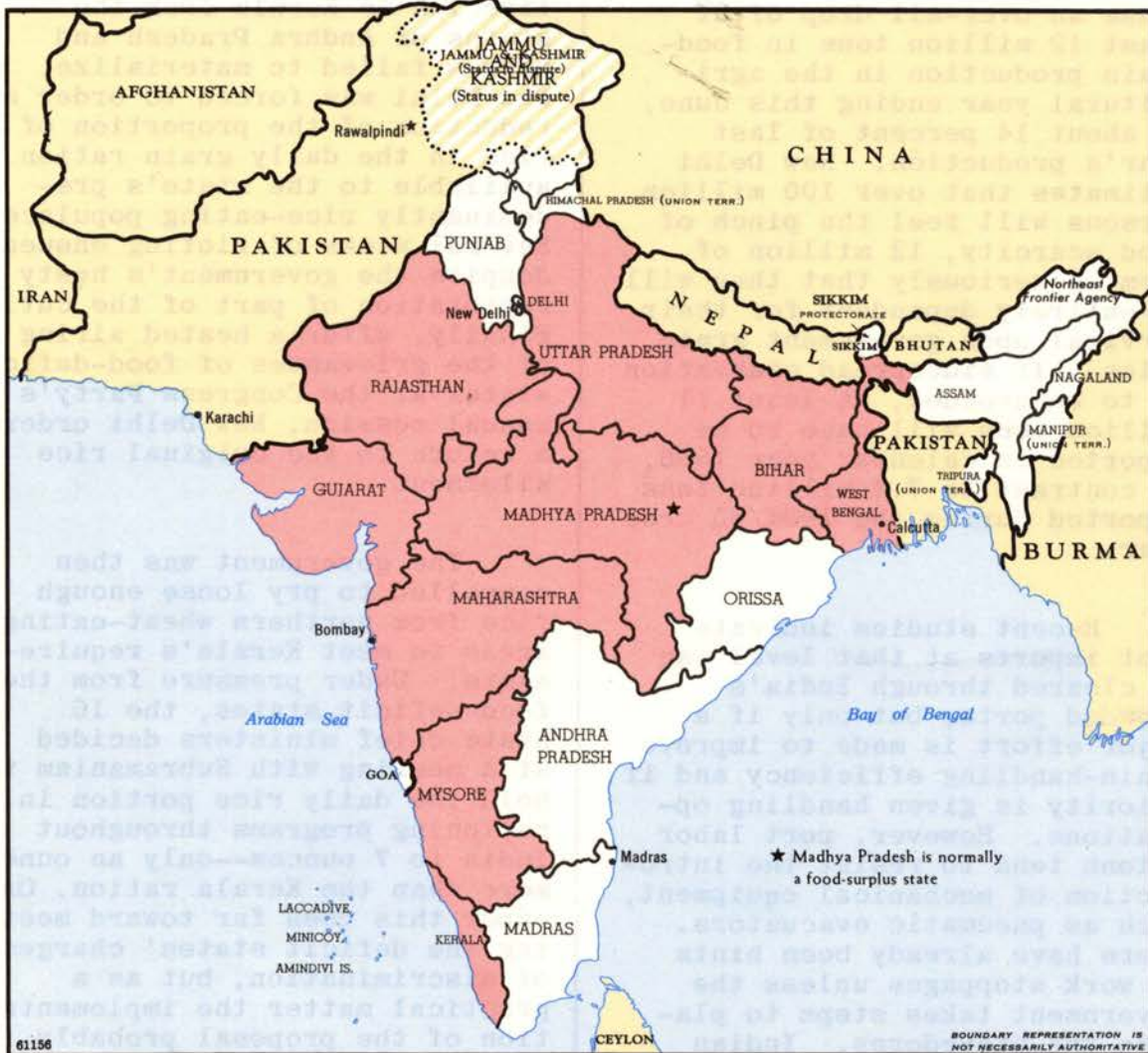
Efficient internal food distribution will also require decisive and effective direction from New Delhi. The recent trouble in Kerala is a case in point. When scheduled rice deliveries to Kerala from the states of Andhra Pradesh and Madras failed to materialize, New Delhi was forced to order a reduction of the proportion of rice in the daily grain ration available to the state's predominantly rice-eating populace. Several weeks of rioting ensued, despite the government's hasty restoration of part of the cut. Finally, after a heated airing of the grievances of food-deficit states at the Congress Party's annual session, New Delhi ordered a return to the original rice allotment.

The government was then compelled to pry loose enough rice from northern wheat-eating areas to meet Kerala's requirements. Under pressure from the food-deficit states, the 16 state chief ministers decided at a meeting with Subramaniam to hold the daily rice portion in rationing programs throughout India to 7 ounces--only an ounce more than the Kerala ration. On paper this goes far toward meeting the deficit states' charges of discrimination, but as a practical matter the implementation of the proposal probably will be limited to major urban areas. Most rice producers will continue to attend to their own needs first, and forcing them to do otherwise would be a political and administrative impossibility.

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INDIA Food-Deficit States



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Other Economic Troubles

The food crisis aggravates most of India's other serious economic problems. Almost none of the goals of India's third five-year plan, ending 31 March 1966, will be fully achieved. Unemployment is increasing, industrial production is declining, prices are rising, and usable foreign exchange reserves are virtually depleted. Ocean freight costs incurred in importing 11 million tons of grain, estimated at about \$150 million will add to the pressure on hard-currency holdings.

Import restrictions to conserve foreign exchange are curbing industrial production, which is also being reduced in many areas by hydroelectric power shortages resulting from the drought. As a result, industry is operating at only about 50 percent of capacity.

The foreign exchange shortage severely limits the importation of spare parts, raw materials, and other items needed to maintain industrial operations. Despite the recently announced US loan of \$100 million to finance these imports, the long-term problem will remain.

Faced with these economic difficulties and the disruptive effect of last year's warfare, New Delhi has been forced to shelve the fourth five-year plan (April 1966 - March 1971) and concentrate instead on an emergency one-year development program. Projected outlays are considerably reduced in the 1966-67

plan, with renewed emphasis on agriculture and defense.

When longer term planning is resumed Subramaniam and others can be expected to press hard for an agriculture-oriented plan. They will meet with resistance, however, from other elements within the party who are reluctant to abandon the earlier emphasis upon publicly owned heavy industry. It is too early to tell how much of a genuine shift of long-term goals will actually be written into the revised fourth plan.

Political Discord

While attempting to cope with a sagging economy, the Congress Party leadership must also try to gear up the party for the 1967 general elections. Factionalism has long been rampant in many of India's 16 states, but at election time these feuds take on new importance. Disunity within the party loses votes, and the task of preventing this by effecting temporary reconciliations among implacably hostile Congress leaders belongs primarily to Kamaraj. Although he is probably the most powerful of the party's regional bosses, Kamaraj has had little luck thus far in his attempts to settle quarrels even in his native south India.

Kerala again heads the list of trouble spots. Open splits in both the Congress and Communist parties led to inconclusive results in the 1965 state elections. With no single group strong enough to form a viable

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government, New Delhi assumed direct control of the state's administration under the "President's rule" provisions of the Indian Constitution. This arrangement will probably continue until next year's national elections, but any attempt to carry it beyond that point would provoke widespread criticism.

Leaders of the Congress Party therefore must soon prepare to battle for control of the Kerala State legislature. At present, however, the Communists appear to be making better progress toward reunification than is the state Congress organization. Bloc voting by low-caste Hindus gives the Communists an irreducible 35-40 percent of the state vote, and only a workable electoral alliance among the major non-Communist parties can prevent the Communists from repeating their 1957 election victory.

