

## LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

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Doc #	DocType	Doc Info	Classification	Pages	Date	Restriction
043	memo	Komer to the President (duplicate #148, this file) <i>Dup- #115, Papers of Komer, Chron, Oct-Dec 65, Box 6</i>	<del>S</del>	<del>2</del>	<del>11/30/65</del>	<del>A</del>
114	memo	<i>open 3/6/14 per NLJ/RAC 12-251</i> Research Memorandum RNA-67	C	5	12/21/65	A
		<i>open 12-14-04 NLJ 04-180</i>				
119	memo	for Robert Komer <del>sanitized 9/12/02</del> <i>same sanitization 11/6/12 per NLJ/RAC 12-252</i>	S	1	12/17/65	A
119a	report	intelligence report	S	13	12/16/65	A
		<i>open 11-19-04 NLJ/RAC 04-151</i>				
119b	map	India	PCI	1	[1965]	A
		<i>open 9.24.07</i>				
121	memo	Saunders to Komer	C	4	12/16/65	A
148	cable	CAP65776, Komer to the President (duplicate #43, this file) <i>open 3/7/14 per NLJ/RAC 12-251</i>	<del>S</del>	<del>2</del>	<del>11/30/65</del>	<del>A</del>
170	report	Special Report <del>sanitized 9/12/02</del> <i>same sanitization 11/6/12 per NLJ/RAC 12-252</i>	S	9	9/24/65	A
476	letter	C. Subramaniam to Orville Freeman	S	6	8/30/65	A
		<i>open 12-14-04 NLJ/RAC 04-151</i>				
181	cable	New Delhi Aid to 110	PCI	4	7/17/65	A
		<i>open 12-14-04 NLJ 04-180</i>				

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

Folder Title "INDIA - Food 1964-1965"

Box Number 24

## Restriction Codes

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4/8/2004

JC

Initials

BKS:

December 29, 1965

*India Econ 1*

Secretary Freeman sent this over to RWK with the request that it be sent by wire to the President. Since it's the Secretary's personal request, I assume we send without question but am passing it to you as the proper handler.

HHS

*Att: Freeman Memo to President  
12/29 re Vietnam and India*

December 28, 1965

MEMO FOR MR. EUGENE T. OLSON  
U. S. DEPARTMENT OF AGRICULTURE

McGeorge Bundy would like to be sure we bring Dr. Phil Lee in HEW into Secretary Freeman's NSAM 339 exercise as appropriate. I've mentioned this to Frank Ellis, but would you mind giving him a call to explain the exercise so that everybody has his shoulder to the same wheel.

Harold H. Saunders

cc: Mr. Frank Ellis, AID

*mcg/b*

Cy, Memo for Hon. Douglass Cater  
from Dr. Philip Lee, 12/20/65  
Subj: Crash Program for Famine  
Relief in India

*India Ecom*

*file*

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CONFIDENTIAL

McGB:

December 27, 1965

Dr. Lee could help a lot with one aspect of our response to the Indian food crisis. I've suggested to AID and USDA that they bring him into the act, but you could also respond via the attached. He wasn't represented at Freeman's NSAM 339 group this morning, though we did talk there about the nutritional problem he's interested in.

FYI, Freeman has now organized two task forces. One of his people will chair a logistical group, and Bell volunteered to take on the longer term agricultural development problem. The one point still up in the air is who will do the political managing. Freeman said he would, but Bell politely questioned whether he'd have time. Hare said meekly that State would help, but I understand now he's suggesting to Mann that they take a firmer grip. We'll have to keep a sharp eye on that one, though State should take the lead.

HHS

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Authority NSC 10. 4/5/77; State 2/10/76  
By jc/mg NARA, Date 3-29-01



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**MEMORANDUM FOR DR. PHILIP R. LEE**

Your memo for Doug Cater on famine relief for India has found its way to me.

There's no doubt of the urgency of India's food needs. Last Monday, the President discussed with Indian Food and Agriculture Subramaniam both the immediate crisis and India's long-term agricultural problems. They particularly agreed on the importance of special attention to the needs of young children. We hope that the one good thing to come out of this tragic situation will be a large stride forward in tackling basic problems like this in the process of killing immediate shortages.

So your memo hits a subject that is very much on the President's mind. Since the Indian problem is complex, he has asked Secretary Freeman (via NEAM 339 attached) to coordinate our response. I understand that, at a meeting this morning, his group discussed these problems, including child-feeding. I think it would be a good idea for you to get in touch with him quickly (if you haven't already) so we can take advantage of your thoughts as part of our concerted effort.

**McGeorge Bundy**

cc: Secretary Freeman  
David Bell

*Not Sent  
See 74 HS memo to  
Eugene Olson 12/28/65*



CONFIDENTIAL

MEMORANDUM FOR THE RECORD

December 27, 1965

Secretary Freeman began today's NSAM 339 meeting on Indian food by saying, since we would be taking our lumps on Vietnam around the world in 1966, it would be both more important for our world posture that we do a good job of responding to the Indian famine. He isolated two issues of immediate concern: (1) He had to decide how to arrange the mission to New Delhi that he had promised to Subramaniam. After sending a technical group, he was thinking of leading a high-level mission himself, possibly including some Congressmen and perhaps even in a Presidential aircraft. The alternative, of course, is to send a much lower echelon group to avoid the inference that the United States is assuming full responsibility for resolving the Indian food problem. (2) We have to decide now how to organize both our own and the larger international effort.

He said he would like to organize the work under NSAM 339 into three areas: (1) He would have one group under Eskildsen to handle the logistical and other problems related to the immediate crisis. (2) He would set up a second group to work out the conditions for our longer range agricultural development aid. Freeman was about to say that Les Brown of USDA would chair this group when Bell stopped in and showed his strong preference to have that group chaired by AID. Bell won. (3) Freeman, under questioning by Bell, said he'd handle overall political management. When Bell questioned whether Freeman would have the time for that, given other demands on his time, Freeman backed off a bit and the matter was left up in the air. However, it was agreed that there should be some sort of executive committee, perhaps chaired by Freeman and a high level representation from the other agencies. Mann had left the meeting by this time, and Hare had very little to say except for a meek "perhaps we can help."

Freeman asked Eskildsen to review the logistical problem, and Eskildsen painted a picture which highlighted the importance of moving food to India quickly within the next two months to take advantage of idle port capacity before large scale arrivals start in February and March.

	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>
Shipments	500	740	830	--
Arrivals	470	500	740	830

These figures underscore the importance of diverting now. Eskildsen said his group is already investigating various ways of storing grain outside the port to insure a steady flow through unloading facilities. In discussing airlift, he felt it would only be important in moving food within India to isolated areas.

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There was some discussion of Title I vs. Title II. One problem of Title II is that the US normally pays for shipping. Since US shipping will be almost completely booked, this would involve our paying for foreign ships. Bell pointed out that we could avoid this by simply making the food available and telling the Indians to come and get it. In that case, the British and the Norwegians might contribute the shipping. But there isn't much special advantage to the Indians in Title II if we don't pay for shipping.

At this point, Bell explained his major reservations about our getting too far out in front. He reviewed the numbers as he understood them. If the Indian crop by most optimistic guess comes out to be 76 million tons and outsiders send 10-11 million tons, that means the Indians will have a total of 86 million tons for consumption--9 million tons less than last year's consumption of 94. Even if we concede that India imported 3-4 million tons just to build stocks last year, there's still going to be a gap, and some Indians are going to starve. Bell pointed this out (a) to correct the rosy picture Freeman's people had been painting and (b) to suggest maybe we shouldn't put ourselves too far out in front.

Final discussion revolved around the special child-feeding effort. Olson (USDA) and Ellis (AID) are investigating.

HHS

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Em

India

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December 23, 1965  
Thursday, 3:45 p.m.

MEMORANDUM FOR THE PRESIDENT

Freeman Report on Subramaniam Visit, (attached). Subramaniam impressed all others here who met him as a pro-US, no-nonsense guy. He asked Bell whether we favored the exchange rate adjustment for which the World Bank has been pressing. When Bell gave an emphatic yes (and strongly implied that our aid level would depend on just such self-help), Subramaniam said he agreed and that Shastri was prepared to face the issue perhaps even before coming here. This would be a major plus.

I told Finney flatly that his lead was completely misleading and no such commitments had been made. He backed off and hid behind his headline writer. Fortunately no other papers seem to have gotten this far out in front.

Freeman is reluctant to ask you for anything more just yet, but he emphasized to me that it will be much more efficient and less costly if we maintain a steady flow into Indian ports of the optimum they can handle without emergency measures. This would require (1) diverting some shipments at sea en route to non-emergency destinations; and (b) making another allocation promptly once the 1.5 million tons is on the way.

R. W. Komer

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

Att: Orville L. Freeman Memo for The President, 12/23/65,  
Subj: Talks with the Indian Minister of Food and Agriculture



~~CONFIDENTIAL~~

December 22, 1965  
Wednesday/4:00 pm

MEMORANDUM FOR THE PRESIDENT

It may be too soon to crow, but the fact of the matter is that we seem to be achieving an agricultural revolution in India. In part, of course, this is attributable to India's own dawning realization of past follies, but our action on PL 480 was unquestionably a major catalyst.

Note the attached by India's foremost economic planner.

I hope that in six months we will be able to point to Indian agriculture as a major example of a self-help program induced by our aid policy. This, and a few other examples which may be ripe by then, should provide ample justification to the Congress and the electorate of what Charlie Bartlett calls Johnson's "short rein" approach. In fact, Bartlett's Monday column calling this policy a failure with Ayub just because we didn't publicly display Ayub's scalp seemed rather silly to me.

R. W. Komer

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Authority NLJ89-135(183)

By jc/np NARA, Date 3-29-04

Atta h. Ribbon copy of Delhi's 1559-12/21/65

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**CONFIDENTIAL**

Text of New Delhi's 1559 - December 21, 1965

1. Planning Commission Deputy Chairman Ashoka Mehta opened National Seminar on Fertilizers today with statement which contrasted remarkable US success in agricultural field with failure of agriculture in Russia, Communist China and most developing nations. Substituting for Food Minister Subramaniam, who had been scheduled for opening speech, Mehta first referred to experience of Mexico, Philippines and Taiwan, where US assistance was instrumental in promoting rapid increase in agricultural production, and added "India is now equally keen, and I believe poised, to take advantage of US help."

2. Mehta's forthright statement is one of clearest public pronouncements on agricultural situation to date by high government official. Such words from key GOI planning official are hopeful sign that real progress has taken place in official Indian thinking within past few weeks.

Bowles

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Authority State 11/7/77  
By jc/mg NARA, Date 3-29-01



1

*E. W. Komer*  
*Indo Cong Lia*

December 22, 1965

Dear Senator Symington:

Let me add to Mike Manatos' reply to your 9 December letter to the President.

We would have little quarrel with the paragraph you cited from what I recall as a Danielian report. However, the Indian Government is now really moving at long last on fertilizer production, prodded by possible famine and "other pressures." Indian Food Minister Subramaniam announced on 8 December a major new agricultural program with teeth in it, which goes right down the line. India has also announced a new fertilizer policy which will remove many of the impediments to foreign private investment in fertilizer plants. In fact, Subramaniam is here right now explaining this new policy to US investors. This all sounds very good so far, but I can assure you that we're also going to keep a close eye on performance. I might add privately that we're writing some of this into the new fertilizer loan.

Since the AP report you cited was so inconsistent with all other information, we took pains to track it down. Far from indicating a new Indian anti-Johnson press campaign, Embassy Delhi found out that this isolated story was culled by the AP man in Delhi from 9 different articles over a 5 month period. Moreover, the sentences excerpted were by no means representative of the articles. As you can imagine, we're not amused by this sort of reporting, which no other correspondent in Delhi would touch and which died the next day.

Sincerely,

Hon. Stuart Symington  
U. S. Senate  
Washington, D. C.

E. W. Komer  
Deputy Special Assistant  
to the President for  
National Security Affairs

December 22, 1965

Dear Dr. Ewell:

The President appreciates your analysis of the Indian food crisis. It's clearly right on the button.

The President himself is deeply involved in both aspects of this problem--this year's famine and the longer range effort to help the Indians improve basic agricultural policy and performance. As you know, Food and Agriculture Minister Subramaniam is in Washington this week discussing these matters with us, and we hope to achieve a clearer insight into his plans. Secretary Freeman had good talks with him at the FAO conference in Rome, and we were pleased with the program which Mr. Subramaniam subsequently outlined to the Indian parliament. This speech of 7 December would interest you, if you haven't already seen it.

We recognize that this is only the beginning of a long, hard pull. So we welcome the efforts of experts like yourself in making our fellow Americans more keenly aware of the seriousness of this problem. It needs all the publicizing and understanding we can get; we have been shocked at how many normally well-informed people are totally unaware of it.

I am also passing on your letter and articles to Secretary Freeman.

Yours sincerely,

R. W. Komer  
Deputy Special Assistant  
to the President for  
National Security Affairs

Mr. Raymond Ewell  
Vice President for Research  
State University of New York at Buffalo  
Buffalo, New York 14214



9 file

Ecom

December 22, 1965

**MEMORANDUM FOR SECRETARY FREEMAN**

I'm passing along the attached letters to the President and articles chiefly to give you a sense of the kind of mail we're now beginning to get on the Indian food problem.

I also thought--though your people undoubtedly know fellows like these--you might find it useful to know who might be willing to roll up his sleeves.

No action is required since I've already answered the letters.

R. W. Komer

Att: 1. Letter and article from Prof. Nasset

2. Letter and articles from Dr. Ewell:

- a) Industrial-Agriculture Research and Management Newsletter, Vol. V, No. 3, Third Quarter, 1965
- b) C&EN Feature - Famine and Fertilizer, by Dr. Ewell
- c) Paper presented at Graduate Medical Education Program on Fertility Control, State Univ. of New York at Buffalo, 11/12/65 "The Need for Information on Fertility Control"
- d) Action Programs and Research Needed to Avert or Reduce the Severity of the Impending World Food/Population Crisis of the 1970's. 11/1/65
- e) Summary of Conclusions on the World Food/Population Problem by Dr. Ewell
- f) Areas of Understanding Basic to a Realistic Appraisal of the Food/Population Outlook in a Country or Region - April, 1965
- g) Chart on Growth of World Population, August 1965

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*Indira Gandhi*  
December 21, 1965

Mac:

Possible Press Conference Item. Haven't cleared attached with anybody but think it would be easy if you needed a gap filler:

"Measures to meet India food problem. The President last week directed Secretary of Agriculture Freeman to have an inter-agency group consider as a matter of urgency the ways and means by which the US and other countries could help meet India's emergency food needs. The President regards this as not just a matter of availability of foodgrains but also of assuring adequate shipping, port handling facilities, and internal distribution networks. The President discussed these matters with Indian Food Minister Subramaniam yesterday and Secretary Freeman is now discussing the entire Indian food picture in detail with Subramaniam. As he indicated earlier, the President believes that an international effort should be mounted to help India meet any food emergency and has said that the US would be fully prepared to participate appropriately in such an effort."

R. W. Komer

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By jc, NARA, Date 3-29-01

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*Indus Econ* 11  
December 21, 1965

RWK:

The decision point on the next Indian food tranche will fall in early January at the latest. This week wouldn't be too early from the economic point of view. The earlier we decide, the better job the Indians can do booking ships. Since shipping is one of the bottlenecks, we ought to consider (a) an early decision and (b) a larger amount of food so the Indians can engage ships farther ahead.

As of today or tomorrow, all PA's for the 1.5 million tons will have been issued. By 31 December, all grain under previous agreements will have been shipped. Shipping for 225,000 tons of the 1.5 million is already booked in US vessels and some additional (we don't have a precise figure) in foreign bottoms. USDA's best guess now is that almost all of the 1.5 million will be loaded by early February. By subtracting the minimum 30 days (should be at least 45 for best results), we get a decision point about the end of the first week in January at the latest-- or the end of this week if we wanted to give the Indians the greatest flexibility in booking.

This gives us a new tactical situation. Last time, we said we'd let the Indians move the 1.5 million as fast as they could and see what they could do before making up our minds further. They will have moved it out of the US in two months, and if we gave them more, they might get that loaded even faster. But we won't know till February-- the first big arrival month--how fast they can move it through their ports. So we'll have to make our next decision on the basis of plans and promises, without knowing how Indian handling will measure up. This is no reason for delaying decision, but it does mean a shift in our thinking.

USDA is discussing diverting PL 480 grain now on the high seas to take advantage of the pre-February lull in Indian ports. Apparently about 500,000 tons will be at sea in time, but USDA hasn't sorted out yet all the ramifications of diverting.