Factional fighting is also rife in a number of north Indian states, notably the Punjab and Uttar Pradesh. The Punjab, scene of most of last year's warfare with Pakistan, is also the battleground for a three-cornered fight involving the chief minister, the home minister, and the state Congress Party's general secretary. Their differences are largely personal, but the disharmony is aggravated by an old language controversy that has recently been reopened. The Punjab's Sikh religious minority has long demanded a separate Punjabi-speaking state, arguing that continued use of two official languages, Punjabi and Hindi, is inconsistent with

the 1956 reorganization of states along linguistic lines.

Last August the Sikhs' most influential leader, Sant Fateh Singh, revived the issue by announcing he would begin a fast unto death on 10 September. He promised that unless starvation or the capitulation of the central government intervened he would burn himself to death on 25 September. When war broke out with Pakistan, Fateh Singh called off his protest, but there are rumors that he will resume his threat next April unless Sikh demands are met. He is being egged on by his archrival for Sikh leadership, Master Tara Singh, who presumably would feel little remorse at the sight of the Sant going up in a cloud of smoke.

While all this will probably stop short of a dramatic self-immolation--the consequences of which could be alarming in terms of Hindu-Sikh communal tensions--the attendant furor has considerable disruptive potential. Sikhs who normally support the Congress Party will find their loyalties divided. Hindus too are split on the issue. Those living in the Sikh-dominated northwestern Punjab are predictably opposed to any administrative readjustment. Many of those residing in the economically depressed southeast feel they would benefit from a greater infusion of development funds if the state were divided. State Congress leaders are thus compelled to take differing stands on the issue, and there is virtually no countervailing impetus toward unity.

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The quarrel in Uttar Pradesh is probably insoluble. It centers squarely upon factional alliances, with no noticeable ideological differences between contending camps. Chronic sniping within Congress ranks continually disrupts the state's administration by forcing ministers to spend as much energy protecting their flanks as they devote to the affairs of their ministries. The significance of Uttar Pradesh lies in its size--with a population of 80 million, it is by far the largest of India's 16 states--and the fact that it is the prime minister's home state. It is economically backward, and if feuding persists it may provide opposition parties with a fertile field in which to expand their influence.

While all these problem areas represent substantial hurdles for the new government, they are not sufficiently grave to threaten the party with a loss of its nearly three-quarters parliamentary majority in the next elections. A vigorous administration in New Delhi could probably even turn some liabilities into assets by calling for national unity at a time of crisis. Nevertheless, some losses in parliamentary strength are likely despite the best concerted efforts of the party and governmental leadership.

Foreign Policy

At least in the short run, India's need for massive US eco-

nomie aid may exercise some restraining influence on the brand of nonalignment Mrs. Gandhi's government practices. The long-run desire to keep open the lines to Moscow as well as to Washington for military support in the face of possible hostilities with Pakistan and Communist China will tend to reinforce the growing cautiousness that was evident under Shastri. India's restraint in commenting on Vietnam during the past month may be indicative of a continuing trend.

Because of these broad limitations, Mrs. Gandhi probably will not try to recapture the stature among nonaligned nations once enjoyed by her father. On most issues her view of India's self-interest will probably keep her in step with such other neutrals as Yugoslavia and Egypt and detached from controversy.

Communist China remains a chronic source of concern. In recent weeks both Mrs. Gandhi and Chavan have reiterated their distrust of Chinese intentions. The Indians regard the continued good will of both the US and the USSR as the best deterrent to Chinese expansionism. Soviet military hardware continues to flow into India, and although the US military aid program has not yet been resumed many Indians are confident that the US will step in if a major struggle with China develops.

SECRET

~~SECRET~~

Relations between India and Pakistan are continuing gradually to thaw. Considerable progress has been made toward implementing the provisions of the Ayub-Shastri Tashkent declarations. Troop withdrawals from territory captured during the hostilities have taken place on schedule, and prisoners of war have been repatriated. There are reports that the Indians intend to return at least four infantry divisions from their emergency stations along the border to their regular cantonment areas in north-central and northeastern India.

Progress has not been as dramatic in nonmilitary areas. High commissioners (ambassadors) have returned to the two capitals. Telecommunications have been restored and overflights by civil aircraft resumed, but the removal of trade impediments appears to be a more knotty problem.

On the fundamental issue of Kashmir's status, the Indians are unlikely to give much ground, even though Mrs. Gandhi does not rank among the hard-liners on Kashmir. Since last year's ceasefire, Indian sentiment has strongly opposed concessions to Pakistan. There is an undercurrent of regret, even among key Congress figures, that Shastri agreed to vacate the posts captured by Indian forces in northern Kashmir. Many argue that the posts are still needed to guard against renewed infiltration at-

tempts. Shastri's sudden death muted much of the criticism that would otherwise have been voiced, but it did not lessen the suspicion with which most Indians still regard Pakistan.

Strains were evident early this month in preliminary discussions laying the groundwork for cabinet-level Indo-Pakistani talks in March, the first of a series of high-level talks agreed to at Tashkent. Rawalpindi, struggling to calm violent expressions of domestic discontent over the accord, proposed that the ministerial meeting deal at the outset with "the problem that led to the Indo-Pakistan war, the future of Kashmir." The Indians bridled, but quickly countered with a proposal that the meetings be held without a formal agenda, the same formulation that saved the Tashkent talks from an early collapse. It may be the only way to keep a dialogue going. The ministerial talks may yield results on matters of secondary importance, but the central issues probably remain too heated for reasoned discussion.

With elections fast approaching, New Delhi is not overly eager for major new initiatives in respect to Pakistan. The Gandhi government will probably continue to follow through cautiously on the Tashkent provisions designed to clear away minor frictions between the two countries, meanwhile guarding warily against any new Pakistani efforts to force serious negotiations on Kashmir. (SECRET)

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

February 24, 1966

68

TO: Mr. Komer

FROM: Bromley Smith

The attached is for your immediate attention. Please have your secretary keep Miss Simpson of my staff (145-697) informed of all action taken.

*This is overtaken
by events & draft
Telegram to New
Delhi (WH Log #507.)
Approved 2/25/66.
HHS*

FEB 24 1966



3014

DEPARTMENT OF STATE
WASHINGTON

February 23, 1966

RECEIVED
GEORGE BUNDY'S OFFICE

1966 FEB 24 AM 8 42

*Ret'd BKS - 3/1/66
India
x Gandhi Visit*

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.

FEB 24 1966

68b

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.

69
Wednesday, February 23, 1966
7:45 p.m.

India
x P.D.
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

70
THE WHITE HOUSE
WASHINGTON

February 23, 1966

TO: Mr. Komer

FROM: Bromley Smith

The attached is for your immediate attention. Please have your secretary keep Miss Simpson of my staff (145-697) informed of all action taken.

FEB 23 1966



2886

IN REPLY REFER TO:

DEPARTMENT OF STATE

WASHINGTON

RECEIVED
McGEORGE BUNDY'S OFFICE
February 21, 1966

1966 FEB 22 AM 8 43

1. Mr. Hoxie
2. Ret.
Ret'd BKS-2/23/66.
India 70a

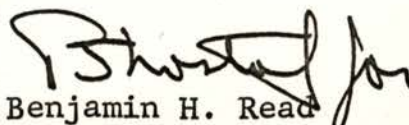
MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Letter to President Johnson from
Indian Prime Minister Gandhi

Enclosed is a signed original of the letter to the President from Prime Minister Indira Gandhi of India dated February 8 which was delivered to the Department on February 21. The message contained therein was delivered earlier telegraphically. The Department was advised that a response from the President to Mrs. Gandhi was not necessary since the Vice President was in New Delhi to discuss the matter raised by the Indian Prime Minister.

not go, but
no need to
argue.
Ruf.