HHS

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/85, State Guidelines  
By *jc*, NARA, Date *3-29-04*

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SECRET

MEMORANDUM FOR RECORD

December 20, 1965

Subject: President's Meeting with Indian Food Minister Subramaniam

Present:       The President                               Minister Subramaniam  
                  Secretary Freeman                   Ambassador B. K. Nehru  
                  Mr. Komer

The President cordially welcomed Subramaniam, saying that he had looked forward to Subramaniam's visit. Secretary Freeman had filled him in on the Rome discussions and Subramaniam's program; in fact, Freeman was a wonderful public relations man on this matter.

Subramaniam said he brought the best wishes of Prime Minister Shastri, who looked forward to his February visit. Subramaniam too thought there had been good discussions in Rome. He felt that Agriculture now had first priority in India's Fourth Plan, and he appreciated the US support.

The President replied that he too looked forward to Shastri's coming. By then he would have submitted to Congress various proposals on food, health, population and other fields which would be of mutual interest. Freeman had reported how Subramaniam had exerted real leadership on India's food problem. This was very good. Perhaps Freeman should go out to India soon to see the situation for himself.

The President then mentioned the Ayub visit. He said that Ayub had made no criticism of anything we were doing for India. The President had deliberately authorized the \$50 million fertilizer loan before Ayub came so that he wouldn't misunderstand our policy. In fact, Ayub realized that he couldn't write our Indian policies for us. Ayub didn't indulge in any ancient history, which made the meeting much easier. The President had asked him if he could use some of Pakistan's ports if necessary to move in food for India. Ayub had replied that if this was practicable, it would be manageable. The President thought that something along these lines would be an excellent means of promoting Pak-Indian rapprochement. Subramaniam agreed.

The President then developed his own thinking on how to help meet the Indian food crisis. We ought to look at everything we could do to help, not just at making food available. The whole problem of shipping, port facilities, transportation and internal distribution "ought to be attacked just as if we were in a war". He asked Secretary Freeman to move as fast as

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Authority FRUS 64-68, vol. 25, #270

By jc NARA, Date 3-29-04



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possible on these matters--and to talk to our best people in such fields. The President remarked that he had seen a press story about extensive storage losses in India. Subramaniam replied that this was overdone; it had actually been a local problem. He described the new "safe grains" movement to cope with this problem.

At This point the President described the motivations behind US policy. We were not interested in disciplining anyone, in becoming the masters of anyone, or in dominating anyone. All we wanted was India's friendship. Nor were we cocky about our own economic successes, because 25% of our people still had all sorts of needs. We had a poverty problem, a Negro problem, an urban problem, a health problem, etc. The President explained how he was trying to do something about all of them. And our interest did not stop at our boundary. We wanted to do something about health, education and poverty all over the world. One of the key things the President was going to try and do during his term of office was to achieve new results in the field of food and agriculture, health, population, and education abroad as well as at home. We would exercise whatever persuasion we could toward these ends. We wanted to provide incentives too. He told Subramaniam that "you gave us an incentive in your new program. If you can keep this program going we can help you more."

Subramaniam thanked the President. He then raised the special importance of taking extra care of children. They were the future. He felt that India should have a separate children's program in this crisis, so that India could say that children had equal opportunities. The President responded warmly to this idea.

The President then explained how his postponement of the Shastri and Ayub visits had nothing to do with Indian and Pakistani criticism of the US. He simply wanted to have his money in the bank before he talked aid matters. However, the postponement had led to misunderstandings. Both Subramaniam and B. K. Nehru assured the President that these were matters of the past and that there was no residual of concern at all.

The President mentioned three points which he thought were important to US-Indian collaboration. First, if we could find some way to get Kashmir considered and out of the way, this would help us to get on with much more important things. Second, he hoped that India would get other countries to help meet the food crisis. The more that others could do in some kind of international consortium the more helpful we could be. Third, he had to give the US people some hope that India would be able to take care of itself and even to help others in due time.

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So the President urged that the Indians and ourselves put a food consortium together. This would help mightily with Symington and others in Congress. He was proud of the way in which he had gotten the aid bill through with fewer cuts than at almost any previous time. In fact, he had gotten about 85% of his legislative program through, but the honeymoon was over. The President also pointed out that he had never criticized Shastri. Indeed, the whole American press was remarkably free of criticism of India.

The President summed up by telling Secretary Freeman to see what we needed in a crash program, to see that our wheat and that of others got all the way to the Indian people who needed it most. We must try to avoid any holdup because of inadequate ports or distribution. He told Freeman to follow every sack of wheat from the US silo to the Indian stomach. Second, he said "let us get others in the act. Let us tell others what they can contribute." He thought that he might raise this matter with Erhard, and described his difficulties in getting the British and Germans to contribute to the Asian bank.

The President ended by urging Subramaniam to meet the press in the West lobby. He and Freeman should describe the general tenor of the discussions and also indicate that we had discussed some of the problems which would be taken up at the President's meeting with Prime Minister Shastri.

R. W. Komer

cc: Secretary Freeman  
Dept. of State Secretariat (3)  
McGeorge Bundy - *original*

SECRET

*Indira Gandhi* 14

Rough Text of Relevant Parts of December 7 Subramaniam Speech,  
Not for Direct Quotation:

"I would like to place before the House the various policy decisions which have been taken by the Government of India. First of all, the decision that has been taken by the Government of India is that in the fourth plan, in the economic development programs -- I am not speaking about defence; that stands by itself -- agriculture would be given the highest priority, and . . . we are thinking in terms of a RS. 2,400 crore program for agriculture development.

Whatever might be the limitations with regard to the resources available, the Government have taken the decision that the outlay required for agriculture would not in any event be cut down. As a matter of fact, the Prime Minister has declared that, if it is possible to have a bigger program the Government would not hesitate to allocate those additional resources also . . . This priority . . . applicable not only for the allocation of internal resources, but foreign exchange . . . For the purpose of reaching . . . self-sufficiency we have formulated an intensive agricultural program for about 32 million acres to 35 million acres of the 72 to 75 million acres (which) have assured water-supply. From the first year of the fourth plan the program is to have improved varieties of paddy, wheat, maize, sorghum, bajra, ragi sown in this area.

If we have to use these high-yielding varieties, it requires high fertilization also . . . In 1966-67 we envisage one million tons of nitrogen, 37 million tons of P2O5 and 0.20 million tons of K2O, and in 1967-68 progressively it goes on increasing and in 1970-71, that is the final year of the fourth plan, our estimate would be 2.4 million tons of nitrogen, 1.00 million tons of P2O5 and 0.70 million tons of K2O. This would mean roughly 4 million tons of plant nutrients . . . Government have accepted these targets. . .

For the purpose of reaching these targets the first step . . . will . . . be . . . to see that the . . . fertilizer factories which we (already) have put up, work to the maximum . . . We have taken a policy decision that in the allocation of foreign exchange highest priority will be given . . . (for) the raw materials required for the fertilizer factories to run them at the highest level. . .



It has also been decided . . . that every attempt would be made to allocate the foreign exchange necessary . . . importing fertilizers from abroad. . . For 1966-67, unless we take immediate steps for getting these fertilizers, it would not be available in time. . . For the requirements of the Kharif season (of 1966). . . the finance ministry had already agreed for the import of about 350,000 tons of nitrogen. Out of this, some 250,000 tons were intended to be imported under the U.S. Aid program. But unfortunately. . . they have cut off this aid also. Therefore it has become difficult for us to get this 250,000 tons that had been intended to be imported under the U.S. Aid program.

But whether this U.S. Aid comes or not, we have to put through this program. It is not for the benefit of the United States that we are putting through this program. It is for our own benefit. . .

Yesterday the Finance Minister has kindly agreed to allocate sufficient resources so that in the first half year of 1966-67, we shall be importing 250,000 tons of nitrogen from abroad so that in the Kharif season with 200,000 tons of (domestic) production we have the minimum quantity of 450,000 tons of nitrogen, also rock-sulphate and sulphur, for the purpose of producing P205 and K20. . .

The fact is that we attach the highest priority for the agricultural production program in which fertilizers play a key role. . . That is why we have allocated foreign exchange and we are assuring that the kharif season's requirements will be, more or less, met. We should be reviewing constantly the position to find additional resources, either our own resources or assistance from abroad . . . For the rabi season's requirements we need 450,000 or 500,000 tons out of which about 200,000 to 250,000 tons would be produced within the country and the balance should be imported. . .

For fertilizers it is necessary to have as much of indigenous production as possible. . . I have absolutely no doubt that economics will show that it is much more advantageous to produce fertilizers within the country under whatever terms it may be . . .

I am sure immediately we consider having particularly factories in the private sector, My Hon. friend Mr. Bhupesh Gupta would immediately say, this is being done under U.S. pressure. What I want to impress upon the House is that there is no question of pressure from anybody. We have voice enough and we have interlligence enough to see what is in the best interest of the country. . .

We have, therefore, to create conditions in which fertilizer factories do come up here, whether it be in the public sector or in the private sector. We want conditions in which these factories come into existence because . . . even taking into account the profits they (foreign investors) are likely to make, and the profits that they are likely to take out, if you take the alternative of importing food grains or the fertilizer from abroad . . . it would be a thousand times more advantageous to have these factories within the country, whoever be the investors.

"We should have the production and that is the most important thing. Therefore, the Government intends taking a policy decision. Already the Cabinet sub-committee is going into this question with regard to the distribution program and with regard to the pricing policy and the various other things involved in it so that it may be possible for more and more factories to come into existence with the country . . . I am . . . hoping . . . within the next week or two, we will be able to announce this distribution and pricing policy with regard to fertilizer which will facilitate more factories to come up in the public sector and in the private sector.

With regard to distribution . . . I am sure some Hon. Members would have seen the recent report of the Projects Evaluation Committee of the Planning Commission (on) how under the pool system and under the monopoly system, fertilizer distribution has been functioning. It is not merely a question of physically making the fertilizer available . . . It should be done at the proper time. And along with that, is the Extension Service and the advice with regard to the use of the fertilizer, with reference to the crop and the soil. That is most important. Now in other countries the distributing agency is also used for this purpose. But because of the monopoly system which we have adopted for distribution through cooperative societies, there is this attitude of take it or leave it. . . It was brought out dramatically how our distribution system particularly in the fertilizer sector failed to deliver the goods.



"Therefore, . . . we hope that it (will) be possible for us to take a decision in which the producer himself will be made responsible for the distribution. I hope a certain amount of the competitive spirit will be brought about in this distribution and in all these things so that the farmer will have the advantage in the process. . .

"We hope that within the next four or five years it should be possible for us to build up fertilizer factories sufficient to meet our entire needs. It is not going to end by the end of the fourth five year plan. By the fifth five year plan, if we are to keep up the tempo of agricultural activity, in order to meet the increasing population, the production will have to be doubled. Instead of four million tons of plant nutrient we should have eight million tons of plant nutrient by the end of the fifth plan. . .

"It is also necessary to have plant protection measures because these (new) varieties are susceptible to various pests and diseases. . . For the increasing needs we will have to expand and perhaps establish new factories . . . That also will be taken care of and (to) the extent necessary we will be importing also.

"Then there is the question of multiplying seeds . . . During the third plan. . the majority of (seed farms) is should say, have not come up to our expectations . . . That is why we have now a big program of big state seed farms. For this purpose we have already created the post of a Director-General of State Farms and as individual with practical farming experience and also administrative experience has been appointed to this post. . . In addition to that, our intention is to have at least one seed farm round about five or ten thousand acres in every state for the purpose of producing these seeds. That program is also being taken up vigorously and within one or two months three or four state farms will be coming into existence . . . where we will have the various types of agricultural machinery necessary for the purpose of producing seeds and processing these seeds . . .

"Without water all this would become useless . . . I am concentrating my speech . . . on how to make this intensive (area) program a success. The other areas also will be looked after . . . Unfortunately our irrigation programs till now have been only protective. There is not sufficient water available for intensive agricultural programs and that is mainly the reason why under our old irrigation projects we are able to take only one crop and we say that water would be available for five or



six months. We have always got accustomed to a long-term crop which will go on for five or six months. What is important is that instead of one crop we should have in all these areas multiple cropping where water is available.

"Our intention is to develop tubewells or filter points or surface wells even in the command areas so that we may have instead of one crop two crops . . . In our ancient irrigation system - and I am particularly aware of what is prevalent in Tajore - we have the flow system, water flowing from field to field . . . when we apply fertilizers in this flow system, the fertilizer is washed away from one field to another so that fertilizer is not used by the plants to the maximum extent necessary.

"Therefore, modernising the irrigation system is absolutely essential, that is, field channels which could control the irrigation at the various points . . . An expert team has gone into it and a project report for modernising the whole thing has been received and now it is being taken up with regard to the Delta area in Andhra. In the same way, all our ancient irrigation projects will have to be looked into and modernised. . .

"We are taking up this program in an intensive way during the fourth plan period. It is this package of better seeds, fertilizer plant protection and water control of irrigation which gives the optimum yield. Every one of these things used by itself will give some marginal result but when all these four are used as a package then the increase is substantial . . .

"When we have to have this intensified agriculture with huge investments, naturally the farmers should get the credit for this purpose . . . In regard to the credit program, the cooperatives havenot come up to the level of meeting the requirements of every farmer. . . We are thinking in terms of having alternative credit organizations so that sufficient credit may be made available to the farmer. We are having under contemplation an agricultural credit corporation which would act as a supplementary agency along with the cooperative banks. . .

"These are all the decisions taken but there is another decision which is to be taken. . . When huge investments are made and if some natural calamity should arise there should be some control on the losses to the farmer. We should have a crop insurance scheme . . . This will have to be worked into the program but that can come a little later.

"This is how we visualise this program and this intensive agricultural approach program has been accepted by the Cabinet, by the Planning Commission . . .

"We are already in the process of multiplying seeds so that for the next year's program 5 to 6 million acres under improved seeds will be possible. . .

"If we are able to implement this program in the best manner successfully, I am confident it would be possible for us in a phased manner to reach self-sufficiency by the end of the fourth plan. . . The new strategy . . . has been decided upon not by politicians but by technicians, by the scientists, by the agricultural economists, by the agricultural administrators. It has been reviewed and then decided upon on a pilot scale and I am assured by the technicians and by the scientists - and I have confined myself not only to our own scientists and technicians but I have consulted others also from foreign countries and everybody has assured me - that . . . this agricultural development program will assure us success in our quest for self-sufficiency . . .

"Even for 1966-67 (although) . . . we are very much strained with regard to foreign exchange, and even with regard to internal resources. . . we are ensuring . . . at least 40 to 50 percent (more than) what we spent during the last year of the third plan will be made available so that the program will be sufficiently stepped up even during the first year of the fourth plan apart from the larger allocations of resources during the fourth plan . . .

"The administrative set-up is also important . . .

"For the fertilizers we have a committee under the chairmanship of the Prime Minister himself to look into the various programs not only of production but also the import program and various other things. Therefore at the highest level it is being reviewed and whatever bottlenecks there are, they will also be reviewed by this committee. With regard to the establishment of new fertilizer factories . . . any impediments in the way . . . will be considered by this high-level committee and . . . will be removed.



"In addition to that a production board has been constituted under my chairmanship in which the various ministries involved are brought together and this committee has been enabled to take binding decisions . . . I am quite confident that with a little more effort it should be possible to make this production board sufficiently action-oriented. . .

"We have also . . . A special agricultural credit committee . . . under my chairmanship and in it also the various ministries are brought together . . .

"We have taken another decision. Agriculture would require various industrial equipments, for example, for plant protection measures equipment (or) agricultural implements . . . If a program goes to the industries and supply ministries, it takes its own time, five to six months, sometimes years also and the program gets locked up. Therefore. . we will have a separate cell in the Food and Agriculture Ministry where the technical officers from the Industries and Supply Ministries would be located and they will be purely functioning for the purpose of attending to the requirements of Agriculture and Food Ministry. . .

"These are some of the steps which we have taken and I hope and trust that with all these measures - not that there will not be further scope for improvements; I have no doubt there is much more scope for improvement but as we go on we can go on improving - we will be able to succeed.

"In addition, I am quite well aware of the inadequacy of the administrative system which exists today. . . Leave alone individual functioning and individual shortcomings but as a system our administrative system is outmoded particularly for the development programs, particularly for the welfare programs. . . I am quite positive that the system has got to change and the sooner we make the changes the better it will be for agriculture. This will have to be looked into. Now we are thinking in terms of a reform commission but this reforms commission should not become another routine matter with some recommendations for a few more joint secretaries and a few more deputy secretaries . . . I hope it will make the necessary fundamental and basic changes in the system itself which are necessary today. . . Meanwhile on my own initiative I am taking various steps for reorganizing my Ministry . . .



"Effective research program is necessary not only for the sake of the present but particularly for the sake of the future . . . I have reorganized the Indian Council of Agricultural Research with a scientist at the head . . . We hope to have, instead of a dispersed research without any coordination whatsoever, a purposive research coordinating the national research programs with regard to the various commodities and the problems involved in relation to those commodities. . .

"I have come across scientists of the various countries of the world and I have also come across particularly the younger generation of scientists of our country and I can say with confidence that our scientists are equal to any of the scientists in any part of the world but unfortunately we have not given them opportunities, we have not given them amenities, we have not given them status, and particularly the agricultural scientists, we have thrown them to the dust. . . Their status will have to be raised, their emoluments will have to be raised but I tell you even without any of these things our young scientists are going forward.

"It is this new generation which is coming up . . . which alone gives me hope, whatever our failures might be, the failures particularly of the politicians of this generation . . . I have no doubt in my mind that if we put our trust and faith in these people, instead of the various other things, we will be marching towards self-sufficiency and perhaps we will be reaching the stage of self-sufficiency much earlier than what we imagine . . ."

~~SECRET~~

December 20, 1965  
Monday, 6:15 p.m.

MEMORANDUM FOR THE PRESIDENT

The AP lead on Subramaniam (AP 126) that the US "is considering an Indian request for about 10 million tons of food grain for delivery in 1966" is plain wrong. I've taken steps to correct it.

Freeman says that Subramaniam replied to a question that this was the likely size of their deficit, but specifically disclaimed any such request. He only said he was discussing the whole problem here. I've warned everybody to stay away from any specifics on US responses unless authorized by you.

R. W. Komer

~~SECRET~~

DECLASSIFIED

Authority NSC Ltr. 4/5/77, State Ltr. 7/10/76

By jc/rmg NARA, Date 3-29-84

15  
file  
India Econ

~~SECRET~~

December 20, 1965  
Monday, 7:45 p.m.

MEMORANDUM FOR THE PRESIDENT

Here is the draft message to Ayub which Califano just said you wanted right away. However, I'd suggest holding up another day or so. Ayub might think you're pushing him too hard on what is a tricky matter--his electorate might not be happy with such a gesture when shooting is still going on. I've tried to guard against this in the draft. There is also a problem on whether PL 480 allows substitution of wheat for exportable rice. Am trying to track this down.

R. W. Komer

Hold up \_\_\_\_\_

Message approved contingent  
on check with Agriculture \_\_\_\_\_

~~SECRET~~

*See subsequent  
RwK msg to Pres  
12/21*

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04



16a  
~~SECRET~~

December 20, 1965

Please deliver following message from President direct to Ayub.

Dear Mr. President,

I greatly appreciate your recent message. You will recall our discussions about how Pakistan could help in meeting the Indian food crisis. I can think of few gestures which would more quickly put the Indians in your debt than if you were to offer to donate as much rice as is readily available. As I told you, we would be happy to replace this with wheat in some suitable fashion.

I mentioned to Subramaniam today that when I suggested to you the possible use of a Pakistani port for our wheat shipments, you graciously responded that if it was practicable it was manageable. He was most grateful. So announcing this gesture too might be a shrewd move.

I fully realize that you have your own domestic political problems vis-a-vis India, so I don't wish to press you. It is for your decision, of course, and I simply wish to give you my own thinking.

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

~~SECRET~~

*Index* *Good* *17*  
December 17, 1965

WORLD WHEAT SUPPLY

Four Major Producers Other Than US

	<u>Canada</u>	<u>France</u>	<u>Argentina</u>	<u>Australia</u>	<u>Total Four</u>
Available for export July 65 - June 66	16.3	4.5	6.8	7.5	35.1
To Communist countries (estimated shipped or committed for shipment by June 30, 1966)	8.61	1.70	4.35	2.64	17.30
To Free World markets (already shipped plus estimated assured exports)	6.6	2.3	2.4	3.4	14.7
Balance 1965-66 "uncommitted" exportable wheat	1.1	.5	--	1.5	3.1

Available from Minor Producers

These are the best USDA guesses at the moment, subject to minor revision as we update marketing information:

Greece	0.4 (ports probably unable to move
Italy	0.3 that much)
United Kingdom	0.2
Sweden	0.1
Syria	0.1
Mexico	---(very small amount possible)



CONFIDENTIAL

December 17, 1965

MEMORANDUM FOR SECRETARY FREEMAN

In addition to sounder ways of cranking up international support for India, is there any merit in a special worldwide appeal during the Christmas season?

The first step might be to get the FAO at India's request to issue a worldwide appeal for help. Then we might respond immediately with a Title II donation to give momentum.

We might announce our donation in the context of Subramaniam's visit or gear it to Christmas to help get our own people behind us.

I realize it may be better to move more methodically but thought I'd throw this into your hopper for whatever it's worth.

R. W. Komer

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DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

~~SECRET~~

December 16, 1965

Mac -

If you'd stick this into tonight's reading,  
I'll bet we would get a twenty-second OK.

RWK

~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By JS, NARA, Date 3-29-04



SECRET

December 16, 1965  
Thursday, 3:00 p. m.

MEMORANDUM FOR THE PRESIDENT

As an added follow-up to your injunction Tuesday to get Freeman going on what's needed to unclog Indian ports, I suggest the attached NSAM. It rightly puts the bee on Freeman to mastermind any famine rescue effort, but tells him to draw on everybody else as needed to get an imaginative program in order. Of course, it reserves all final decisions to you.

I also thought that at some point down the road we might want to let the public know that you had issued such a directive.

For signature if you approve. Freeman, Bell, State and BOB are on board.

R. W. Komer

cc: McGeorge Bundy  
Bill Moyers

SECRET

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pe, NARA, Date 3-29-01

*Signed on*  
*NSAM*  
*3 29*

*19a*

*file*

196

file

~~SECRET~~

NATIONAL SECURITY ACTION MEMORANDUM NO. \_\_\_\_\_

MEMORANDUM FOR THE SECRETARY OF AGRICULTURE

SUBJECT: Critical Indian Food Situation

I am deeply concerned on humanitarian grounds with the near famine conditions which are developing in India, and which may require a dramatic rescue operation on the part of those nations able to assist. As you know, I have already announced that the United States would participate in such an effort.

I further understand from my discussions with you that the key bottleneck may be less the availability of sufficient foodgrains from abroad than lack of available shipping, inadequate Indian port facilities, and inefficient food distribution facilities within India. These factors could critically hamper any international effort to get enough food to India's hungry.

Therefore, I request that you establish a special committee, including representation from the Departments of State, Defense, Commerce, the Agency for International Development, and such other Departments and Agencies as you deem necessary, to examine urgently how to cope with the looming Indian famine problem. I want you to regard all available resources of the U.S. Government as being at your disposal in planning for such an effort. After assessing the likely dimensions of the crisis and what would be required to meet it, you and your group should recommend whatever imaginative emergency techniques and devices which may be necessary to help prevent mass starvation in India.

I would like personally to review your recommendations as soon as they can be made available, before deciding what action I will take along with other interested governments.

cc: The Secretary of State  
The Secretary of Defense  
The Secretary of Commerce  
The Director, Bureau of the Budget  
The Administrator, Agency for  
International Development  
Special Assistant to the President  
for Science and Technology

DECLASSIFIED

Authority FRNS 64-68, vol 25, #268  
By jc, NARA, Date 3-29-07

LBJ:RWK:tmt 12/16/65



SECRET

December 15, 1965

MEMORANDUM FOR SECRETARY FREEMAN

Attached is my idea of a memo that the President would enjoy signing and that you would enjoy receiving. Equally to the point, I think that it would give you the kind of mandate you may want for any new and imaginative ways of meeting what may otherwise turn out to be a staggering human catastrophe in India.

My thought has also been to draft a memo which could be made public, or at least backgrounded at some future date.

The sooner I know this is OK with you, the sooner I can send it to the Boss.

R. W. Komer

Attach. RWK draft NSAM/subj. Critical Indian Food Situation

*20/7/65*  
*Indo E con*  
*See RWK D*  
*12/10/65 for*  
*final release*  
*(NSAM 339)*

DECLASSIFIED

E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By *jc*, NARA, Date *3-29-01*

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~~SECRET~~

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I would like personally to review your recommendations as soon as they can be made available before deciding what action I will want to take along with other interested governments.

cc: The Secretary of State  
The Secretary of Defense  
The Secretary of Commerce  
The Director, Bureau of the Budget  
The Administrator, Agency for  
International Development

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04

~~SECRET~~



~~SECRET~~

December 15, 1965

21 file  
India

RWK:

In addition to the sounder ways of cranking up international food support for India (see my memo), Nick Farr suggests an idea geared to Christmas that might net some momentum.

First step would be to get the FAO at India's request to issue a worldwide appeal. To meet the Christmas deadline, this would have to be done by Monday or Tuesday. FAO has a mandate to issue this kind of appeal, and Binay Sen (director general) is an Indian.

Second step would be for us to respond immediately with modest Title II donation which we could bill as a spur (apart from announced international effort) to major international program to help India.

President could announce in context of Subramaniam visit if he wanted. Could also make bid for domestic support by gearing this special gesture to Christmas.

If you think this worth putting to the President, I'll plug in some possible figures from Farr and do you a memo.

HHS

Do a memo  
Not worth trying

To Freeman

~~SECRET~~

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By je, NARA, Date 3-29-04

December 14, 1965

MEMORANDUM FOR NICK FARR

I'm passing on the attached for whatever interest it may hold. I've already answered the letter, so no further action is required.

*Indira Gandhi*

R. W. Komer

Att: Cy, ltr from Professor E. S. Nasset  
to the President, 12/6/65, re India food.  
Cy, RWKomer ltr to Professor Nasset,  
12/14/65



22<sup>a</sup> file

India Econ

December 14, 1965

Dear Professor Nasset:

The President is grateful for your continuing interest in India's staggering food problem. He is deeply concerned both about the crisis India faces this year and about the deep-seated longer range problem you have written about.

If good can come out of this year of famine, we hope it will be to dramatize the need for an all-out attack on this and a number of other problems central to increasing both the quantity and quality of India's food production and processing.

Believe me, all of us here share your deep concern and we hope that all Americans will increasingly join our ranks. I am sending your article to our experts who are working on this problem.

Sincerely,

R. W. Komer  
Deputy Special Assistant  
to the President for  
National Security Affairs

Professor E. S. Nasset  
Department of Physiology  
School of Medicine and Dentistry  
The University of Rochester  
260 Crittenden Boulevard  
Rochester, New York 14620

cc: Walter Fawcett 12/18/65.

23

file

India Econ

December 13, 1965

REK:

Here are two memos you asked for:

1. Survey of possible wheat donors for India.
2. How to organize an international effort to get food to India.

Actually, the conclusions of the second become the recommendations for the first. But I've left them separate until you're ready to marry them.

HHS



23a  
file

~~CONFIDENTIAL~~

RWK:

December 13, 1965

The question of mounting "a special international effort" to help India meet its food problems falls into two parts--short-term and long-term.

I read the short-term problem as getting as many other donors to show the flag as possible for several reasons: (a) getting others locked into the Indian problem, (b) forcing the Indians to take some initiative in marshalling help instead of dumping the burden on us, (c) spreading the blame, if any, (d) staving off domestic criticism of "holding the bag again,". It's not accurate to say we have to get others into the act to get enough food since we alone could move as much as the Indians can handle. So let's be clear about our motives.

What we get from other donors will depend--no matter how much we try to multilateralize--on how hard we twist arms. Here are the possible ways to line up support:

1. Suggest the Indians call a meeting of agriculture ministers from wheat-exporting countries. Getting them to Delhi would dramatize the problem and make it harder to say no. Most important, this would drop leadership squarely in Indian laps (we'd make our points by behind-scenes arm-twisting). If shipping becomes a problem, the Indians could include (or have a separate meeting for logistics types).

2. A similar tack would be for the Indians to make bilateral approaches to possible donors, which we could support.

3. Get the World Food Program (half FAO, half ECOSOC) or the FAO to take the lead. Each has some mechanism and mandate (though neither has the food). Farr is talking to WFP today, just to see what it offers.

4. Push Canada to take the lead. It's the second largest donor to the World Food Program, a Commonwealth sister and possessor of large wheat stocks.

5. Let the Indians take the lead but have them borrow back B. R. Sen, director general of FAO, to run the show. He's an Indian, a dynamo and a food expert.

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pc, NARA, Date 3-29-04

~~CONFIDENTIAL~~

Page Two

6. Call a Washington meeting or take the lead ourselves in bilateral approaches.

My recommendation is to push the Indians to lead (maybe with Sen's help). We don't want to waste a lot of time with multilateral machinery that may be inefficient (FAO and WFP could be invited to any meetings.). We don't want the total responsibility dumped in our laps. We do want the Indians to come out of this with new momentum for the long-range problem.

The essential ingredient in tackling the long-range problem is strong, sound leadership. Our two best bets revolve around George Woods:

1. Woods' proposal for a fertilizer consortium still offers the best bet for capital development, if we can get our staff work done.

2. A complementary step would be for the economic consortium to organize a sub-group on agricultural development. This could consist of countries willing to meet India's food gap until it is self-sufficient while simultaneously overseeing Indian performance. It could weave together sanctions and incentives by shifting the balance between concessional and straight commercial sales.

It would also be possible to bring the World Food program and FAO into the act, but the IBRD is a far better bet.

HHS

~~CONFIDENTIAL~~



23<sup>b</sup>

file

~~CONFIDENTIAL~~/DRAFT

December 13, 1965

MEMORANDUM FOR THE PRESIDENT

We've surveyed the world's wheat supply over the next six months, looking for producers who might help India. Here's the picture (deduced from Agriculture's figures attached):

Other than the US, only 4 major producers normally grow substantial quantities over and above their domestic needs. In FY 1966 they have about 35 million tons available for export (Canada 16.3, Australia 7.5, Argentina 6.8, France 4.5). Of the four, Canada has greater supplies, but port and rail facilities put some limitation on exports.

However, of these major suppliers only Australia and Canada in addition to the US still have any substantial quantities not already sold or expected to be sold to Communist countries and traditional markets, and that amounts to only 2.6 million tons (Australia 1.5 and Canada 1.1). Some portion of this would probably be available for India if we put the heat on. Otherwise, they can sell it easily through normal commercial channels. USDA guesses it would take real pressure to get as much as 1 million tons from them altogether for India.

With similar pressure, we might break loose a small quantity from Argentina. France probably has 500,000 tons it could send, but France has never cooperated in this kind of venture, except to sell on commercial terms.

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04

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- 2 -

The Communist countries themselves don't have any wheat to contribute, but they could help by stretching out their own imports since they're the ones who have sewed up Argentine, Canadian and Australian exports. The USSR alone has contracted for 8.3 million tons from these three sources.

USDA estimates that the US has available as of 1 December for export to India and for our own carryover about 22 million tons. This is over and above projected requirements for dollar exports and other PL 480 programs.

So US supplies alone are more than sufficient to meet India's import capacity while still maintaining adequate US stocks, but logistics impose limitations:

1. US handling facilities can move out about 1 million tons of grain per month for India without unduly interfering with commercial and other shipments. However, this will require some extra effort and may require mixing in grain sorghums (which the Indians can well use) to enable us to use facilities not now fully used.

2. Indian ports (according to Subramaniam) can handle up to 875,000 tons per month using conventional means to the fullest (but only 700,000 during the mid-June to mid-September monsoon). This is well above the 600,000 normal in the recent past. That means a yearly rate of about 10 million tons, or 5.2 million over the 6 dry months ahead. With

CONFIDENTIAL



CONFIDENTIAL

- 3 -

extraordinary measures, the Indians think they could add another 100,000 a month, but we'll have to test this out before we act on it.

So we alone could move more wheat than the Indians can handle, although with some difficulty. Any shipments from Australia, Canada, or others would help somewhat to relieve the burden on our facilities.

In addition to these major growers, several minor producers may have small quantities. We don't have precise figures, but it would be worthwhile for the Indians to ask what Greece, Italy, the UK, Sweden, Syria and Mexico might do. Some of these might make small gifts, but most are in such economic straits themselves that they can't really afford donations of any size since they need all the income they can make by selling. It doesn't make sense to encourage them to sell to India while we're "giving".

The situation after 30 June will remain tight. The only modest hope for added help from ~~jax~~ major producers as new crops come in will be a little more from Canada and France, if it would go along (because of ~~south~~ southern hemisphere climate, new crops in Argentina and Australia won't come in until next December).