This letter is sent to you for your files.


Benjamin H. Read
Executive Secretary

Enclosure:

As stated.

FEB 23 1966



प्रधान मन्त्री भारत
PRIME MINISTER,
INDIA.

2886 106
No. 152-PMO/66

New Delhi 11,
February 8, 1966

Dear Mr. President,

Ambassador B.K. Nehru has reported to me the talk he had with you on the 2nd February. I am grateful to you for receiving him immediately after his return to Washington and for the patient and sympathetic hearing you gave him. Even more, I thank you for your immediate response in making available another three million tons of foodgrains under your P.L. -480 Programme. This sets at rest our immediate anxieties on the food front. We are intensifying our efforts to make other countries join more meaningfully in the international effort which you have initiated to help us.

There is one matter which is still causing me concern. It is so urgent that I feel I must write about it straightaway as it cannot wait until I am in a position to visit you in Washington which would be some time in the later half of March.

Following the unfortunate conflict with Pakistan, there had been a pause in the flow of U.S. aid to India. You have been good enough to release some of this aid recently to help us to meet our fertilizer needs. The cause of our present deep anxiety is that the suspension of non-project aid has left most of our industries desperately short of essential raw materials, components and spare parts for which they have been relying on U.S. sources of supply. Production and employment in many units have already been affected. In another few weeks, we apprehend large-scale

.... contd.

DECLASSIFIED

Authority FRUS 64-68, vol. 25, #291

By jc, NARA, Date 3-25-01

Mad Gandhi
#1589
2/21/66



प्रधान मन्त्री भारत
PRIME MINISTER,
INDIA.

-2-

unemployment and closure of factories all over the country. I do hope, Mr. President, that this matter will receive your attention in the immediate future as to keep it pending till I am able to come to Washington would only prolong the period for which men and machinery will be kept idle.

With warm regards,

Yours sincerely,

Indira Gandhi
(Indira Gandhi)

His Excellency Mr. Lyndon B. Johnson,
President of the U.S.A.,
Washington.



DEPARTMENT OF STATE
WASHINGTON

RECEIVED
February 14, 1966
INDIAN OFFICE

~~SECRET/EXDIS~~

1966 FEB 15 AM 8 34

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Suggested Response to Prime Minister
Gandhi's Letter to the President

On February 9 the Indian Ambassador delivered a letter to the President from Prime Minister Gandhi. The letter thanked the President for our assistance on the food front and requested non-project economic aid. A suggested response is enclosed.

Indira V. Kilby
for Benjamin H. Read
Executive Secretary

Enclosures:

1. Letter to the President from Prime Minister Gandhi.
2. Suggested response to Prime Minister Gandhi's letter.

~~SECRET/EXDIS~~
GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By *jc*, NARA, Date *3-25-04*

1. Mr. [unclear]
2. [unclear]
Hold
I told Read and Handler
India
X Indian Food
Smith's records annotated "lead"

Aug 21 '66
BKS
4/6/66

~~SECRET~~ EXDIS

712
New Delhi,
February 9, 1966.

Dear Mr President:

Ambassador B.K. Nehru has reported to me the talk he had with you on the 2nd February. I am grateful to you for receiving him immediately after his return to Washington and for the patient and sympathetic hearing you gave him. Even more, I thank you for your immediate response in making available another three million tons of foodgrains under your P.L.480 programme. This sets at rest our immediate anxieties on the food front. We are intensifying our efforts to make other countries join more meaningfully in the international effort which you have initiated to help us.

There is one matter which is still causing me concern. It is so urgent that I feel I must write about it straightaway as it cannot wait until I am in a position to visit you in Washington which would be some time in the later half of March.

Following the unfortunate conflict with Pakistan, there had been a pause in the flow of U.S. aid to India. You have been good enough to release some of this aid recently to help us to meet our fertiliser needs. The cause of our present deep anxiety is that the suspension of non-project aid has left most of our industries desperately short of essential raw materials, components and spare parts for which they have been relying on U.S. sources of supply. Production and employment in many units have already been affected. In another few weeks, we apprehend large scale unemployment and closure of factories all over the country. I

do hope (2)

DECLASSIFIED

Authority: FRUS 64-68, vol. 25, #29

By: [initials] NARA, Date: 3-25-01

~~SECRET~~
EXDIS

(2)

do hope, Mr. President, that this matter will receive your attention in the immediate future. as to keep it pending till I am able to come to Washington would only prolong the period for which men and machinery will be kept idle.

With warm regards,

Yours sincerely,

(Signed) Indira Gandhi

His Excellency
Lyndon Baines Johnson,
The President,
The White House,
Washington D.C.

~~SECRET~~
EXDIS

716

~~SECRET~~

EXDIS

Dear Madam Prime Minister:

I want to thank you for your warm and friendly letter of February 9 which your Ambassador was good enough to deliver to me shortly after my return from Honolulu. I am pleased indeed to know that our actions on the food front in support of your international efforts have helped to ease your immediate anxieties. With regard to future contributions, I am sure you are aware of the importance we attach to the success of these international efforts.

As you know, Vice President Humphrey will be with you in a day or so. With regard to the other matters you mentioned in your letter, I have asked him to take up with you certain interim reciprocal steps which we feel able to take at this juncture.

I am pleased to learn that you will be in a position to visit Washington sometime in the latter half of March and Mrs. Johnson and I look forward to seeing you then.

With warm, personal regards,

Sincerely,

Lyndon B. Johnson

~~SECRET~~

DECLASSIFIED

E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By jc, NARA, Date 3-29-04

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

~~SECRET~~

06981

41
Origin
88
Info

ACTION: Amembassy SAIGON PRIORITY
Amembassy NEW DELHI PRIORITY
Amembassy BANGKOK PRIORITY

2371
1482
1414

India
Pres.
correspondence
093
x India cables
FEB 12 1 03 PM '66

EXDIS SAIGON/BANGKOK/
FOR VICE PRESIDENT

Following is text of February 9, 1966 letter to President from Prime Minister Gandhi of India:

QUOTE Dear Mr. President: Ambassador B.K. Nehru has reported to me the talk he had with you on the 2nd February. I am grateful to you for receiving him immediately after his return to Washington and for the patient and sympathetic hearing you gave him. Even more, I thank you for your immediate response in making available another three million tons of foodgrains under your P.L. 480 programme. This sets at rest our immediate anxieties on the food front. We are intensifying our efforts to make other countries join more meaningfully in the international effort which you have initiated to help us.

There is one matter which is still causing me concern. It is so urgent that I feel I must write about it straightaway as it cannot wait until I am in a position to visit you in Washington which would be some time in the later ~~latter~~ half of March.

Following the unfortunate conflict with Pakistan, there had been a pause in the flow of U.S. aid to India. You have been good enough to release some of this aid recently to help us to meet our fertiliser needs. The cause of our present deep anxiety is that the suspension of non-project aid has left

Pm Gandhi
to RBJ
2/12/66

Drafted by:

Tel. Ext.

Telegraphic transmission and

NEA:SOA:HCWing:oh (2/11/66 2625)

classification approved by:

NEA - William J. Handley

Clearances:

SOA - Mr. Schneider

WM - Mr. Komer

S/S - Mr. Walsh

DECLASSIFIED

Authority FRN 67-68, W. 25, #291

By jc NARA, Date 3-25-01

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PROHIBITED UNLESS "UNCLASSIFIED"

~~SECRET~~

2371
1412
1414

most of our industries desperately short of essential raw materials, components and spare parts for which they have been relying on U.S. sources of supply. Production and employment in many units have already been affected. In another few weeks, we apprehend large scale unemployment and closure of factories all over the country. do hope, Mr. President, that this matter will receive your attention in the immediate future as to keep it pending till I am able to come to Washington would only prolong the period for which men and ~~machines~~ machinery will be kept idle.