One other way to broaden the list of donors is to introduce other foodstuffs. For instance, Brazil and Thailand both have corn and rice, and Burma and the UAR may have excess rice. However, while this might involve a few more donors, we'd have to watch out for possible drawbacks.

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- 4 -

Above all, we don't want to disrupt our own effort to get rice for Vietnam.

But also, we'd have to be sure that diverting attention to these other commodities didn't cut into the efficiency of the large-scale wheat-moving operation.



December 10, 1965

WORLD WHEAT SUPPLY

Four Major Producers Other Than US

	<u>Canada</u>	<u>France</u>	<u>Argentina</u>	<u>Australia</u>	<u>Total Four</u>
	<u>----- Million Metric Tons -----</u>				
Available for exports July 65 - June 66	16.3	4.5	6.8	7.5	--
Estimated shipped or committed under new contracts for shipment by June 30, 1966:					
U. S. S. R.	5.65	.60	2.10	.60	8.95
Communist Asia	2.30	.70	2.25	2.04	7.29
E. Europe (exc. Yugo)	.66	.40	--	--	1.06
Total	8.61	1.70	4.35	2.64	17.30
Bal. Avail. 1965-66 for Free World markets and further sales to Bloc	7.7	2.8	2.4	4.9	17.8
Already shipped plus est. assured exports	6.6	2.3	2.4	3.4	14.7
Balance 1965-66 "uncommitted" exportable wheat	1.1	.5	--	1.5	3.1

Available from Minor Producers

Those are the best USDA guesses at the moment subject to revision as we update information on commitments already made from these stocks:

Greece	0.4 (ports probably unable to move that much)
Italy	0.3
United Kingdom	0.2
Sweden	0.1
Syria	0.1
Mexico	--- (very small amount possible)

23d

December 10, 1965

U. S. WHEAT SITUATION

(Million Metric Tons)

Carryover July 1, 1965	22.3
Production	<u>36.9</u>
Total Supply	59.2
Domestic disappearance	18.4
Exported July - November (dollar and concessional sales)	<u>8.8</u>
Available for export and carryover 12/1/65	32.0
Estimated dollar sales Dec. - June	4.1
PL 480 Program projections other than India, Dec. - June	<u>5.4</u>
Available for carryover and India, Dec. - June	22.5

December 13, 1965

Dr. Hornig:

Here's the Subramaniam speech (with two relevant USDA papers) I mentioned to you this morning.

R. W. Komer

Att: Rough Text of Relevant Parts of 12/7  
Subramaniam Speech, not for Direct Quotation  
USDA Summary of Bowles Comments  
Cy, Memo, Freeman to the President, 12/1/65,  
Subj: India-Food and Agriculture

*24*  
*file*  
*India*



*Index Exam 25*

December 10, 1965

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*Index Econ 7 26*  
 December 10, 1965

WORLD WHEAT SUPPLY

Four Major Producers Other Than US

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*Indy E. [unclear]*  
December 10, 1965 27

## WORLD WHEAT SUPPLY

### Four Major Producers Other Than US

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~~SECRET~~

28  
December 10, 1965

FOR THE PRESIDENT FROM KOMER

Embassy Delhi reports that your food announcement is QUOTE having tremendous impact in Delhi and throughout country. News is hitting front pages of newspapers and being received with great sense of relief and gratitude. Government officials and others are going out of their way to pay personal tribute to President END QUOTE. In announcing US action in Parliament today, Subramaniam expressed his QUOTE thanks on behalf of the Government of India to President Johnson for the personal interest by him toward meeting the immediate as well as the long-range food requirements of the country and assisting in our efforts to attain self-sufficiency END QUOTE. Shastri made follow-up statement, when announcing visit. He also sincerely thanked the President for additional foodgrains and fertilizer. Members cheered when Shastri did so.

On the AP story matter, Ambassador Nehru called personally to say that he was to convey to you how the Indian Government QUOTE deplored and disassociated itself END QUOTE from the AP story. He added that they are unable to discover that this story went out on the wires from India. At any rate the particular sentences which made up the story had been dug out and strung together from articles written over a long period with a much different overall tone.

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-21-01

SECRET

29  
December 10, 1965

FOR AMBASSADOR BOWLES FROM KOMER

Assumptions last two paras. your 1466 to State are not correct. Indeed, it is critically important that we in no way get out ahead of decisions which President is personally taking on this matter. He is now fully seized of the gravity and magnitude of the Indian food problem and would I am sure welcome your recommendations on further steps. But I repeat that we must not assume any continuation of newly established pattern beyond what was just announced until he has so authorized.

President's strong feeling is that Indians must take immediate lead in organizing maximum possible contributions from other countries. Our future responses will be the more forthcoming if others also participate. hope  
So/you will stress to GOI vital importance of maximum effort along these lines.

Lest Subramaniam's nose be out of joint about visit here, tell him that White House merely announced that Freeman was planning to invite him shortly. Press misunderstood this to mean he had already been invited. Freeman tells me invitation will be forthcoming shortly.

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By *jc*, NARA, Date *3-29-04*



**SECRET**

*India*

12/9/45  
30

India's critical food needs, as well as its longer-term agricultural problem, are viewed with growing concern by the President, who has just discussed them with Secretary Freeman. He believes that the American people and Congress fully support assisting India to overcome these difficulties in a manner whereby US assistance can be used to maximum effect to complement India's own self-help endeavors.

To help meet the immediate food crisis, the President has authorized immediate extension of the existing PL 480 agreement with India to include an additional million and a half tons of foodgrains over a three month period. Because of India's needs, however, the entire amount will be made available for shipment.

He also proposes to authorize an emergency \$50 million program loan for urgent purchase of fertilizer in the US. It is understood that India plans to spend a like sum of its own foreign exchange. This fertilizer should permit increased Indian foodgrain output of three to four million tons in the next crop year.

The President welcomes further discussions with the Indian Government about how US can help meet India's agricultural problems. Secretary Freeman is inviting Food Minister Subramaniam to come to the US shortly for this purpose.

The President believes that all nations in a position to do so should join in a special international effort to help India meet the grave food problem it

*Think this was reversed*



~~SECRET~~

2.

confronts at this time. The US is fully prepared to participate in such an effort.

31  
file  
Indeo Econ  
December 9, 1965

~~CONFIDENTIAL~~

RWK:

Handley apparently told B. K. Nehru that the 1.5 million tons announced this morning is to do for 3 months. He said this on the basis of the earlier draft of the press release.

The release as finally worded does not say this is all the Indians will get for the next 3 months. It leaves open the possibility that the Indians can have more sooner if they can move this 1.5 million fast.

Handley would like to correct himself, but wants to be sure he has the policy clear before he does. Can he say that the door has not been closed to the Indians to get more food before 3 months once we see how shipments go?

HHS

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pc, NARA, Date 3-29-07

~~CONFIDENTIAL/DRAFT~~ (IKKS) India

32  
file  
December 9, 1965

MEMORANDUM FOR THE PRESIDENT

World wheat supply over the next six months is so tight that we'll have to bear most of the Indian burden. We can hope for a little help from Canada and Australia, but it will take some high level pressure to bring them along.

Other than the U. S., only 4 major producers normally grow substantial quantities over and above their domestic needs. In FY 1966 they have about 35 million tons available for export (Canada 16.3, Australia 7.5, Argentina 6.8, France 4.5). Of the four, Canada has greater supplies, but port and rail limitations restrict exports.

However, only Australia and Canada in addition to the US still have any wheat not already sold or expected to be sold to Communist countries and traditional markets, and that amounts to only 2.6 million tons (Australia 1.5 and Canada 1.1). Some portion of this would probably be available for India if we put the heat on. Otherwise, they can sell it easily through normal commercial channels. USDA guesses it would take real pressure to get as much as 1 million tons from them altogether for India.

USDA estimates that the U. S. has available as of 1 December for export to India and for our own carryover about 22 million tons. This is over and above projected requirements for dollar exports and other PL 480 programs.

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04



~~CONFIDENTIAL~~

Page Two

These supplies are more than sufficient to meet India's import capacity while still maintaining adequate US stocks.

1. US handling facilities can move out about 1 million tons of grain per month for India without unduly interfering with commercial and other shipments. However, this will require some extra effort and may require mixing in grain sorghums (which the Indians can well use) to enable us to use facilities not now fully used.

2. Indian ports (according to Subramaniam) can handle up to 875,000 tons per month using conventional means to the fullest (but only 700,000 during the mid-June to mid-September monsoon). This is well above the 600,000 normal in the recent past. That means a yearly rate of about 10 million tons, or 5.2 million over the 6 dry months ahead. With extraordinary measures, the Indians think they could add another 100,000 a month, but we'll have to test this out before we act on it.

So we alone could move more than the Indians can handle, although with some difficulty. Any shipments from Australia and Canada would help somewhat.

The situation will remain tight after 30 June. The only modest hope for added help as new crops come in will be a little more from Canada.

CONFIDENTIAL

CONFIDENTIAL

December 9, 1965

Mr. Ioanes:

I did a little more editing but nothing that changes substance. This still is just a draft, but I thought you'd like a copy of what we worked out.

Many thanks for your quick help.

Harold H. Saunders

Mr. Ray Ioanes  
5073 South Bldg.  
Department of Agriculture

CONFIDENTIAL

Att: Cy, Draft Memo for President, 12/9/65,  
re world wheat supply

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04

*This message  
placed to  
Mr. [unclear]  
[unclear]*

December 9, 1965

India's critical food needs, as well as its longer-term agricultural problem, are viewed with sympathetic concern by the President, who has just discussed them with Secretary Freeman. He believes that the American people and Congress fully support assisting India to overcome these difficulties in a manner whereby US assistance can be used to maximum effect to complement India's own self-help endeavors.

To help meet the immediate food crisis, the President this morning authorized prompt extension of the existing PL 480 agreement with India to cover an additional million and a half tons of foodgrains--and the entire amount will be made available for early shipment. This allotment is equal to the present monthly allocation on a 3 months basis.

The President has also authorized officials to proceed to make effective an emergency \$50 million program loan to India for urgent purchase of fertilizer in the US. It is understood that India plans to spend a like sum of its own foreign exchange. This fertilizer should permit increased Indian foodgrain output of three to four million tons in the next crop year.

The President welcomes further discussions with the Indian Government about how the US can help India achieve its agricultural goals. Secretary Freeman is inviting Food Minister Subramaniam to come to the US shortly for this purpose.

In fact, the President believes that all nations in a position to do so should join in a special international effort to help India meet the grave food problem it confronts at this time. The US is fully prepared to participate in such an effort.



SECRET

35  
December 8, 1965

FOR JACOBSON FOR PRESIDENT FROM KOMER

(Pass copy to Moyers)

In light of Delhi explanations, so-called press campaign looks like one-time puffery. Even so it provided very useful opportunity for me, without bringing you in at all, to remind Bowles and BK Nehru forcefully of the potentially grave impact on your own freedom to act of irresponsible press commentary. Results have been salutary, as our previous messages show.

In these circumstances see positive value in going ahead with press release on new food decisions.

AID raises question of whether you would want to make public the fertilizer loan, even QUOTE subject to consultation with the appropriate members of the Congress END QUOTE. Most of them are out of the country and might be miffed at being consulted only after the announcement. On the other hand, without the fertilizer, the proposed release lacks substance.

Another question is whether you would like to have Freeman invite Subramaniam here. Latter has now announced his program (which all here think looks very good), so a meeting is not essential. However, Freeman is willing, and having Indians come to us might look better than sending Galbraith out there.

Have also included last sentence on an international effort, and told Nehru in spades that it is up to India to take the lead.

Proposed release follows QUOTE:

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

India's critical food needs, as well as its longer-term agricultural problem, are viewed with growing concern by the President, who has followed both closely. He believes that the American people and Congress fully support assisting India to overcome these difficulties in a manner whereby US assistance can be used to maximum effect to complement India's own self-help endeavors.

To help meet the immediate food crisis, the President has authorized another amendment to the existing PL 480 agreement with India which will extend it for two months and include a million tons of foodgrains.

He also proposes to authorize, subject to consultation with appropriate members of the Congress, an emergency \$50 million program loan for urgent purchase of fertilizer in the US. It is understood that India plans to spend a like sum of its own foreign exchange. This fertilizer should permit increased Indian foodgrain output of three to four million tons in the next crop year.

The President welcomes further discussions with the Indian Government about how US can help meet India's agricultural problems. Secretary Freeman is inviting Food Minister Subramaniam to come to the US shortly for this purpose. The US is fully prepared to join with other nations in a special international effort to help India meet its critical short term food needs. END QUOTE.

We are still holding up everything here. If you prefer to go ahead without White House press release we can easily do so.



CONFIDENTIAL

December 8, 1965

WORLD WHEAT SUPPLY

Only 5 major producers normally have substantial quantities of wheat over and above their domestic needs. In FY 66, they have about 58 million tons available for export; 40% of this is US (US 23.1, Canada 16.3, Australia 7.5, Argentina 6.8, France 4.5).

However, only 2 in addition to the US still have any not already committed, and that amounts to only 2.6 million tons (Australia 1.5 and Canada 1.1). Some portion of this would probably be available for India if we put the heat on. Otherwise, they can sell it easily through normal commercial channels. USDA guesses it would take real pressure to get as much as 1 million tons from them together for India.

USDA estimates that the US has available as of 1 December for export to India and for our own carryover about 22 million tons. This is over and above projected requirements for dollar exports and other PL 480 programs.

Two factors limit how much of that we can use to meet India's needs:

1. US handling facilities can move out about 1 million tons per month for India without unduly interfering with commercial and other shipments and without taking unusual measures (such as getting the USG into the business of moving grain as we might in wartime).

CONFIDENTIAL



~~CONFIDENTIAL~~

- 2 -

2. Indian ports (according to Subramaniam can handle up to 875,000 tons per month using conventional means to the fullest (but only 700,000 during the mid-June to mid-September monsoon). This is well above the 600,000 normal in the recent past. That means a yearly rate of about 10 million tons, or 5.2 million in the 6 dry months ahead. With extraordinary measures, they could probably add only another 80,000 a month.

So without taking any unusual steps ourselves, we alone could move more than the Indians can handle, and would have to reduce our shipments to allow Australia and Canada to get into India any contribution they might make.

CONFIDENTIAL

**SECRET**

37  
*India*  
December 8, 1965

Draft cable To Paris dictated from Mr. Gaud's office.

Subject: Congressional consultation on AID loan to India.

Please pass following message from Secretary Rusk to Congressmen Morgan and Zablocki soonest and ask them keep contents confidential.

Begin message: When aid bill before Congress last fall Secretary Rusk announced that Administration making no new economic aid loans or grants to India or Pakistan and indicated would consult with Congressional leaders before resuming. President now seriously considering \$50 million AID loan to India to finance fertilizer imports and wishes consult you before doing so.

Has become increasingly clear India must give higher priority to agriculture if ever to become self-sufficient. In recent months PL 480 wheat has only been approved on monthly basis pending time we satisfied with direction and intensity Indian efforts. Now two things have occurred: (1) worst monsoon in decades threatens major food crisis and (2) GOI announced December 7 series of new agricultural targets and policies including greater dependence on private including foreign investment for fertilizer and other agricultural inputs. Administration judgment this is realistic beginning toward self-sufficiency.

New program recognizes much greater use fertilizers critical. Fertilizer yields 6-10 times on wheat in increased crop. Indian program is for rapid increase local production fertilizer but several years required for new plants come on stream. Substantial fertilizer imports needed in interim.

President considering AID loan of \$50 million for fertilizer imports

~~SECRET~~

Page 2

provided India allocates at least matching amount for additional fertilizer imports. Fertilizer to be for spring planting. Accordingly must be imported soon.

In addition to conditioning loan on substantial increase Indian self-financed fertilizer imports, intend tie loan closely to overall Indian program for improved agricultural performance.

Expect continue shipping PL 480 wheat at present 500,000 tons monthly level and considering additional shipments to meet threatened crisis.

Would appreciate your comments soonest.

Please cable when this message delivered and advise us of any comments.



~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

*Jacobson Ford*

38  
1

December 8, 1965

FOR JACOBSEN FOR THE PRESIDENT FROM KOMER

India Food Decisions. Following are best quick reactions.

Sending Freeman and perhaps Galbraith to India would be highly useful gesture, which should show US goodwill and make Indians our debtors.

If all interim decisions are held up till then, however, serious timing problem arises. Fertilizer loan must be processed before Christmas if Indians are to purchase in time to affect next rice crop. We must allow lead time to negotiate loan terms; AID wants to attach conditions as a lever to help assure Indians follow through on new Subramaniam program.