With warm regards,

Yours sincerely,

(Signed) Indira Gandhi **END QUOTE**

RUSK

~~SECRET~~

73
file
India

(added para. to be inserted at end of p. 2 of draft telegram to VP).

In this connection, the President suggests that you develop with Mrs. Gandhi the theme that he must balance in the scales what each people can do for the other. More and more, public sentiment in both countries must be taken into account in our relations. The President intends to lead the American people into carefully weighing all the ways in which we can contribute to furthering our friendship with 500 million Indians. We believe we can help in many ways -- in food, economic aid, education, health, and in maintaining peace in the world. In return, the President hopes that Mrs. Gandhi, before she comes here, will explore ways in which her 500 million people can be helpful to 200 million Americans. This doesn't mean that we want India to ally itself with us, much less adopt our economic system or philosophy. Nor do we insist on Indian support of our foreign policies. But when the US is under attack in the UN or other forums it would be immensely helpful if the Indians could occasionally at least stand up and say QUOTE stop, look, and listen -- let's try to understand what the US is doing before we criticize it END QUOTE. Last but not least, one immediate thing the Indians could do would be to find ways of helping to promote peace through the ICC (SEPTTEL will follow on ICC matter).

THE WHITE HOUSE
WASHINGTON

Memo for 5/5

The attached cable
also to the Vice President
I has been cleared or amended
by the President.

R. W. Lomer

India
x Pakistan

74

~~CONFIDENTIAL~~
~~CLASSIFICATION~~

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

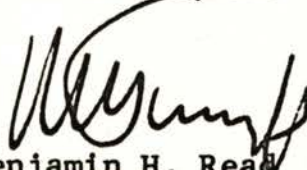
RECEIVED
McGEORGE BUNDY'S OFFICE
February 9, 1966

1966 FEB 10 Date

Mr. McGeorge Bundy
The White House

*President
approved as
amended*

The enclosed is for White House
clearance prior to transmission.

for 
Benjamin H. Read
Executive Secretary

Enclosure:

Cable to Amembassy Saigon

~~CONFIDENTIAL~~

~~CLASSIFICATION~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By *jc*, NARA, Date *3-25-04*

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

~~CONFIDENTIAL~~

Classification

349
Make sure
we have in:
1. Pak.
2. India
746

FOR OCIT USE ONLY

Origin

ACTION: SAIGON ~~FOR THE VICE PRESIDENT~~ ~~XXXXXXXXXXXX~~ BMAKIK?

NEW DELHI

KARACHI

RAWALPINDI

Info

EXDIS/VP FOR THE VICE PRESIDENT

SUBJECT: Interim Aid for India and Pakistan

DECLASSIFIED

Authority FA 1564-68, 101.25.4293

By jc NARA, Date 3-25-04

1. President has authorized negotiations for economic commodity loans of \$100 million for India and \$50 million for Pakistan subject to agreement on economic policy conditions. President would like Vice President initiate discussion these matters Karachi and Delhi including application necessary economic conditions. Memorandum which President approved in substance given to Mr. Bundy for VP. New Delhi AIDTO 1109 and Karachi AIDTO 1306 provided additional details re contemplated conditions which in summary call for:

- a. priority to development and its corollary avoidance of diversion of resources to arms race
- b. emphasis on using aid and at least matching amount own resources for imports for full utilization of existing capacity, as opposed to use for building new capacity or increasing reserves, and
- c. In case India, resumption discussions with IBRD on economic policy changes.

2. President also authorized greater flexibility to permit ~~XXXXXX~~ ^{sales} some commercial sales and MAP credit of non-lethal military equipment, sub-

Drafted by:

C. Herbert Rees, NESA/SA *Rees*

Telegraphic transmission and
classification approved by: *Wickham*

The Secretary

Clearances:

WBMacomber:AA/NESA-AID *WBM*

DBell:A/AID *WBM*

Mr. Stoddard:Defense-ISA *in substance*

S/S

White House

NEA-Mr. Handley

~~CONFIDENTIAL~~

Classification

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SAIGON
NEW DELHI
KARACHI
RAWALPINDI

CONFIDENTIAL

Classification

*actual
e.g. troop withdrawal.*

ject to continued satisfactory moves toward peace. VP asked advise governments of this new policy, indicating it to be administered on selective limited case by case basis with decisions clearly related to events on subcontinent.

3. We here concerned that public announcement loans at time VP in South Asia might appear as bribe related Vietnam, therefore contemplate that appropriate announcements concerning economic loan negotiations be made after completion South Asia visits. No public announcement on military sales policy contemplated.

4. Suggest that VP, in telling Mrs. Gandhi and President Ayub of ^{above decision} ~~the situation~~ mention following:

a. President well impressed with new movement toward establishment peace on subcontinent symbolized by Tashkent troop withdrawal, and other moves toward Pak/Indian reconciliation,

b. This frees U.S. to take interim steps, i.e., the loans, to help prevent undue run-down of Indian and Pak economies;

c. Undertakings sought in return are part of increasing emphasis on self-help essential to justify such aid resumption to the Congress. In Delhi suggest VP add that President looks forward to seeing Mrs. Gandhi as soon as convenient for her, to reach meeting of minds at summit which will facilitate resumption of mutually beneficial relation. ~~In Karachi, suggest VP add that once visit of Mrs. Gandhi forward to further discussions with Pakistan. It probable Arthur Dean will visit Pakistan for this purpose.~~ In both capitals would also be most valuable to underline basic view that President eager to help those who help themselves and who respond in kind. He determined that our relations must be a two way street.

(Insert new para.)

CONFIDENTIAL

Classification

(added para. to be inserted at end of p. 2 of draft telegram to VP).

5. In this connection, the President suggests that you develop with Mrs. Gandhi the theme that he must balance in the scales what each people can do for the other. More and more, public sentiment in both countries must be taken into account in our relations. The President intends to lead the American people into carefully weighing all the ways in which we can contribute to furthering our friendship with 500 million Indians. We believe we can help in many ways -- in food, economic aid, education, health, and in maintaining peace in the world. In return, the President hopes that Mrs. Gandhi, before she comes here, will explore ways in which her 500 million people can be helpful to 200 million Americans. This doesn't mean that we want India to ally itself with us, much less adopt our economic system or philosophy. Nor do we insist on ^{total} Indian support of our foreign policies. But when the US is under attack in the UN or other forums it would be immensely helpful if the Indians could occasionally at least stand up and say QUOTE stop, look, and listen -- let's try to understand what the US is doing before we criticize it END QUOTE. Last but not least, one immediate thing the Indians could do would be to find ways of helping to promote peace through the ICC (SEPTTEL will follow on ICC matter).

CORRECTIONS MADE ON THIS ORIGINAL MUST BE MADE ON ALL COPIES
BEFORE THE TELEGRAM IS DELIVERED TO OC/T(A), Room 6243

SAIGON
NEW DELHI
KARACHI
RAWALPINDI

Page 3 of telegram to

~~CONFIDENTIAL~~
Classification

6. Septels will ^{also} be prepared on administrative details economic loan documenta-
tion and on military sales matter. GP-4

New Delhi,
February 9, 1966.

Dear Mr President:

Ambassador B.K. Nehru has reported to me the talk he had with you on the 2nd February. I am grateful to you for receiving him immediately after his return to Washington and for the patient and sympathetic hearing you gave him. Even more, I thank you for your immediate response in making available another three million tons of foodgrains under your P.L.480 programme. This sets at rest our immediate anxieties on the food front. We are intensifying our efforts to make other countries join more meaningfully in the international effort which you have initiated to help us.