On three months of Title I versus two months, former would carry us through February, while two months would put next decision point at end of January just when Shastri arrives. Here too, timing is now critical since last month's allocation is running out and each day's delay means that much stretchout in shipment.

After Jacobsen call I authorized AID to start consulting key available Hill people on fertilizer, saying only that you were QUOTE seriously considering one <sup>lower</sup> CLOSE QUOTE. This was only way to meet tomorrow deadline if you chose to go ahead. McCormack, Mahon, Sparkman, Albert, Dirksen, Ford, and Passman have given their OK. This leaves House Foreign Affairs gap, so AID is going out on same basis to Morgan

~~SECRET~~

~~SECRET~~

- 2 -

and Zablocki in Paris and Mansfield in Hong Kong. Bell says he should have their OKs by noon tomorrow. So Bell, Gaud, and I think that you will have enough consultation by then to announce, if you so choose. We of course gave no indication as to your decision or its timing, so you are not committed. If we got ahead of game, however, I will take the rap.

Fulbright/Hickenlooper are in Tahiti, so hard to get. More is in India. We can wire them if you choose. Freeman may wish to call Cooley and Ellender as well.

In sum, the one thing that really needs doing pronto is at least a month additional wheat to keep the pipeline going. The rest is at your option. Draft announcement I sent down earlier can easily be adjusted to whatever decisions you make.

~~SECRET~~



~~SECRET~~

December 8, 1965

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Has become increasingly clear India must give higher priority to agriculture if ever to become self-sufficient. In recent months PL 480 wheat has only been approved on monthly basis pending time we satisfied with direction and intensity Indian efforts. Now two things have occurred: (1) worst monsoon in decades threatens major food crisis and (2) GOI announced December 7 series of new agricultural targets and policies including greater dependence on private including foreign investment for fertilizer and other agricultural inputs. Administration judgment this is realistic beginning toward self-sufficiency.

New program recognizes much greater use fertilizers critical. Fertilizer yields 6-10 times on wheat in increased crop. Indian program is for rapid increase local production fertilizer but several years required for new plants come on stream. Substantial fertilizer imports needed in interim.

President considering AID loan of \$50 million for fertilizer imports

DECLASSIFIED  
E.O. 13282, Sec. 3.4  
By pc, NARA, Date 3-27-01



~~SECRET~~

Page 2

provided India allocates at least matching amount for additional fertilizer imports. Fertilizer to be for spring planting. Accordingly must be imported soon.

In addition to conditioning loan on substantial increase Indian self-financed fertilizer imports, intend tie loan closely to overall Indian program for improved agricultural performance.

Expect continue shipping PL 480 wheat at present 500,000 tons monthly level and considering additional shipments to meet threatened crisis.

Would appreciate your comments soonest.

Please cable when this message delivered and advise us of any comments.

~~SECRET~~

December 6, 1965  
Monday/6:00 pm

MEMORANDUM FOR THE PRESIDENT

India Food Catastrophe. Freeman's best expert is just back with the considered judgment of the people out there that the food crisis is even more catastrophic than previously estimated. The shortfall will probably run as high as 20 million tons instead of 10-12 million (we're shipping at an annual rate of 6 million). Some famine and starvation seem inevitable, almost despite whatever we do. The whole crisis is now public, with major coverage in the Sunday papers here.

On the longer term front, you've seen Bowles' report (Delhi 1430) that Indian cabinet bought almost all of the Subramaniam/Freeman recommendations. They will be announced Tuesday. India is also allocating \$52 million equivalent to buying fertilizer.

Recommended US Response. We are already past the 4 December deadline if the pipeline is not to be interrupted. The tactics of our response should be to go big enough to seem generously responsive, yet limited enough to retain full bargaining leverage. The sheer magnitude of India's food crisis makes this easy.

A. Make the next allocation 2 or 3 months. The case for a longer period is to reduce panic and hoarding in India by showing that the US will come through. A secondary reason for 3 months is to carry us through Shastri visit, so he won't have to come beg. However, we could stick with 2 months or even one if we went big on amount.

B. 500,000 tons per month would now seem utterly incommensurate with the need (which may be three times higher). With some famine inevitable, should we open ourselves to accusations later that we share the responsibility for having shipped less than Indian capacity to receive? Given all the crisis publicity, our response won't look credible any longer if we keep shipments at 500,000 tons. However, port capacity gives us a ceiling well below the need; thus going to 750,000 tons would show responsiveness, while still making India come to us. Even one month of this would look much better than 2-3 months at 500,000. Bell favors staying

~~SECRET~~

DECLASSIFIED

Authority FRUS 64-68, vol. 25, #256

By jc, NARA, Date 3-29-07

~~SECRET~~

Page 2

at 500,000 Title I but adding on 250,000 Title II disaster relief. We pay the freight on the latter, but it looks better and protects us against Krishna Menon-type allegations that we charged money for food when Indians were starving.

C. \$50 million Fertilizer Loan will save 4 million tons of grain we'd otherwise be pressed to give later, though it alone will not meet the immediate problem in the months before the new crop comes in. Bell feels strongly that we should tie conditions to this loan which will force Subramaniam to carry out his promises.

If Subramaniam comes through publicly, we recommend a reciprocal White House statement (attached) tailored to your decisions above. It should get a good reaction here and abroad, make the Indians your debtors, and usefully remind Ayub we won't play Kashmir politics with food. But it still leaves India's food crisis unsolved (and only we can solve it), so keeps Shastri coming to you.

R. W. Komer

~~SECRET~~



39<sup>a</sup>  
December 6, 1965

WHITE HOUSE STATEMENT

India's critical food needs, as well as its longer-term agricultural problem, are viewed with growing concern by the President, who has followed both closely. He believes that the American people and Congress fully support assisting India to overcome these difficulties in a manner whereby US assistance can be used to maximum effect to complement India's own self-help endeavors.

To help meet the immediate food crisis, the President has authorized another amendment to the existing PL 480 agreement with India which will extend it for \_\_\_\_\_ months, thus continuing /increasing/ the present monthly rate of shipment to \_\_\_\_\_ thousand tons of foodgrains. /In addition, because of the risk of famine and starvation, he has authorized an emergency PL 480 Title II disaster relief program of \_\_\_\_\_ thousand tons per month for the same period./ Finally, he proposes to authorize, subject to consultation with appropriate members of the Congress, an emergency \$50 million program loan for urgent purchase of fertilizer in the US. It is understood that India plans to spend a like sum of its own foreign exchange. This fertilizer should permit increased Indian foodgrain output of three to four million tons in the next crop year.

The President welcomes further discussions with the Indian Government about how US can help meet India's agricultural problems. Secretary Freeman is inviting Food Minister Subramaniam to come to the US shortly for this purpose.

(N. B. This last para. is added so that it doesn't look as though our only response to a catastrophic 20 million ton shortage is just a few months supply. The add-on about continuing talks protects us without committing us. Freeman is amenable to inviting Subramaniam if the President still wants it)

CONFIDENTIAL

McGB:

December 2, 1965

To put the Indian food crisis in perspective, here's the arithmetic. Arthur Goldberg (USUN 2397) obviously hasn't caught up with the facts.

Precise figures still aren't in, but USDA's conservative estimate is that this year's crop will fall at least 12 million tons short of last years record 87 million. This will drop per capita production (181 kilograms 1964-65) to the lowest level (156) since 1951-52 (150 then; average 177-78 from 1953 through 1965).

The Indians now figure their stocks will be running at a level of about 475,000 tons by 1 February. We figure they're now releasing grain from this stock at a rate of about 675,000 tons a month. While they'll obviously have to tighten belts, the point is that their stocks amount to less than a month's normal supply. So we don't have much cushion to play with.

The bottleneck to outside help is port capacity. The Indians now can handle only about 600,000 tons monthly (7.2 million a year). Subramaniam thinks maybe a crash effort could raise that to 800,000 (9.6 million). So the fact is that India just won't be able to make up its 12 million ton shortage.

USDA's staff-level thinking is that we and other outsiders ought to try to get 9-10 million tons in, i. e. as much as the ports can possibly handle. Obviously, to do this will require using full port capacity under a crash effort from now on.

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Authority NSC 4/5/77, HHS 7/10/76  
By jcl/mg, NARA, Date 3-29-04

CONFIDENTIAL



~~SECRET~~

December 2, 1965

*India Econ  
Newsp  
41*

MEMORANDUM FOR BILL MOYERS

Phil Potter got from B. K. Nehru the story of the Freeman/Subramaniam talks in Rome, the "document" they initialled, etc. However, he promised me not to run the story when I convinced him that: (a) for us to reveal Subramaniam's undertakings before he could sell them back home and announce them on 8 December as India's own program might set the whole thing back; and (b) the President was talking with Freeman and to blow Freeman's Rome talks might embarrass them both and also set back everything.

Phil, who deeply feels the Indian food crisis, agreed to hold off. But I do think a caution from you too would help.

R. W. Komer

~~SECRET~~

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By *jc*, NARA, Date *3-29-04*

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Authority FR 564-68, 101, 25, 4256

SECRET By jc, NARA, Date 3-29-04

December 1, 1965

42

*Indira Shastri*

TO THE PRESIDENT FROM BUNDY AND KOMER

We've landed Shastri too. His private secretary has asked Bowles if the first week in February is convenient to you. This is in response to our suggestion that mid-January, as he earlier proposed, was bad for you but that any time after the 20th would be fine.

Shastri has apparently been maneuvered (by Ayub's acceptance) into going to Tashkent at the end of the year. This is an added reason for his eagerness to sign up with you first lest we misunderstand. In fact, however, Tashkent may prove a blessing in disguise. When Ayub hits you on Kashmir, you can say work it out with Shastri at Tashkent. If (remote chance) the Soviets do work out a Kashmir deal, we'll gain as much from it as the Soviets. More likely, the Soviets will find themselves in the same box we've been in.

We suggest you take up Shastri visit with Rusk tomorrow, and decide on a firm date.

On Indian food, it looks as though a combination of the short rein strategy, Freeman's recent prods, and India's own desperate straits have finally made them think big. We like Freeman's strategy, but suspect that you'll want to keep Indians on a short rein tactically till you and Shastri strike the bargain. This is do-able, provided that our monthly interim shipments are big enough to keep India afloat till then. So we'd again argue for a quick monthly OK of as much as Freeman thinks desirable (plus the interim fertilizer loan--which we'd see as shrewd but not essential).



~~SECRET~~

43  
November 30, 1965  
Tuesday/6:00 pm

MEMORANDUM FOR THE PRESIDENT

India Food. Here is my own honest opinion of the likely consequences if we hold up the next monthly shipment till after Ayub's visit. A three week delay will not mean the end of the world. Indian stocks are very low but there would be no immediate starvation; indeed, food we authorize today gets shipped in 30 days and takes 30 or so more days to get there. The Indians could even buy on the open market (though their foreign exchange reserves are scant).

But to break the pattern we've just established and carefully justified would almost certainly bring the following effects:

1. Freeman has now amply documented that poor summer monsoon rains are creating a whale of a food crisis. The shortfall may be as much as 10 million tons from the 86-88 million expected. So as luck would have it, India's short-term needs are going way up, not down. Interruption of the pipeline at this point could easily stimulate fears of a real famine, and anticipatory panic buying, hoarding, and speculation which would further complicate an already grave problem. Also the real bottleneck in meeting the crisis is Indian port facilities, so a delay now would be very hard to make up for later, if you decided to up the level.

2. How could we explain a three week delay? We've made clear that we aren't trying to starve India out, but to force it to face up to its agricultural needs, and that meanwhile we'll keep the pipeline going monthly. A break in this pattern couldn't be hidden, and would revive all the wild charges of political pressure we've worked hard to blanket. The credibility of our stance--and of your backgrounder--would be undermined.

3. The Paks too would misread the signal, and just before Ayub comes here. Our aid director stupidly told Shoaib we had taken the Indians by the throat on food, and this line was promptly put out to the Sun man in Karachi. I doubt that the Paks could resist crowing, which would infuriate the Indians more.

- - - - -

I'm not crying wolf. On the contrary, I'm convinced that your short rein policy is bringing both Paks and Indians around to right where you want them. Even the State experts are beginning to hoist this aboard. But I

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E.O. 13526, Sec. 3.5

NLJ / RAC 12-251

NARA, Date 02-19-2014

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By 448



~~SECRET~~

Page 2

must say in honesty that a food hold-up now would set us back just when we've got Paks and Indians talking our tune. Subramaniam has just told Freeman all the things we want to hear. If our answer is to clamp down harder instead of stepping up to meet a major crisis, we risk torpedoing a most promising enterprise.

In fact, India's food crisis now looks so big ("worst in 50 years") that I'd argue it would best serve your policy to up this month's allotment to at least 600,000 tons and throw in \$50 million for fertilizer to assure 3-4 million tons additional output which I'll otherwise bet my bottom dollar we end up shipping. To do this now, before Ayub comes, would make Shastri your debtor without compromising what now is truly massive leverage, and make Ayub more malleable by showing him we won't use the spectre of starvation to get him Kashmir. I feel this one in my bones.

R. W. Komer

RWK note: Shastri will still have to write you and appeal for more food, but a gesture like the above will make it possible for him to do so without crawling.

You're wrong but I'll do it \_\_\_\_\_

Same 500,000 as before \_\_\_\_\_

Hold off \_\_\_\_\_

~~SECRET~~

~~CONFIDENTIAL~~

44  
November 27, 1965

McGB:

Here's AID's informal picture of conditions we might levy in connection with a longer Indian PL 480 agreement. We've pressed for quantification to raise Indian targets. AID resists anything but a made-in-India program because it doesn't know enough. Here's the result of this creative tension:

1. India must increase fertilizer availability at least 20% yearly 1966-70 by increasing production and importing remaining needs. Our target is application of 4.6 million tons of nutrient yearly by 1971; the current Indian goal is only 3.35 million. AID spells out needed improvements from facilitating private foreign investment to beefing up fertilizer distribution and credit systems.

2. India must adopt a new concept of irrigation. Instead of planning irrigation only for drought relief, India must begin using irrigation and drainage for sustained high yield. Our requirements here can only be (a) that India make a good study of the relative merits of these two systems and (b) that we'll refuse to finance any new irrigation project where the new concept hasn't at least been considered.

3. In the remaining areas, AID would simply press for increased activity: plant protection against pest, weeds, rodents, disease; seed improvement; agricultural extension and research; agrarian reform. Had we negotiated back in June, we would have included building up buffer stocks and beefing up the rural works program. However, the coming food crisis and lack of Indian groundwork make these unrealistic now.

To enforce these, we'd gear quantities to performance and might require them to buy under Title IV amounts by which they miss targets.

Although there aren't as many numbers here as we'd like, this is better than it looks because fertilizer is where the quick payoff is. A good start there would be a good year's work. Then we can move to hone other conditions for next year.

Attach. Memo to RWK from Macomber 11/22/65  
subj. Major Policies Relating to Indian  
Agriculture

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-07



~~SECRET~~

45  
November 27, 1965  
Saturday 1:00 pm

MEMORANDUM FOR THE PRESIDENT

Attached is Rusk's request for another monthly 500,000 tons of food for India and 175,000 tons for Pakistan. Freeman's cables to you confirm that a new Indian food crisis is upon us. As a result, there will be pressure for a sharp increase in monthly shipments, perhaps from 500,000 to 700,000 tons. In fact, after Rusk's memo was drafted, we got an official Indian request for 650,000 tons (including 100,000 tons of milo) next month.

We're looking into this, but suggest going ahead on the old basis now and awaiting Freeman's recommendation on anything further. The reason for moving fast is that we've actually been taking five weeks to make each four week allocation, which means that we're really shipping at a slower rate when the problem is growing.

Freeman seems to have gotten quite an impressive set of commitments from Subramaniam (though without any reciprocal commitments on our part). Thus we're making progress on the long-term problem, though we still have the short-term food crisis to sort out. Freeman clearly wants to come to the ranch to report. Would you prefer to have us ask him to give his recommendations in writing first?

Approve India/Pak allotment \_\_\_\_\_

Ask Freeman to report in writing \_\_\_\_\_

I'll handle Freeman \_\_\_\_\_

R. W. Komer

mcg B.

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Authority EROS 64-68, vol. 25, #254

By jc NARA, Date 3-29-04

~~SECRET~~



SECRET

Mac -

November 20, 1965

Indian Food Crisis. My session with Freeman and Interagency Task Force yesterday confirms that we probably face a whale of a mess. India's short term need for remaining seven months of FY 66 may rise from 500,000 tons per month to 900,000. The big bottleneck is, not the wheat itself, but whether Indian ports and distribution facilities can handle the load. All are hard at work on every facet; my hunch is that Freeman will bring back a dire plea from Subramaniam.

If we must go big (say 9-10 million tons instead of 6 million in FY 66), why not press Canada to share the load? Can Pearson resist the point that Canadians are selling millions of tons to Red China for hard currency, while we give it free to democratic India? Incidentally, note how Chicoms needed about 6 million tons of wheat imports for 1965, practically as large as India's requirement. (At least Indians are no worse than Communists in Agriculture.)

Am getting ducks in row for possible high level pitch to Canada, maybe Australia too. Both have sent gift wheat to India before. Asking them to help us meet a new crisis is good foreign policy and good domestic politics, and last but not least would please LBJ.

SECRET

RWK

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Authority NWJ 88-143 (#88)

By plisp NARA. Date 3-29-04

~~CONFIDENTIAL~~

November 18, 1965

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RWK:

Farr says he'll get to us by the weekend an Indian food recommendation for another 500,000 tons. Frankly, since he hasn't yet cleared USDA or State with it, I wonder whether he isn't promising more than the bureaucracy will turn out. But I've asked Carol Laise to speed it out of State. I'll call again in the morning.

While the amount is the same as last month's, Farr hopes to increase it in effect by getting the agreement out sooner, thereby shortening the period it has to cover. He'd also propose going for the next one in three weeks. This is one way of beginning to build against the expected crisis.

HHS

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jk, NARA, Date 3-29-07

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November 13, 1965

MEMO FOR BILL MOYERS

Chalk up one more on India food.

I hope the President is aware that while John Schnittker writes him memos deploring India's food performance (for which Agriculture itself bears a lot of the blame in not using PL 480), I have already long since been busy ~~handling~~ the same case in the public prints (with the President's OK).

By the way, it looks as though India is heading into a major food crisis because of very poor rains this year. This would create added complications for us.

R. W. Komer

*India Econ*  
*X news*

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By je, NARA, Date 3-29-04



SECRET

Mac -

November 11, 1965

To add to our problems we may have a major Indian food crisis on our hands. Poor rains are apparently resulting in a very bad fall/winter crop. Last year's record production of 88 million tons was estimated earlier to be only 85 this year; new estimates are that it might be even less. Freeman's man, Brown, now in Delhi, has sent in Delhi 1244 attached, estimating that 10-15 million tons more grain imports from all sources may be needed to sustain India's millions to the next harvest. (I believe this figure includes our present shipments which if continued at present rate would make up six million tons of this).

The Baltimore Sun has been running a good series. Latest article attached.

Am running this down and will be ready shortly to advise a course.

RWK

Att: New Delhi 1244, 11/10

The Baltimore Sun, 11/9/65, article  
entitled "India's Food Output Lags" by James S. Keat

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Authority FRS 67-68, v.1, 25, #245

By jc, NARA, Date 3-29-01

INCOMING TELEGRAM *Department of State*

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Action

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Control:

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Rec'd:

NOVEMBER 10, 1965

8:23 PM

AGR

Info

FROM: NEW DELHI

SS

ACTION: SECSTATE PRIORITY 1244

SP

NEA

DATE: NOVEMBER 10

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USIA

NSC

FOR SEC FREEMAN/SCHNITTKER FROM BROWN

INR

CIA

NSA

AID

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E

COM

FFP

AFTER WEEK STUDY HAVE CONCLUDED CROP WILL BE MUCH LESS THAN OFFICIALLY ADMITTED. BELIEVE POOR CROP WILL RESULT IN MAJOR FOOD CRISIS. PERHAPS MOST SERIOUS IN RECENT HISTORY.

CROP SHORTFALLS NOT LOCALIZED. POOR MONSOON NATIONWIDE AFFECTING NEARLY EVERY STATE. PRIVATE CONVERSATIONS WITH FOOD SECRETARY DIAS LAST EVENING CONFIRMS GRAVITY OF SITUATION.

RSR

IN LIGHT ABOVE FAST DEVELOPING SITUATION SUGGEST EVALUATE OUR POSITION CONSIDERING STOCK LEVELS, POSSIBLE USE GRAIN SORGHUMS SUPPLEMENT WHEAT AND MERIT USING INDIAN PORTS FULLY CAPACITY TO GET MUCH FOOD AS POSSIBLE IN COUNTRY NOW BEFORE CRISIS REACHES ITS WORST.

ESTIMATE 10-15 MILLION TNSB\* MORE GRAIN IMPORTS FROM ALL SOURCES MAY BE NEEDED TO SUSTAIN INDIA'S 480 MILLION UNTIL NEXT MAJOR HARVEST.

(#) WHO LEFT THIS MORNING FOR STATES KNOWS DETAILS. COUNTRY TEAM PREPARING SEPARATE MESSAGE ON FOOD SITUATION.

BOWLES

RMA

\*AS RECEIVED, CORRECTION TO FOLLOW.

(#) OMISSION, CORRECTION TO FOLLOW.

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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By *[signature]* NARA, Date *3-29-01*~~CONFIDENTIAL~~REPRODUCTION FROM THIS COPY IS  
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India  
9

November 9, 1965

### INDIA'S FOOD PROBLEM

I. The key point about India's agricultural performance is not that it's been a flop (3 to 3.5% annual growth over the last 15 years is respectable for a country with India's appalling problems); it is that output has fallen far short of needs--even as measured by the Indian government's own goals. Production only hit 46% of Third Plan targets (increased from 78 to 87 million tons against a target of 100 million).

1. Such increases would have been barely good enough to keep up with population growth if consumption rates had stood still. Population increased 2.3% yearly (2.6% projected for next 5 years--65 million more people).

2. But demand has also increased. The Indian diet is substandard--15% below normally accepted calorie levels (2060 against 2400). Its qualitative shortcomings are even greater, (US diets, where the bulk of grain supply is converted into meat, milk and eggs, require about 1,000 kilograms of grain per person yearly; Indians last year had about 194.) So as Indian incomes rise, Indians buy more food. The increase in income over the past 5 years has increased demand for foodgrains about 1% per year.

3. So production over the past 5 years has not kept up with the combination of rising population and increasing demand. Total foodgrain production stood at the same level 1960 to 1964 (80.9 million tons 1960/61, 79.4 million 1963/64). Per capita production actually fell (183 kilograms yearly 1960-61 to 169.7 in 1963/64). Even the record crop of 1964/65 (87 million tons) netted out at less per capita (181.4 kilograms) than the then record high 1960/61 crop (183). Over a longer period the record is no better. Average per capita production 1960-65 (177 kilograms yearly) was no higher than the 1953-60 average (178).

4. Indian performance has suffered partly because India's Five Year Plans emphasized industry at the expense of agriculture. This is an old story in less developed countries.

5. As performance fell short, the government leaned on PL 480 as a crutch. It never performed on its agreement as part of 1960's Four-Year PL 480 agreement to speed agricultural development. As a result the US had to sharply increase PL 480 exports, which have doubled from 3 to 6 million tons over the past 5 years. India now takes 1/5 of the US wheat crop (US consumes 2/5)--8% of its total consumption.



But even with the record crop in 1964/65 and the highest imports ever, no more food was available per capita in 1964/65 (194.5 kilograms) than in 1960/61 (195.2). With demand greater because of rising incomes, food prices have gone up. The effect is to make foodgrains less available in lower income groups, thereby increasing malnutrition.

II. The Future. On the basis of current performance trends, India by 1970/71 will be producing only 97-99 million tons against estimated demand for at least 113 million tons (Indian target is 122). That would leave a gap of at least 16 million tons for imports to fill--an amount almost half the US wheat crop by 1970/71. By 1976 demand would equal our whole crop. That creates a starkly rising demand for PL 480, just when the US wheat surplus is declining. So something must give.

Since most of India's arable land is now in production (net increase will be only about 1.5% over next 5 years), future production improvement will only be possible by increasing output per acre. This means greater use of fertilizer, pesticides and improved seeds and irrigation. (In pounds of all fertilizers applied per acre, India compares poorly with leading producers and worldwide averages--246 in Japan, 36 in US, 10 in USSR, 18.6 worldwide, 2.6 in India.) For instance, estimates are that India will need 2.5 million tons of nitrogen fertilizer by 1970/71 to meet production targets--9 times what it now produces. At the present rate of increase, India will be producing only 1 million tons. The gap in the equivalent of unproduced food would cost about \$1 billion to fill (compared with India's total export earnings of \$1.5 billion in recent years).

The picture is not completely black. It's fairer not to say that India has done poorly but to say it has not done as well as it could have. Moreover, Indian planners now recognize the problem and have begun to tackle it. Food Minister Subramaniam is top-notch (though competition from other ministries makes his job harder), and it's encouraging that Shastri has now thrown his weight publicly behind the goal of agricultural self-sufficiency.

However, we need to raise Indian sights. The Fourth Plan gives agriculture higher priority than the Third, but even proposed improvements fall short of what is needed. For instance:

1. Fertilizer requirements have been underestimated. The Indians are shooting for 3.4 million tons of total nutrient. A more realistic estimate is about 4.5 million tons. The only way to increase production on this scale is to encourage private foreign investment; yet a recent deal with a major American consortium fell through because of haggling over profits. Since India will take some time to begin producing what it needs, it will have to increase imports for the time being.

Page Three

2. In general, they must adopt measures which will make possible a 5% rate of increase--improved credit, price policy, pesticides, seeds and irrigation. They have launched programs in all of these fields but must move faster.

3. To complement increased food production, the Indians must launch a massive family planning program. What they have done so far won't make a dent.

Conclusion: India can achieve the ability to feed itself at a very modest level within 10 years, but only if it really throws itself into a top-priority agricultural effort. The US government appears to be insisting on such a program as a necessary complement to future PL 480 agreements.



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*India E and X India*  
November 3, 1965 *51*

MEMORANDUM FOR AMBASSADOR HARE  
MR. MACOMBER

When John Lewis was last here I gave him the works on our dissatisfaction with India's agricultural performance. He fully agreed with our strategy of making any further longer term PL 480 deals contingent on much greater Indian performance in this field, but pointed out the inconsistency between focussing on fertilizer as the key to this better performance yet not helping India get enough fertilizer for the purpose.

As a follow-up to this conversation, John has now sent me the attached informal message, with the concurrence of the Ambassador, and suggested that I take it up with you. I am tentatively persuaded that this is a sufficiently important option to warrant putting it up to the President, which would be necessary.

John's proposal would be an exception to the present freeze on new economic aid. This leads me to wonder whether there is some other way in which we could get the Indians to free up the \$98.6 million foreign exchange they had previously allocated to fertilizer. Could we, for example, promise to release the \$50 million aid which John hopes for by 1 January, if the Indians went ahead now with their \$98.6 million program? How soon, for example, must this fertilizer be purchased for use on the next kharif crop?

Since the Schnittker memo, etc. have made the President fully aware that fertilizer is the key to jacking up India's food out-put, I think he might be receptive to some proposal particularly if we could work it out in a way which did not violate the existing ground rules. What say?

R. W. Komer

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By *jk*, NARA, Date *3-29-01*

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By pc/r NARA, Date 3-29-07

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Message from John Lewis to R. W. Komer 11/3/65

First week back leaves me still much concerned both about continued pause-induced momentum toward more and tighter controls and about deepening short-run bite into industrial, especially private, production. However am fairly hopeful adverse political fall-out in parliament session beginning Wednesday can be minimized if Washington beside publically reiterating intention maintain PL 480 flow decides quickly give GOI feasible assurances (a) object of pause not to force particular Kashmir settlement and (b) no early resumption military assistance to Pakistan (see reference).

Therefore am most concerned of all right now about fertilizer. Clear present prospect is pause will eliminate at least half country's total fertilizer availability next kharif season if not beyond costing perhaps 2 million tons foodgrains production or one-third present annual rate PL 480 imports. Situation makes new post-emergency crash grow-more-food campaign an exercise in semi-futility. Hamlet without Hamlet. And makes our PL 480 related pressure on agricultural production effort look schizophrenic if not cynical to Indians.

Realize issue of quick loan specifically for fertilizer may seem closed for moment. However, have new scheme that would complement our hard-headed policy on PL 480 duration and lever GOI into allocating more of its scant foreign exchange to fertilizer than currently intending.

To wit:

Prior hostilities MinFin had allotted RS. 46 crores or \$98.6 million foreign exchange for about 350,000 T. (nitrogen equivalent) imports this FY that with domestic production would give total supply 650,000-700,000 T or slightly more than last year. Of this \$63 million (cost of some 230,000 T. or about two-thirds all imports) was assigned our projected FY 66 non-project loans.

Have just learned from Bhoothalingam that while they have restarted limited import licensing with other credits as we felt they should begin doing if outlook our lending remained uncertain they see no possibility reallocating any other foreign exchange pie (sic) up some of fertilizer earmarked for our missing nonproject. Despite my expression concern at this news Bhoothalingam adamant that no room for maneuver citing for example needs provide necessary supplies for jute exporters, import entitlements for exporters, and purchases American cotton to satisfy our PL 480 normal marketing requirements. We hope get detailed spelling out this case this week. Meanwhile Bhoothalingam acknowledged consortium



in future appraisal intensity agricultural program likely to take dim view of present GOI failure to reallocate in favor of fertilizer but glumly reiterated no alternative.

Prospect therefore two-thirds planned fertilizer imports will be delayed at least long enough to miss kharif season for which largely intended and that therefore on rather well established ten-to-one marginal pay-off of tons of food for tons of fertilizer India's PL 480 needs next year will be some 2 million tons higher than otherwise.

Proposal: Offer GOI immediate \$50 million fertilizer on condition it purchase quickly as possible full \$96.6 million worth previously projected. Would force them in addition to \$35.6 million already budgeted squeeze extra \$13 million (i.e. difference between \$63 million hoped for from US and \$50 million herein proposed) out of own free foreign exchange or other credits. Under circumstances this fair-sized money here but despite foregoing MinFin protestations am confident bait suggested would persuade them dig it up.

Comment: (1) Suggestion consistent with continued short tether PL 480. Rationale of latter expresses skepticism about adequacy Indian agricultural production effort, to which fertilizer loan would contribute (and force GOI to step up own contribution) in sure-fire manner that would forestall need next year for American wheat worth 2 or 3 times value this proposed loan. (2) have considered some kind parallel conditioning on successful completion negotiations with foreign private investors in fertilizer factories but conclude impractical, especially within time frame. But authorization of loan could occasion strong generalized representations in this regard (3) Package of short-tether PL 480 plus this specific support for next year's food would thoroughly establish credibility our reason for short tether and have salutary effect both on new Lok Sabha session and Shastri attitude toward and during coming visit.

CONFIDENTIAL

November 2, 1965

## MEMORANDUM FOR RECORD

After the President's query about Selig Harrison's piece on "quarterly" PL 480 allocations to India, I took the occasion to fill in Phil Foisie (Foreign Editor of the Post) on several Harrison inaccuracies.

*India Econ  
x news*

Without of course mentioning higher authority, I told Phil that Harrison was apparently a victim of Pak and Indian propaganda; if he'd keep it to himself I'd cite three examples. He agreed, so I mentioned (1) Harrison's 1 November statement that we had "cut off" economic aid; (2) his statement about "quarterly PL 480 allocations;" and (3) his piece two weeks earlier that the US had kept Pakistan to a 30-day ammo level." All three were incorrect. Phil asked if he might tell Harrison, and I agreed.

R. W. Komer

## Distribution

Bill Moyers  
McG. Bundy

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Authority ML 88-143 (#104)  
By jet/ipp NARA, Date 3-29-04



~~CONFIDENTIAL~~

McGB:

November 1, 1965

*Indira* *53* *file*

Schnittker's memo to the President on Indian food is generally accurate but says little more than RWK and AID have agreed for some time. We've told Macomber's people they'd better be ready with some good tough conditions for Indian performance to be worked out with any longer term PL 480 agreement, and John Lewis spelled these out last summer. The one place where Schnittker is a bit off-base is in under-rating India's overall economic performance under the Third Plan (p. 5).

The unfortunate aspects of this memo are its tone, its timing and its addressee. I don't think anyone needed to make the President any more tough-minded on India right now, especially when we're already moving the bureaucracy toward a tough stance. While John Lewis is trying to balance the picture by saying we should look at what India's achievements are as well as its missed targets, this memo is wholly negative. There's no question India's agricultural performance has been as bad as Schnittker says, but that just isn't the whole story. We've been planning for a year now to work through the consortium in using the Fourth Plan as a vehicle for improving Indian performance across the board. Schnittker's approach to the President may put the President's weight behind that effort, or it may just further blacken his already tarnished picture of Indian performance and disrupt any coherent review of the Plan.