There is one matter which is still causing me concern. It is so urgent that I feel I must write about it straightaway as it cannot wait until I am in a position to visit you in Washington which would be some time in the later half of March.

Following the unfortunate conflict with Pakistan, there had been a pause in the flow of U.S. aid to India. You have been good enough to release some of this aid recently to help us to meet our fertiliser needs. The cause of our present deep anxiety is that the suspension of non-project aid has left most of our industries desperately short of essential raw materials, components and spare parts for which they have been relying on U.S. sources of supply. Production and employment in many units have already been affected. In another few weeks, we apprehend large scale unemployment and closure of factories all over the country. I

forwarded
to LBJ
2/9/66

do hope (2)

DECLASSIFIED

Authority FRUS 64-68, vol. 25, #291

By jc NARA. Date 3-25-09

(2)

do hope, Mr. President, that this matter will receive your attention in the immediate future as to keep it pending till I am able to come to Washington would only prolong the period for which men and machinery will be kept idle.

With warm regards,

Yours sincerely,

(Signed) Indira Gandhi

His Excellency
Lyndon Baines Johnson,
The President,
The White House,
Washington D.C.



75a
भारतीय राजदूतावास
वाशिंगटन, डी० सी०
EMBASSY OF INDIA
WASHINGTON, D. C.

February 9, 1966

Dear Mr President:

I have the honour to transmit to you
the enclosed message from Shrimati Indira Gandhi,
Prime Minister of India, which has been received
at this Embassy telegraphically.

With my high regard and esteem,

Yours sincerely,

(B.K. Nehru)
Ambassador of India

His Excellency
Lyndon B. Johnson,
The President,
The White House,
WASHINGTON D.C.

Nehru
to LBJ
2/9/66

16
February 4, 1966

~~STRICTLY PERSONAL AND CONFIDENTIAL~~

TO: WHITE HOUSE - Mr. Komer

Here are the excerpts of interest to you from the letter I received from the Indian Charge in Peking. I know him well (as does Harry Rositzke) and regard him as one of the ablest GOI officials as well as a person of integrity. What he is saying, therefore, represents his honest assessment and not something to please me. As I indicated on the telephone, I would not wish anyone in the Indian Embassy here to know of this direct channel of communication.

"I have been away from the desk for two months but those months were more than hectic. Innumerable conversations in Delhi and then half the capitals of Europe. Though I was getting tired of myself, I can't help feeling that it was useful. I was asked to address the emergency committee of the Cabinet and then all the officials and dignitaries in India. It is too long a story to relate but I can't help feeling that our people were apt to simplify a very complex situation and that an understanding of China was inhibited with all fixed attitudes which either way could be dangerous. I never met anyone who completely agreed with my explanation; nor did I meet anyone who gave me a completely plausible alternative elucidation. We have people who were settled in their dislike and suspicion of Pakistan so that they never saw the nature of Sino-Pak community of purpose. We have people who think of China as a military threat instead of seeing it as a complex and more diabolic political threat. There are people who see China as merely bluster and bluff which again is incorrect.

in both
circled refer-
ences the writing
is such I can-
not discern
whether these
should read
Sino-Pak or
Indo-Pak. But
I have written
it the way it
appears though
the meaning
suggests that
the opposite
might have
been intended.

"But most interesting was to find that in Europe, China was a remote problem. The British who for their selfish and historical reasons would not face the complications on the Indo-Pak problem were almost assiduously playing it down. I am afraid the European powers with only memories of greatness and pretension of big powers cannot now be trusted in their judgment of Asia. Basically China for them is a potential market. Pickard couldn't believe that the Chinese were now interested for their own reasons in the future of Kashmir. And the Quai d'Orsay just glibly kept repeating that no problems in Asia can be solved without China--as if China must be equated with the U.S.A., U.S.S.R., etc. The security of India is not a matter of vital concern to these countries--beyond lip service to Chinese expansion, the importance of democracy, etc. The last three months have up to now vindicated my thesis, however complex it may have been. Basically the trouble is that we are so used to old classifications and prejudices that we just haven't fully digested

the meaning

DECLASSIFIED
E.O. 13526, Sec. 3.5

~~STRICTLY PERSONAL AND CONFIDENTIAL~~

NLJ/RAC 12-2

By UCLB NARA, Date 02-27-2013

~~STRICTLY PERSONAL AND CONFIDENTIAL~~

-2-

the meaning of the Sino-Soviet dispute. I took a bet with Victor Zorza that Vietnam would make their relations much worse instead of papering the differences.

"In all this I found a very receptive listener in Shastri-- and now he is no more. I was really worried last week if he had failed. Pakistan is still very much in the clutches here and escape is not going to be easy. [From previous correspondence the marked attention paid to Raza by the Chinese and the especial relationship he enjoys and discussions in which he is involved are made very obvious by Raza and the Chinese to the diplomatic community.] The Paks thought it was a battle of wits in which they could use China but of course the Chinese have overtrumped beyond anything Ayub could easily control but it is in India's interest that Pakistan slips out of the bear hug.

"But India in many ways was psychologically in the mood to gear itself to its responsibilities. The Chinese intervention in September is in some ways more significant than 1962, because it was obviously so perverse. It betrayed the unprincipled hostility and was after all the first occasion that China openly threatened to intervene to assist a non-Communist country. The significance of the change of China's attitude of detachment on the future of Kashmir to one of partiality was symbolic of jettisoning the image of Bandung which represented China's foreign policy for ten years. The Indian foreign policy really stands fully vindicated in the community of interest and stability, orderly progress, peaceful coexistence which links the U.S., U.S.S.R. and India. The lesser powers are going to more and more opt for narrow self-interest. China is the leader of the fellowship of the frustrated. Pakistan in her frustration is in danger of being dragged into this fraternity. The Indo-Pak conflict was tragic but may have been a must step in realizing the dimension of our problem throwing us out of old ruts.

"I think U.S. has handled the Indo-Pak conflict and subsequent developments with consummate skill. The British have made a mess even in the service of their own interest. With your skill, the fantastic generosity of food aid, the sophistication of Soviet policy we could turn a new chapter. China's foreign policy will meet with frustration and we have contributed to it in the last 18 months. But the danger of China is because of the impact of her own example underdevelopment. This is what India must match. It requires domestic effort above all but also cooperation and understanding in Washington.

"I would of course like to have come to Washington on my trip. Chester Bowles wanted me to go in November to exchange ideas on

China

~~STRICTLY PERSONAL AND CONFIDENTIAL~~

~~STRICTLY PERSONAL AND CONFIDENTIAL~~

-3-

China but I had to get back. I nearly came in October. Washington and Delhi must now pool assessments on China--and now we are a little better documented than we were some years ago. Now I don't know if the successor Prime Minister will go in February but we should discuss China. All other countries are inhibited in their appraisals."


Carol C. Laise

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77
Indic
2/9/66
Rmk reply

BIRLA BROTHERS PRIVATE LIMITED
15, INDIA EXCHANGE PLACE
CALCUTTA-1

2nd February 1966

Dear Mr Komer:

The last few weeks have seen a lot of changes in our country. The demise of our late Prime Minister, Shastri, soon after the signing of an agreement, came as a severe blow. However, the successor was elected in a very orderly manner soon thereafter.

On the whole the meeting at Tashkent could be said to be successful and already it has created a feeling of relaxation; the withdrawal of the forces is continuing. One wished that a meeting like this were held at Washington rather than at Tashkent.

The sanction for the accelerated supply of wheat a few weeks ago by the President had a great impact on our people. I hope that with the assistance, which we are getting, it may be possible to tide over the difficult period in the coming months.

The visit of the Vice President and the Secretary of State along with two ex ambassadors at the time of Shastri's demise was deeply appreciated. The Vice President stated that the promised aid would be resumed soon. It is now expected that it will start flowing before long. Our ambassador might have already met you this week and, may be, some of the problems have been satisfactorily straightened.

The new cabinet has not many changes, but I think the change in the whole set up should improve it. The Prime Minister is also anxious to improve the economic situation, but unfortunately, the economy is extremely sluggish. The high prices of foodstuffs, coupled with heavy taxation, have caused a drain on the pockets of the lower and upper middle class people.

The Prime Minister has emphasised the need for expanding the economy and getting over the various difficulties. That is a good thing which she has said, but the difference between our intentions and achievements is considerable. Unless, therefore, a relaxation takes place soon in the whole administrative system in the form of decontrol as well as revision of the taxation structure, it is difficult to visualise a faster progress.

Things, which are inhibiting production, have to be straightened. People feel that controls and taxes have considerably restricted the expansion of the economy. They have taken too much money for the Exchequer and left very little for either investment or for consumption.

FEB 7 1966

As far as the solution for foreign exchange is concerned, it can only be by more investment from your country in larger amounts. We are not able to attract it on account of controls and the taxation policy. Even if more foreign exchange were available, unless matching domestic capital be available, it will be difficult for the economy to move.

Similarly, the need for improving agriculture is there. That also means a large investment in fertilisers, pesticides and agricultural implement industries. But when the agriculturist's income goes up, he will need a large number of consumer goods and therefore unless the industrial production all round expands rapidly, the agriculturist also will not exert to produce more or part with his crop. It is this aspect which has always to be kept in view.

However, the prospect now seems to be reasonable and I hope that proper guidance by knowledgeable people on both sides may improve the economy. Your Delhi Mission is always at hand, but it is possible that we may also need some expert advice from people at your end as to what are the best taxation policies for individuals and corporations to develop the economy in a faster way. Besides, the progress has to be watched continuously. It is only then that some result could be achieved.

Family planning has also become very important, as without that, whatever we may do, the increased population will nullify every effort. Family planning will need a great push to be able to achieve any impact. At the moment we can only hope that there will be better appreciation of the situation and more practical steps will be taken all round to improve it, but time alone will show the result.

While no final date for our Prime Minister's visit to the States has been announced, it is anticipated that this could be some time next month and I hope that many things will be clarified at that time.

I hope you are well.

With kind regards,

Yours sincerely,


(B. M. Birla)

Mr Robert Komer
Washington



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IN REPLY REFER TO:

DEPARTMENT OF STATE
WASHINGTON

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February 1, 1966'S OFFICE

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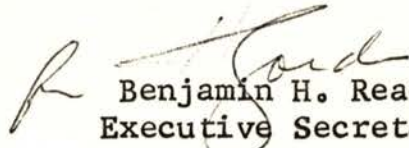
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India -
presidential
correspondence

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Telegram to President Johnson
from Indian President Radhakrishnan

In response to Mr. Bromley Smith's memorandum of January 31 concerning the telegram to President Johnson from Indian President Radhakrishnan regarding the President's message of good wishes on the occasion of India's anniversary as a republic, the Department believes no reply is necessary.


Benjamin H. Read
Executive Secretary

Enclosure:

Copy of Telegram to the
President from President
Radhakrishnan.

FEB 4 1966

The White House
Washington

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THE PRESIDENT

THE WHITEHOUSE WASHINGTONDC

THANK YOUR EXCELLENCY FOR YOUR VERY CORDIAL MESSAGE OF GOOD
ISHES ON THE ANNIVERSARY OF THE FOUNDING OF OUR REPUBLIC. THE
EOPLE OF INDIA WILL ALWAYS REMEMBER THE SYMPATHY AND SUPPORT
HICH THE PEOPLE OF THE UNITED STATES HAVE EXTENDED TO THEM DURING
HESE MANY YEARS AND I AM SURE THAT THE FRIENDSHIP SO FIRMLY
ESTABLISHED BETWEEN US WILL GROW TO THE BENEFIT OF BOTH COUNTRIES

AND OF THE WORLD

S RADHAKRISHNAN FOREIGN NEW DELHI

1966 JAN 31 PM 3 46

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Radhakrishnan
to LBJ
1/31/66



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DEPARTMENT OF STATE

WASHINGTON

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McGEORGE BUNDY'S OFFICE

1966 FEB 2 AM 11 54

February 1, 1966

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSESubject: India and Pakistan;
Next Steps in U. S. Policy.

The Secretary today approved the enclosed scenarios outlining the general line of action we believe should be taken in our relations with India and Pakistan in the weeks ahead. A separate memorandum urging new decisions on PL-480 food for India was sent by the Secretary to the President on January 28.

*John P. Walsh*Benjamin H. Read
Executive Secretary

Enclosures:

1. SCENARIO FOR PAKISTAN
2. SCENARIO FOR INDIA

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E.O. 13292, Sec. 3.4
State Dept. Guidelines
By *jc*, NARA, Date *3-25-01*GROUP 1
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India
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SCENARIO FOR INDIA

19a

NEXT STEPS IN OUR RELATIONS

I. Where We Stand

Shastri's death has not fundamentally changed our strategy for building a new and durable relationship with India. But it has demolished our tactical plan.

We had intended to use Shastri's visit here as the occasion for reaching an agreement at the Summit as to what we expected of India and what we were prepared to do for India in return. We had expected that the operational decisions on which our new relationship would be grounded would then follow naturally, depending on the kind of bargain struck at the Summit.

Now such a bargain may be difficult. Even if Mrs. Gandhi decides to visit Washington in the near future, she may be too new to the game, too uncertain of her political position, to commit her country to the kind of understanding we had hoped to win from Shastri. Rather, therefore, than proceeding from a broad general agreement at the top, we may have to feel our way, selecting our next moves pragmatically and judiciously, seeking insofar as possible to create the kinds of situations that will lead to the general type of relationship that we seek.

What we seek is an India that, while non-allied, is in fact closely tied to us by a strong shared interest in containing Communist China, an India that is increasingly aware of the relevance to its own problems of efforts to contain China elsewhere, and is increasingly sympathetic to our role in Southeast Asia; an India, furthermore, that is living at peace with neighboring Pakistan; an India that continues to forego an independent nuclear weapons capability; last but far from least, an India which remains committed to political democracy and which is taking the self-help measures that are necessary prerequisites to achieving economic self-sufficiency and military strength within a reasonable period.

II. Where We Go From Here

1. We should continue to explain to the Indians, through normal diplomatic channels, through high-level emissaries, and through any other means that can be usefully employed, what it is we seek from them.

In so

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In so doing we must take account of the temporary vacuum Shastri's death has left at the summit of India's decision-making apparatus. Temporary tactical shifts may be required in the range of desiderata we press for during at least the next few months. We should, that is, evaluate what we know or can find out about Mrs. Gandhi's views and latitude for action in the context of the new internal political situation created by her ascendancy before deciding just how hard and when to press each of our various desiderata.

2. We should adjust the pace at which we move to reinstate programs meeting India's needs to general Indian performance in areas that touch our national interest. During recent months we have successfully followed the policy of telling the Indians what we expect from them but reserving entirely to ourselves when and how we will do things for them. This policy should continue. Implicit in this policy, of course, is the assumption that we will in fact be increasingly forthcoming to Indian needs as they become increasingly receptive to ours. But we should exercise special care to avoid obvious political links, particularly public ones, between specific Indian actions and specific U.S. "responses." We have a new and sensitive Indian leader confronting us; more than ever, pride and dignity are important factors in the human equation.