HHS

Att: Memo for the President from John A. Schnittker,  
Under Secretary of Agriculture, 10/23/65 (cy)

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Authority *NSA 4/5/77; State Ltr. 7/10/76*  
By *jc/rny* NARA, Date *3-29-09*

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~~SECRET~~

54  
October 26, 1965

Mac -

Subject: Food

1. Indian PL 480 extensions are not for a specified period but for a specified amount, in the latest instance 500,000 tons. This is about a 30-day supply. This is also why we don't have an expiration date.

2. Timing. From 23 September White House go-ahead, it took five days to get amended agreement signed in Delhi. Then Agriculture issued PAs on 30 September to the Indian Trade Mission. A seven day waiting period was required before purchases were made under the PAs (in order to allow multiple US bidding). But this wasn't all dead time, because the Indians were arranging shipping. All told, it took about 30 days from date of PAs for the Mission to make contracts with US suppliers, charter ships, get the ships loaded and begin to leave US ports. The first ships will leave next week, and Agriculture says that essentially all the 500,000 tons will be booked for November lifting. Thus it is actually taking about six weeks this time from White House go-ahead to first ship leaving port, and over ten weeks before the last one leaves. Then we must add 4-6 weeks for the ships to reach Indian ports (Calcutta is farther than Bombay).

My recommendation to you was based on AID/Agriculture's estimate that it took an absolute minimum of 30 days (instead of the six weeks it actually took last time) to get ships moving. With a prompt OK, Agriculture says it can get PAs issued by 30 October, and perhaps save a week on shipping if the Indians are lucky in chartering ships.

3. Shipping. This is the biggest variable. Normally for PL 480 cargos the Indians lay on ship charters around three months in advance. They did not lay on charters before the 23 September go-ahead because they didn't know whether they'd be getting anything. When they did start laying on ships it took time, which is why deliveries on the latest 500,000 tons will be stretched out through December and early January. Shipping is a fitful thing--ships may be easier to charter in Dec-Jan than in Oct-Nov. or vice-versa.

4. The Current Problem. India's central food stocks will drop from 500,000 tons on 1 August to about 315,000 tons (two weeks supply) by 1 January, even with the 500,000 tons now flowing. We cannot change this even if we go

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Authority NLS 00-256 (#108)

By xlcb, NARA, Date 3-29-04



~~SECRET~~

Page Two

ahead today on the next 500,000 tons, because by the above calculations it will take at least till 1 January and probably longer to get another 500,000 tons starting to land in Indian ports. There will also probably be some interruption in pipeline flow in January, even though this might not be apparent or last long if we get the next 500,000 ton tranche moving now. The length of the hiatus will depend on shipping (which India must now pay for in dollars so it isn't eager to run up special charges).

5. Conclusions. Macomber gave me a bum steer in saying that shipment of the 500,000 tons was actually stretching out so that wheat would still be flowing into early January. This is technically correct but in fact a misnomer since the Indians will be getting less wheat over a longer period (because of the delays).

As you can see, mechanical precision is not possible on this matter. But we've been giving you and the President the toughest minimum deadline (which was not reached in practice last time). Our best estimate is that there will be a brief hiatus in shipments and some further drawdown of Indian central stocks even if we start moving today.

Of course we've never argued that people would begin starving the moment the pipeline is interrupted. The immediate problem is hoarding and speculation (and political reactions), once word of a gap gets out. Since the GOI uses its stocks to keep prices stable, a further drawdown would bring it perilously close to real trouble.

R. W. Komer

~~SECRET~~



~~SECRET~~

55  
October 26, 1965

RWK:

1. Indian wheat stocks. Discrepancy resolved. USDA says Indian wheat stocks held by state and central governments in mid-September were 1.3 million tons and are expected still to be at that level at the end of November. Figuring monthly offtake of 450-500,000 tons, that's 2-3 month supply. The figure Farr gave you represents Federal government stocks only. This is probably a fairer figure to use vis-a-vis our PL 480 shipments, since we're replenishing only central government stocks. However, it's misleading if we represent that as all the food available to meet Indian shortages. So we don't want to overplay the low figure lest we seem to be "crying wolf."

2. Indian approaches on food. Indians have stopped going to USDA working level because they know delays aren't technical, but both Bothalingham and S. K. Patil both hit Freeman. Bothalingham also hit Mann and Gaud. Patil hit Rusk and the Vice President. So there's been no dearth of high-level asking. Middle level demarches include Kaul-Guhan to Handley and Farr. Working-level contacts with AID mention the problem almost daily.

HMS

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

~~SECRET~~

October 26, 1965

Mac -

Indian approaches on food. There have been plenty. S. K. Patil hit the Vice President and Rusk. He also hit Freeman the other day, as Finance Secretary Boothalingham had done previously. Boothalingham also hit Mann and Gaud. So there's been no dearth of high-level asking. In Delhi we've had approaches from Food Minister Subramaniam.

There have been numerous middle level demarches from the Indian Embassy to State and AID. AID working level contacts mention the problem almost daily. Agriculture was hit last Friday.

RWK

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Authority NSA 88-145 (#109)  
By pelisp NARA. Date 3-29-01



CONFIDENTIAL

RWK:

October 21, 1965

You can paint a damning picture of past Indian agricultural performance with these facts:

1. Agriculture growth rate over first 3 plans has only run a little over 3%, while 5% or better is both feasible and necessary.
2. Average per capita foodgrain production over the last 10 years has virtually stood still (actually fell off a little, 183 kilograms per year average mid-1950's; 179, 1960-65). Only increased imports have met rising demand (4.5 to 10). Because food prices have risen (almost 50%) as a result, incidence of malnutrition has risen among low-income groups.
3. India achieved only 36% of its planned increase in output of foodgrains under the Third Plan.
4. Even if the upward trend in foodgrain production (in absolute totals) continues, foodgrain output by the end of the Fourth Plan would fall short of projected demand by 20%. So past performance does not set an adequate pace for the future.

Here's the outline of a conversational gambit in the form of a US bargaining position on future requirements for Indian performance:

1. Fertilizer consumption. Adopt Fourth Plan consumption target of 4.7 million tons of nutrient. (Fourth Plan draft set 3.35 million tons; Lewis thinks they ought to increase 40%.)

a. Fertilizer production by end of 1966/67 should be 495,000 tons over what is now planned.

b. Fertilizer imports by end of 1966/67 must make up the difference between production and consumption targets (this would be about 400,000 tons if production increases are met).

2. Buffer stocks. Build stocks to 2.5 million tons by mid CY 1967. (This in connection with high minimum price supports--which GOI must stick to--is crucial to providing stable incentive prices to encourage production. This should be our objective for the next couple of years; once this policy line is established, we should increasingly use PL 480 increasingly to support rural public works.)

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~~CONFIDENTIAL~~

- 2 -

3. Rural public works. Spend at least Rs. 250 crores (\$525 million) under Fourth Plan with urgent action to get program going. (Indians cut back to Rs. 50 crores an earlier tentative proposal for Rs. 250 crores; they should restore the cut.)

4. Crash program in multiplication and distribution of improved seed. (Lewis says impossible to quantify but signs of action easy to see.)

5. Increase currently planned investment in plant protection (past, weed, disease, rodent controls). (To do this would require improved administrative machinery and increased private enterprise participation. AID has not worked in this field enough to quantify its proposals.)

6. Irrigation and water management. GOI required to establish a high-level study of irrigation techniques. (We want to force them to recognize that drought relief irrigation may be less important in many cases than careful management of irrigation and drainage for sustained high yield.)

7. Agrarian reform. Changes in land tenure are essential (but we can only keep mentioning this since it's impossible to quantify as a condition).

I feel duty-bound to point out that, while this might be OK as a conversational gambit with BK to make a point, no one else in town would buy this kind of deal because:

1. These figures were valid last July but no one here knows what adjustments would be reasonable after our six-month commodity aid standstill. I've simply added six months to deadlines for compliance.

2. John Lewis would not make all of these explicit conditions of a PL-480 agreement. Even when we do, AID generally points out that such things as fertilizer imports are so tied up with non-project aid that we can't just talk PL 480 alone.

3. Lewis and AID admit we are competent to lay down specific conditions in only two of these areas (fertilizer and irrigation). For the rest, they think we have to confine ourselves to requiring "substantial and conspicuous improvement in agricultural policy."

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

- 3 -

4. We don't know what conditions we'd apply until we decide how long an agreement we're talking about. Anything less than 12-18 months is too short to expect this kind of Indian achievement, and even 12 months is unreasonably short.

So to get anything sounder than I've given you, we'd have to tell AID to thrash out negotiating instructions for a 12 or 18-month agreement. Short of that, I think this represents a far-out but credible conversational gambit.

cc: Walter G. Fark 10/28/65.  
per mure

HHS

~~CONFIDENTIAL~~

58/ *file*  
*Indea Emp*

~~CONFIDENTIAL~~

RWK:

October 20, 1965

The best way to outline reasonable conditions for a normal Indian PL 480 agreement is to describe what we had in mind last June. We'd have to lower the targets now because the war and our aid freeze have forced the GOI to reallocate its scant foreign exchange, so it might not be able to meet requirements that seemed reasonable in June. No one in Washington has enough dope to make an intelligent downward revision; we'd have to ask the embassy. But this gives a good idea of continuing problem areas:

1. Highest priority for food production in Fourth Plan. We want some general commitment that big defense spending won't push food down the priority scale with us continuing to fill the gap.
2. Increased fertilizer production and imports are essential if India is going to come close to meeting its own food requirements. Critics of our PL 480 policy say the Indians have fallen woefully short of their own Third Plan targets because US food let them relax. USDA says available plant nutrients must increase five times (from 900,000 MT in 1964-65 to 4.5 million MT) by 1970-71 if India is to meet food targets.
  - a. Nitrogen production. USDA recommended in June that we require the GOI within 6 months to start building plants capable of producing 400,000 MT. USDA's idea was to add similar additional requirements to later agreements. State/AID didn't want to be that precise and thought we should simply ask GOI to encourage foreign private investment in fertilizer plants. But obviously we have to get some movement here.
  - b. Nitrogen imports. Since it takes 5 years or more to get nitrogen plants producing USDA and State wanted GOI during US FY66 to import at least 350,000 MT. (This would have required foreign exchange that may now have been diverted to purchases our aid would have covered.) We would also have required GOI to make this available to farmers at prices that would encourage use. That would probably have necessitated improving the fertilizer distribution system.
3. Incentive price program should expand to encourage production by assuring that prices stay at profitable levels. This is a new program, and we want to maintain momentum.

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E.O. 13292, Sec. 3.4

NSC Memo, 1/30/95, State Guidelines

By *je*, NARA, Date *3-29-04*

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

- 2 -

4. Buffer stocks. To provide reserves needed in emergencies and to quell inflation, we had planned to require GOI to increase its wheat and rice stocks to at least 2.5 million tons by 30 June 1966. This year's crop isn't very good, and the flow of food imports has been uncertain. So we'd have to take another look at the figure, but GOI agrees the goal is important.

5. Zonal controls and rationing. Subramaniam admits controls that keep food from moving in response to demand distort prices and create unnecessary local shortages. He would cut--and we should urge him--these and gradually remove emergency rationing when supplies permitted.

6. Generally we would encourage work to improve credit for agricultural producers, seed, extension work, etc.

In June, AID/State/USDA decided to include in the agreement only requirements on high priority for food production, buffer stocks, incentive price program and nitrogen imports. They planned to push the other requirements in discussions but not to write them in.

When India gets back to more-or-less normal economic life, it will still make sense to talk about these conditions with revised figures. However, State (Sober) doubts we'll get much until we resume commodity aid because the GOI now has to divide foreign exchange between food and imports to keep factories going, so it can't do much but subsist.

HHS

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~~CONFIDENTIAL~~

59  
October 20, 1965

MEMORANDUM FOR RECORD

Phil Potter called today, saying he was going to write an article on India food. He wanted to clear up the situation with respect to new PL 480 agreements and why we seemed to be holding off so on food.

I gave him on deep background the Presidentially-approved story about how the basic reason for holding up a new long-term agreement was our dissatisfaction with India's own agricultural effort. The Indians were using PL 480 as a crutch instead of facing up to their own problems, and would have to be prepared for a major self-help effort before we could move on any longer term basis again. Meanwhile, we were making sure nobody starved. I included encouraging noises about the way the Indians themselves seemed to be facing up to this problem; once they had worked out their own fourth Five Year Plan there might be a basis for an understanding. I told Potter that if he wanted further details he should call Macomber (he did).

Potter found the story convincing, and said that he was quite surprised that we had not gotten it out before in order to short-circuit the Indian allegations that we were using food as pressure to make India disgorge Kashmir. I reminded him how that the issue had long antedated the Pak/Indian war, but that we had hoped to work out a quiet bargain with the Indians instead of offending them by having a public spat. This was why we had not given it a great deal of public treatment. He commented that the only sensible article he had seen on the subject was Warren Unna's on 8 October (also a Komer enterprise).

R. W. Komer

Distribution

Bill Moyers  
McG. Bundy

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By *jc/jm*, NARA, Date *3-29-04*

~~CONFIDENTIAL~~



CONFIDENTIAL

October 18, 1965

Mac -

I'm pushing State to send over a Rusk memo on food for India, so we won't have to carry the brunt again. It should be over in two days.

But attached is for in case you see a target of opportunity. Note that decision needs to be made by next weekend if pipeline is to be kept up.

RWK

Attach. RWK Memo to President 10/18/65  
India PL 480 decision

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc/w, NARA, Date 3-29-01

CONFIDENTIAL

60a  
October 18, 1965  
Monday/6:00 pm

MEMORANDUM FOR THE PRESIDENT

Another India PL 480 decision is on top of us. We agreed to one more month's supply (500,000 tons of wheat) on 23 September, just in time to keep the pipeline flowing. So if we want to keep food moving, we'll have to agree on another extension by 25 October.

We have more time on the Paks, though it would make sense to act in parallel. The 175,000 tons of wheat we released on 23 September under the old agreement was about 6 weeks' supply. There's still another 175,000 tons to go before that agreement runs out, so we can turn this loose.

Bowles now has religion. He recommends (New Delhi 974) only a two month agreement with India this time. He feels this will keep them on short tether, while blunting the growing impression that we're playing politics with food (we're making some progress in countering this theme by our story that we won't sign a big new agreement until India sorts out its own agricultural policy).

AID/State would prefer a six-month agreement to take us to the end of FY 1966. But they'd gladly settle for two months. We here would argue too for a two month rather than one month extension, simply because extending only a month at a time is so hard to mouth that it's hard to avoid loud cries of political pressure. Nor would a bi-monthly rather than monthly extension deprive us of leverage. An added reason for two months would be to straddle any Shastri and Ayub visits here, so they can't say their people are about to starve and you won't be under pressure to give a new extension during the visits. We would thus still reserve till later any major food decisions.

R. W. Komer

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

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

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Authority NLS 00-256 (1/18a)

By fc/cb NARA. Date 3-29-04

CONFIDENTIAL



61

~~CONFIDENTIAL/SENSITIVE~~

October 6, 1965

*India Encl*

MEMORANDUM FOR: BILL MOYERS  
JIM GREENFIELD  
BILL GAUD  
RAY HARE  
BILL MACOMBER  
DOROTHY JACOBSEN

The White House is quite concerned over the growing allegations by the Indian Government and in the Indian press, which are beginning to be reflected in the US press, that the US is using PL 480 food as an instrument of pressure for a Kashmir settlement. This is not correct, so to the extent that such allegations come to your attention, we propose countering them by backgrounding along the attached lines. If the heat increases, we should take positive action to get this story out.

R. W. Komer

~~CONFIDENTIAL/SENSITIVE~~

RWK handwritten notes on individual copies:

Bill Moyers:

Bill, The President OKed this, so if you approve I'll try it out on a trusted WH-oriented reporter like Phil Potter.

Jim Greenfield:

Jim, any ideas on how to get out this story? The President wants it.

Bill Gaud;

Try this on Boothalingham.

Bill Macomber:

Done.

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By ja, NARA, Date 3-29-04

61a

## BACKGROUND GUIDELINES

US handling of PL 480 to India has nothing to do with pressure for a Kashmir settlement. In fact the Indian two-year agreement expired 30 June '65, and the first two month extension was signed in July, both well before the recent extensive Pak/Indian fighting began.

The basic reason why US has not yet made another long-term PL 480 agreement with India, but is instead extending existing agreement for brief periods, is US concern over India's own agricultural plans. For some time now US officials have become increasingly concerned over India's difficulty in coming to grips with its great agricultural deficit. Some experts even claim that India has used massive PL 480 availabilities as a crutch to avoid facing up to this growing problem.