This implies, most importantly, a phased resumption of our economic and, eventually, military supply programs, at a pace that is roughly comparable to the rate at which India progresses in tamping down its disputes with Pakistan, improving its self-help efforts, and meeting our other requirements. Consultations with Congressional leaders will of course be required at appropriate stages.

3. India's current food crisis is a category by itself, and will be only partially covered in the scenario described below. We have a humanitarian interest in fending off massive starvation in India which limits the extent to which we can directly use our relief operation to bring about Indian political accommodations. It is somewhat more feasible to use our relief as leverage to promote self-help, but to a considerable extent this has already been done and the bargain has already been struck. That is, we are morally committed, at least in Indian eyes, to provide very substantial relief during the coming year; and the Indians are morally committed to give agricultural development very high priority, and to adopt certain necessary self-help measures in related sectors, notably fertilizer production and distribution.

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4. The foregoing strategy is based on the following assumptions:

- That Sino-Indian hostility will continue.
- That India will remain non-aligned, and that the Soviet role in India will be held within acceptable limits.
- That, at the worst, relations with Pakistan may remain difficult but will not deteriorate to a point where hostilities appear likely to erupt once more.
- That Mrs. Gandhi is unlikely to follow Mr. Shastri's schedule and visit Washington in early February; a visit sometime next spring is more likely.

III. Next Steps: A Possible Scenario

A. Initial Short-range Actions (next four to six weeks)

1. Indian actions

(a) The new Indian Government moves ahead to implement the Tashkent Declaration (e.g., avoids anti-Pakistan propaganda, returns war prisoners and makes a determined effort to begin talks with the GOP on the lesser problems covered by the Declaration, including cargo seizures).

(b) The GOI fully cooperates in UN-supervised efforts to move ahead on withdrawals.

(c) The GOI carries on with Subramaniam's agricultural policies (including fertilizer production) and indicates willingness to receive the IBRD mission for discussions on India's economic performance and policies.

(d) The GOI continues to demonstrate the Indian interest in the containment of the Communist threat in Asia.

(e) The GOI moves ahead with the release of U.S. Government interest cargoes.

2. U.S. Actions

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2. U.S. Actions

(a) We proceed with arrangements to keep PL 480 grain moving at the rate of about one million tons per month.

(b) We work out agreement with the Indians on an interim economic aid package with priority being given to \$100 million for commodities (from FY '66 funds), and possibly \$52 million for three projects authorized in FY 1965 for which loan agreements have been deferred.

(c) Without lifting our military commercial sales ban we adopt less strict administrative interpretations of existing policy. E.g., we approve U.S. private participation in a proposed Indo-US project to manufacture industrial explosives, and approve outstanding GOI requests for technical specifications and other data on items on the MC list (without commitment as to our future willingness to sell the GOI the actual items).

(d) We agree to sign the long term contract for fuel for the Tarapur Nuclear Power Plant.

In connection with this movement on economic and military items we would indicate to the GOI that this relaxation reflects progress on withdrawals, among other things, and further movement will be related to completion of withdrawals.

B. Intermediate Period (spring and early summer)

1. Indian Actions

(a) India and Pakistan withdraw their armed personnel to pre-August 5 positions. There is also progress in other areas covered by the Tashkent Declaration, including discussions at the highest and other levels "on matters of direct concern" to both, and on setting up "joint bodies" to report to the Governments what further steps need to be taken.

(b) Mrs. Gandhi visits Washington for talks with the President. The visit is successful in establishing a broad general understanding at the summit defining the most important elements of what we can do for India and what India can do for us.

(c) As part of the foregoing understanding, the new Indian Government gives a positive response to proposals advanced by the IBRD and ourselves for such self-help measures as:

(i) Population control.

(ii) Some kind of exchange rate adjustment.

(iii)

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- (iii) Economic liberalization, especially of imports.
- (iv) Encouragement of the private sector, including foreign and domestic private investment.
- (v) Mobilization of idle manpower, especially via rural public works.
- (vi) Policy actions to facilitate and greatly expand exports.
- (vii) Maintenance of a reasonable ceiling on military spending.

(d) The GOI gives full agreement to our proposal for establishment of a binational foundation.

2. U.S. Actions

(a) We provide a PL 480 program mix (Title I and Title II) to assure a continued flow of food at the rate required to meet India's needs.

(b) We consider sending the Dean Mission to India, depending on the timing of Mrs. Gandhi's visit.

(c) Dependent on the level of Indian action on self-help, we approve, before the end of FY '66, such additional program aid as may be required to maintain a flow of U.S. commodities essential to the operation of the Indian economy; and approve loans for screened projects that will meet high-priority needs of the economy.

(d) We eliminate our ban on military commercial and credit sales of selected items which are primarily defensive in nature. This would involve, among other things, moving ahead on the Ambajhari and Star Sapphire projects.

(e) We reopen exploration with the Indians of cooperation in military research and development not involving use of MAP funds.

(f) We announce our plans to establish the binational foundation during visit of Mrs. Gandhi to Washington.

Concurrent

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Concurrent with these developments, we would be using our regular diplomatic channels and perhaps other channels to make clear to Mrs. Gandhi and her new government our deep and continuing concern with non-proliferation; and with the Indian attitude toward Southeast Asia.

C. Subsequent Longer-Term Actions

The above outline of Indian performance and U.S. response is an illustrative one; both the individual steps within it and their timing will obviously be dependent on the entire trend of our relations with India and Pakistan. The totality of it, however, is probably the maximum we could hope to accomplish in the time frame shown. Steps we might want to take of a more fundamental character in our aid programs can probably not be determined until we are well along in the spring-early summer testing period.

Assuming, however, that the trend is favorable, i.e., that India and Pakistan are engaged in a process to resolve their problems peacefully, that India remains committed to a policy of non-proliferation and a posture of opposing Chinese expansion while maintaining a reasonable balance as between the US and the USSR, and that India shows by performance as well as promises that it is committed to vigorous agricultural and economic self-help measures, then our target should be to have reached the point where we could, fairly early in FY 1967:

- reach an economic aid level consistent with the requirements of sound economic growth and our overall interests in the subcontinent;
- move ahead with the Consortium process;
- indicate our willingness to resume a military aid relationship (of a kind to be worked out through consultations with the GOI). This would be specifically contingent on limitations on overall defense spending, and the adoption of measures that provide a reasonable deterrent to a resumption of Indo-Pak hostilities.

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SCENARIO FOR PAKISTAN

NEXT STEPS IN OUR RELATIONS

I. Where we Stand

We have passed two major milestones in the process of determining our future relationship with Pakistan: the Ayub visit here and the Tashkent meeting. Each has given us important guide posts in the decision-making process of getting on with a more realistic U.S.-Pak relationship.

The Ayub Visit went a long way toward rebuilding confidence at the top in our respective policies and intentions. This is paramount in our relations with Pakistan and it is important in the months ahead that we use all opportunities, big and small, to maintain this confidence. Beyond that, although it resolved none of our basic problems, the visit injected an important element of realism as to our present relationship and established by implication at least the basic perimeters of a future relationship; namely:

- that both we and Ayub want to keep a close bilateral tie;
- that any serious Pak relationship with the Chicom, specifically a military tie, would be incompatible with close U.S.-Pak relations (but we did not ask a rollback of Pakistan's present relations with China);
- that we are prepared to accept and, within limits, encourage a reasonable Pak-Soviet relationship;
- that our policy toward India is our business alone and that we cannot force a Kashmir settlement;
- but that we would not permit Pakistan's integrity to be jeopardized by India and that we would do all we can to further a peaceful Kashmir settlement;
- that any resumption of our economic and military aid programs in South Asia will be gradual and related to the prospects for peaceful conditions in the area;
- that we would welcome Pak support on Vietnam or at least greater public awareness of our problems and policies there;

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State Dept. Guidelines
By *plp*, NARA, Date *6-3-04*

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--and that we do not think a hostile press is consistent with a GOP desire to keep good U.S. relations.

In signing the Tashkent Declaration, Ayub in effect met our requirement that he opt for a path of negotiations with India. Although Ayub may have been given grounds for hope that there would be a more profitable Pak-Soviet relationship, including greater Soviet neutrality on Kashmir, the Agreement itself represented more give in the Pak position than in the Indian. This has resulted in considerable domestic criticism of Ayub (especially for the absence of any binding commitment from the Indians on Kashmir) and has weakened his political position. Indications are, however, that he will make a determined effort to carry out the Agreement, with a view to creating pressures on India to move on Kashmir.

II. Where we go From Here

So we are off to a fairly good start with Pakistan. We have made clear what we expect of each other, Ayub is performing well and we have signaled our willingness to start rebuilding our relations by our actions on the FY-65 project loans and C-130 spares.

But all this is obviously only a beginning. To ensure that the trend continues favorably we will need to continue to make it perfectly clear what we expect of Ayub but we will also need to be increasingly forthcoming to his needs as he becomes increasingly receptive to ours. We have reached a fairly good understanding with Ayub about the kind of future relationship we want and what we think is feasible. Our actions now should be carefully designed to get momentum in a graduated process of U.S. response against Pak performance.

This involves especially the economic aid field, which should be the principal focus of a demonstrated intent on our part to resume gradually a more normal relationship. But it cannot ignore the military area, since we cannot expect the Pakistanis to defer indefinitely the basic decisions on future military supply which presumably are still not

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answered by their essentially stopgap non-U.S. procurement efforts to date. And it involves also the area of personal contact and confidence, including the announcement of the appointment of the new Ambassador.

Our strategy therefore suggests a phased resumption of our economic, and, eventually, some kind of military, programs in both India and Pakistan; at a pace, in Pakistan, roughly comparable to the rate at which it moves to build peace with India, to improve its bilateral relations with us, to control its policy stance vis-a-vis China and to meet our requirements in effective self-help toward economic development. Consultations with Congressional leaders will of course be required at appropriate stages.

The foregoing strategy is based on the following assumptions:

- that, at worst, relations with India may remain difficult but will not deteriorate to a point where hostilities appear likely to erupt once more;
- that Ayub will stay in power and make a determined effort to implement Tashkent;
- that this will include a considerable Pak diplomatic offensive to press for creation of what Bhutto calls "appropriate machinery" to consider Kashmir, pursuant to both the Tashkent Declaration and para 4 of the September 20 UNSC Resolution;
- that Pakistan will expect sympathetic U.S. support for these efforts (beginning with the Dean Mission);
- that Pakistan will expand its military spending but attempt to do so without basic retrenchment in development;
- that Soviet acceptability and influence in Pakistan will grow, but within tolerable limits;
- and that Ayub will, at least for the short term future, curb the outward manifestations of his China policy, though not departing from it basically.

III. Next Steps: A Possible Scenario

A. Initial, short-range actions (next four-six weeks)

1. Pakistani actions

- a) Despite the critical domestic reaction, Ayub moves

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ahead to implement the Tashkent Declaration (e.g.; continues to curb anti-India propaganda, returns war prisoners and makes a determined effort to begin talks with the GOI on the lesser problems covered by the Declaration, including cargo seizures.

b) The GOP fully cooperates in UN supervised efforts to get troop withdrawal underway.

c) The GOP moves ahead with the actual release of USG-interest cargoes.

d) the Pak press continues to moderate its line on the U.S., especially vis-avis Vietnam.

2. U.S. Actions

a) We go ahead with the sale of a limited amount of C-130 spares for the PAF, pursuant to our commitment with Ayub;

b) Without lifting our military commercial sales ban, we adopt less strict administrative interpretations of existing policy; e.g. we approve the cash sale of two Hercules C-130 aircraft for PIA.

c) We begin negotiations on an arrangement to provide for Pakistan's essential needs of PL 480 (Title I) commodities for the balance of the fiscal year. This arrangement might provide for some 300,000 tons of wheat and 25,000 tons of vegetable oil.

d) We extend an interim program loan (\$50 million) for agreed, urgent import requirements from FY '66 funds. (We have already authorized action on outstanding FY '65 project loans amounting to \$39.2 million.)

e) The Hornig Mission gets underway

In connection with the above movement on economic and military items, we would indicate to the GOP that this relaxation reflects progress on withdrawal, among other things, and that further action on our part will be related to completion of the withdrawal process.

B. Intermediate

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B. Intermediate period (spring and early summer)

1. Pakistani actions

a) India and Pakistan withdraw their armed personnel to pre-August 5 positions. There is also progress in other areas covered by the Tashkent Declaration, including discussion at the highest and other levels "on matters of direct concern" to both and on setting up "joint bodies" to report to Governments what further steps should be taken.

b) Pakistan demonstrates its intention to restore its economic development program, in the direction and with the high priority of the period preceding the Indo-Pak conflict; e.g.

--it begins to restore its import liberalization program.

--it reaffirms its support of a vigorous agricultural development program, relying predominately on private initiative.

--it moves toward further decontrol and encouragement of the private sector.

--it gives enhanced priority to its population control program.

--and maintains a reasonable ceiling on defense spending.

c) Pak policy and attitudes toward the U.S. on our purely bilateral problems (press line, treatment of our personnel, AFO, etc.) continue to reflect its desire for good U.S. relations.

d) The GOP also continues to demonstrate its awareness of U.S. sensitivity on the content of Pakistan's China policy.

2. U.S. Actions

a) We send out the Dean Mission as the President indicated to President Ayub that he would do.

b) At roughly the same time we begin consultations with the UN SYG and with SC members on how we proceed under Paragraph 4 of the September 20 resolution.

c)

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c) Dependent on the level of Pakistani action of self-help, approve before the end of FY 1966 such additional program aid as may be requested to maintain a flow of U.S. commodities essential to the operation of the Pakistani economy; and approve loans for screened projects that will meet high-priority needs of the economy.

d) We lift our ban on military commercial sales to permit sales of selected items which are primarily defensive in nature (e.g., communications and transportation equipment and possibly spares for F-86s). At the same time we inform the Paks we are prepared to entertain requests for credit under our MAS program, for items of a similar nature.

e) We follow up on the Hornig Mission recommendations as required and feasible.

G. Subsequent, Longer Term Actions

The above outline of Pak performance and U.S. response is an illustrative one; both the individual steps within it and their timing will obviously be dependent on the entire trend of our relations with India and Pakistan. The totality of it, however, is probably the maximum we could hope to accomplish in the time frame shown. Steps we might want to take of a more fundamental character in our aid programs can probably not be determined until we are well along in this spring-early summer testing period.

Assuming, however, that the trend is favorable, i.e., that India and Pakistan are engaged in a process to resolve their problems peacefully, that Pakistan sticks to a moderate course in Afro-Asia and that we and Pakistan get on to a more dignified and productive bilateral relationship, then our target should be to have reached the point where we could, fairly early in FY 1967:

- *** reach an aid level consistent with the requirements of sound economic growth and our new relationship;
- *** move ahead with the Consortium process;
- *** indicate our willingness to resume a military aid relationship (of a kind to be worked out through consultations with the GCP). This would be specifically contingent on limitation in over-all defense spending, the adoption of measures that provide a reasonable deterrent to resumption of Indo-Pak hostilities and a clear recognition that further arms procurement from China jeopardizes U.S. military assistance.

1/25/66

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