Unless more effective steps are taken to increase agricultural production and control population growth, the food needs in India will in the years ahead be beyond our capacity to meet. We want to be sure the PL 480 program does not operate as a crutch in the Indian agricultural situation rather than stimulating the efforts needed to bring about sharp increases in Indian agricultural production. Against the background of these concerns, the US Government has felt that there must be greater self-help on India's part to complement any new longer term US PL 480 agreement. For example, India badly needs to increase its fertilizer production several fold.

There have been encouraging signs that the Indian planners and Agriculture Minister Subramanian are fully aware of these problems and equally anxious for agricultural reform. However, we do not yet have the new Indian 5-Year Plan which will provide the best index as to India's longer term plans. Moreover, the fighting which recently broke out on the subcontinent seems to have made it difficult for the GOI to proceed with its own planning on the previous schedule.

Until all these matters have been sorted out, the US has been proceeding on the basis of a series of interim short-term agreements in order to continue to be in a position to assure the steady flow of commodities to India. In so doing, the US is making sure nobody goes hungry. Wheat shipments are proceeding normally under the terms of existing agreements. Shipments are at the usual rate and there has been no hold-up.

10/6/65



~~SECRET~~

October 4, 1965

MEMORANDUM FOR BILL MACOMBER  
BILL HANDLEY  
DOROTHY JACOBSEN

Here's the line I propose to clear with higher  
authority tonight. If it causes pain, please call  
me before the end of the day.

R. W. Komer

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-07

62a

~~SECRET~~

October 4, 1965

Background Guidelines

MEMORANDUM FOR [Signature]

There are growing allegations in the Indian press (and some reflection in the US press) that the US is using PL 480 food as an instrument of pressure for a Pak/Indian political settlement. To the extent that this allegation is raised again, we wish to counter it by backgrounding along the following lines:

(+) The basic reason why US has not yet made another long-term PL 480 agreement with India, but is instead extending existing agreement for brief periods, is US uncertainty as to India's own agricultural plans. For some time now US officials have become increasingly concerned over India's difficulty in coming to grips with its great agricultural deficit. Some experts even claim that India has used massive PL 480 availabilities as a crutch to avoid facing up to this growing problem.

Unless more effective steps are taken to increase agricultural production and control population growth, the food needs in India will in the years ahead be beyond our capacity to meet. We want to be sure the PL 480 program does not operate as a crutch ~~in~~ the Indian agricultural situation rather than stimulating the efforts needed to bring about sharp increases in Indian agricultural production. Against the background of these concerns, the US Government has felt that there must be greater self-help on India's part to complement any new longer term US PL 480 agreement. For example, India badly needs to increase its fertilizer production several fold.

There has been encouraging signs that the Indian planners and Agriculture Minister Subramanian are fully aware of these problems and equally anxious for agricultural reform. However, we do not yet have the new Indian 5-Year Plan,



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Page Two

which will provide the best index as to India's longer term plans.

No R — Moreover, the fighting which recently broke out on the subcontinent seems to have made it difficult for the GOI to proceed with its own planning on the previous schedule. <sup>P</sup> Until all these matters have been sorted out, the US has been proceeding on the basis of a series of short-term agreements in order to continue to be in a position to assure the steady flow of commodities to India. *clm as doing*

Meanwhile the US is making sure nobody goes hungry. Wheat shipments are proceeding normally under the terms of existing agreements. Shipments are at the usual rate and there has been no hold up.

*(x)* The US handling of PL 480 to India has nothing to do with pressure for a Kashmir settlement. In fact the Indian two-year agreement expired 30 June '65, and the first two month extension was signed *in* July, both well before *the* recent extensive Pak/Indian fighting began.

~~SECRET~~

63  
October 4, 1965  
Monday/5:00 pm

MEMORANDUM FOR THE PRESIDENT

There is increasing mention in the Indian press that the US is holding back PL 480 to a month by month basis to exert pressure for a Kashmir settlement. This has already been picked up by Selig Harrison in the Sunday Post.

It's understandable how this theme could develop, but against our interest to have the Indians think it is indeed the case. The best way to counter it is to put out on background the attached story that our PL 480 holdup really arises from our discouragement with India's own agricultural effort (which is quite true).

We doubt that this counter will quite blanket the "pressure" theme (though it will help). Also, it will lead to accusations that we're using PL 480 to force India to change its agricultural policies. In fact this could boomerang and undermine our own quiet efforts to do just that, beside hurting people like India's top-notch Agriculture Minister Subramaniam (who wants changes too). But these risks are far less than those of being tagged with using food to force India to disgorge Kashmir.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

R. W. Komer

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Authority

NLS 97-432 (6/79)

By

klis... NARA, Date 3-29-04



63a

## BACKGROUND GUIDELINES

There are growing allegations in the Indian press (and some reflection in the US press) that the US is using PL 480 food as an instrument of pressure for a Pak/Indian political settlement. To the extent that this allegation is raised again, we wish to counter it by backgrounding along the following lines:

The basic reason why US has not yet made another long-term PL 480 agreement with India, but is instead extending existing agreement for brief periods, is US uncertainty as to India's own agricultural plans. For some time now US officials have become increasingly concerned over India's difficulty in coming to grips with its great agricultural deficit. Some experts even claim that India has used massive PL 480 availabilities as a crutch to avoid facing up to this growing problem.

Unless more effective steps are taken to increase agricultural production and control population growth, the food needs in India will in the years ahead be beyond our capacity to meet. We want to be sure the PL 480 program does not operate as a crutch in the Indian agricultural situation rather than stimulating the efforts needed to bring about sharp increases in Indian agricultural production. Against the background of these concerns, the US Government has felt that there must be greater self-help on India's part to complement any new longer term US PL 480 agreement. For example, India badly needs to increase its fertilizer production several fold.

There have been encouraging signs that the Indian planners and Agriculture Minister Subramanian are fully aware of these problems and equally anxious for agricultural reform. However, we do not yet have the new Indian 5-Year Plan which will provide the best index as to India's longer term plans. Moreover, the fighting which recently broke out on the subcontinent seems to have made it difficult for the GOI to proceed with its own planning on the previous schedule.

Until all these matters have been sorted out, the US has been proceeding on the basis of a series of short-term agreements in order to continue to be in a position to assure the steady flow of commodities to India. In so doing, the US is making sure nobody goes hungry. Wheat shipments are proceeding normally under the terms of existing agreements. Shipments are at the usual rate and there has been no hold-up.

US handling of PL 480 to India has nothing to do with pressure for a Kashmir settlement. In fact the Indian two-year agreement expired 30 June '65, and the first two month extension was signed in July, both well before the recent extensive Pak/Indian fighting began.

10/4/65

64 file  
G m

India

CONFIDENTIAL

September 24, 1965

RWK:

Bowles proposes (New Delhi 771) a low-key announcement in New Delhi on PL 480, and SOA would like your OK.

The only announcement put out here would be Agriculture's usual technical announcement for the trade. It did the same in July and got very little play in the lay press.

OK?

BHS

CONFIDENTIAL

DECLASSIFIED

Authority NSC 812-76

By Jclrg, NARA, Date 3-29-09



~~SECRET~~

India x Pakistan  
September 23, 1965  
65

MEMORANDUM FOR BILL MOYERS

Food for India/Pakistan. I'm told John Finney got the full picture on Title I from BK Nehru himself. BK told him on the 21st that there were only five days to go before the pipeline started drying up, that we'd only given a two month extension last time, etc. So if we get a NYT story we'll know where it came from.

The newspaper strike may hold off the Times. Today's go-ahead on Title I and Title III (voluntary agencies) also puts us in business. I've told the troops to handle both in lowest key as if there had never been any issue. If we do get some carping, however, I suggest the following:

A. No program we know of has run out of any food. No one is going hungry because of any US action.

B. To our knowledge, there's been no interruption in any pipeline, even including India and Pakistan during the fighting. The aid suspension did not apply to food.

C. Action has been taken to keep the pipelines and programs going.

If you see merit, I think I could kill any Finney story by using the above (I have not talked with Finney, but he's been calling here as well as elsewhere).

R. W. Komer

cc: McG. Bundy

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-01

*Make absolutely sure it's handled  
as if there never was an issue.  
OK for 1 month, proportionately.  
Mc 9 B*

SECRET

September 22, 1965  
9:30 a.m.

MEMORANDUM FOR THE PRESIDENT

Title I for India/Pakistan. Now that we have a cease-fire, we have a good reason for going ahead with a minimum amount of Title I. We're also very close to the 25 September deadline when pipeline flow would be disrupted. Now that the war's over, people are going to start thinking about food again too.

To my mind, the real issue is whether to go ahead with one month's supplies or two. The Indians know we're jockeying them (B. K. Nehru asked Ball Sunday "why are you starving us?" Kashmir won't be settled in one month (if ever). So if we ease up only a month at a time, we face another decision every 30 days. A two month extension still leaves Shastri in no doubt that he's on a short tether. On the other hand, one month would get him here faster (though my hunch is that he and Ayub will come rather quickly anyway, both to explain their Kashmir cases to the UN and you--and to get aid flowing again).

If you give India 500,000 tons (one month), I'd give the Paks 175,000 tons (roughly equivalent). If you hike it to a million tons I'd give the Paks the full 350,000 tons we owe them.

I'd also suggest handling these transactions very quietly. There's a good chance we could do them with almost no publicity, thus leaving us continued room to maneuver.

R. W. Komer

*I gave the OK on Title I,  
to be handled ROUTINELY.  
RWK*

*I told: Handley  
Macomber  
Estes  
No 22-Sept-65*

*to Bundy  
per RWK*

SECRET

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Authority MLJ 00-256 (#157a)

By jclcb, NARA, Date 3-29-04



~~SECRET~~

September 21, 1965

MEMORANDUM FOR BILL MOYERS

In case my earlier memorandum didn't get to you, here's a real worrier on Title III food for India/Pakistan. I am afraid we are living on borrowed time here.

By all odds, best thing would be to go ahead quietly before the story blows. If not, then the best story would be that we have about 50 of these Title III programs to renew each year; we have renewed over 30 already and are renewing the remainder systematically. We simply haven't yet gotten to India and Pakistan. This is awfully thin, however.

R. W. Komer

SECRET

Att: Orig. memo to RWKomer from William B. Macomber, Jr., 9/20/65, Subj: PL 480 Title III, with Herbert J. Waters Memo to Macomber, 9/18, Subj: Suggested Points to be covered in New Memorandum to McGeorge Bundy from Waters and Macomber--Suspension of India-Pakistan Title III Food Programs of Voluntary Agencies

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04

67  
India Econ  
Pakistan Econ

~~SECRET~~

68  
September 16, 1965  
Thursday/11:00 am

MEMORANDUM FOR  
THE PRESIDENT

Growing focus on food. We have two potential newsbreaks brewing, and an urgent plea to you from Bowles.

1. Kenworthy of the Times has been querying AID, which says that he has most of the story on Title III hold-ups. He even asked why Mann couldn't convince the White House. AID seems to have done a good job by saying that the Pak/Indian programs were still moving, stocks were available, no one was suffering and warning him that he might be putting out a very wrong story. Macomber thinks he scared Kenworthy off for a few days, and the newspaper strike may help.

2. The Pak Government told us in Karachi last night that the Pak Embassy here reports that issuance of new food authorizations was discontinued and outstanding authorizations might be suspended. This could easily get out in Karachi, so to counter it being played as new US pressure on Pakistan, we immediately authorized a carefully worded statement that no action has been taken to discontinue shipments or to suspend shipping and that stocks are still available. However, we'll promptly get new questions because we have been holding up new authorizations for 350,000 tons of wheat.

3. Bowles is in with a strong plea that the strains on India's transport system plus whisperings about a hold-up in US supplies are starting to lead to scare buying, hoarding, and rise in prices. He argues that the situation could quickly get out of hand if food shipments were to stop or be delayed, with food riots and growing antagonism toward the US. Bowles is worried enough to settle for another 60 day extension, so this is more than rhetoric.

*On to  
Mayer*  
Recommendation: With the growing focus on US aid decisions as a result of the Pak/Indian fracas and the Mahon statement, it will be increasingly hard to avoid a spate of press stories as well as strong reactions in India and Pakistan. To meet this problem, yet to retain major leverage on both Paks and Indians, we might continue a policy of only gradual dribbling out. It seems to me that this would give us the best of both worlds. Thus I'd urge (a) cutting Pak/Indian Title III programs to six months or even four, but releasing the first tranche now; (b) release only 1/2 of the 350,000 tons of wheat for Pakistan--this would protect us for two months or so; (c) cut State/AID's million ton request for India by half as well, but authorize 500,000 tons now. Our best estimate is that we'd have to issue new authorizations to India by 25 Sept. in any case, if the pipeline is not to start drying up. The Pak situation is a little easier, but the problem is psychological in all cases.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

R. W. Komer



~~CONFIDENTIAL~~

September 15, 1965

McGB:

Delaying our Indian PL 480 decision past 25 September would risk a hiatus in shipments. We could hold the Pak decision till, say, 1 October. Though delay wouldn't affect actual food supplies for a couple of months, both Indians and Paks know what a tight procurement schedule they're up against and would realize immediately what we're doing. So the economic problems would start as soon as word gets out.

India. The last shipment under our stopgap agreement (26 July) will leave the US about 25 October. Since the Indian procurement mission needs at least 30 days to book ships and get wheat aboard, we need a go-ahead by 25 September to avoid interruption.

Indian food supplies are still close to the bone, and this year's crop (probably 10% smaller than last year's) will give them no cushion. So we face another winter of real shortages in some areas plus the economic problems created by hoarding and inflation as soon as the pipeline breaks.

Pakistan. If we continue to hold up the 350,000 tons remaining under the Pak agreement, shortages will hit East Pakistan first. Supplies on hand will probably carry West Pakistan at least till the end of the year, though there might be localized shortages. But East Pakistan would start running out by 1 December or maybe a little earlier, unless new shipments arrive then.

That means we'd have to give a go-ahead on our 350,000 tons by 1 October at the latest (30 days to buy and load, 30 days at sea) to avert shortage. The Pak procurement mission has been pushing USDA persistently for its PA since we held up authorization in late August, but so far they apparently just blame bureaucratic delays resulting from current confusion.

HHS

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By je, NARA, Date 3-29-04

~~CONFIDENTIAL~~

~~SECRET~~

70  
September 13, 1965

Mac -

Pak/India Food. You wanted a reminder before meeting with President.

I'm solid with State/AID and embassies in believing that if Pak and Indian public came to believe we were using food as an instrument of pressure, it would be a real setback to our influence.

We can tell roughly when an actual pinch might occur--but the real problem is psychological. At what point, in their current emotional state, will the Paks and Indians start accusing us of using food as a weapon? Bowles thinks this could "blow sky high in another week or so," and I'd stick with the judgment of the man in the field in this case.

The trick is to keep on using food as leverage by only dribbling it out slowly, but to do so in time to forestall public reactions. Thus we keep the GOI and GOP worried (as they already are by our stalling), yet don't give them or anyone else a handle to accuse us of using starvation as a weapon. It could also help trigger communal riots.

State/AID recommend a million ton (two month) extension for India and 350,000 tons (under existing agreement) for Paks, which would carry them till about December--mostly for East Pakistan. I'd favor just cutting both in half--but doing it now!

RWK

DECLASSIFIED

Authority FRUS 64-68, vol. 25, #203

By je, NARA, Date 3-29-04



~~CONFIDENTIAL~~

August 23, 1965

McGB:

In case the President should quiz you about Selig Harrison's piece on Indian famine (attached), it's too early to tell whether India faces a crop disaster. We won't have an accurate measure of the summer crop until mid-October. But if dry weather continues another 10 days, the crop will probably fall well short of last year's.

The one thing that may trigger LBJ reaction is Harrison's putting the finger right on the President for holding up a full-scale extension of PL 480. He doesn't link it with Shastri's visit.

Bell had hoped to send over this week his proposal for a 10-month agreement. However, the President's disapproval of Title III has thrown him off stride, and he'll probably wait until he finds out what the President wants. He'll propose an agreement for the remaining 5 million tons of wheat (plus minor commodities) originally planned. Bowles hopes to back this up with a memo from Subramaniam laying out India's plans to improve agricultural performance, and we'd weave these in as informal conditions.

HHS

~~CONFIDENTIAL~~

DECLASSIFIED

Authority FRN 564-68, vol. 25, #174

By jc, NARA, Date 3-29-04

Ind ca En

# India Trembling Near Brink of Famine

By Selig S. Harrison  
Washington Post Foreign Service

NEW DELHI, Aug. 21 — India appears to be facing its worst food crisis since the Bihar famine of 1951 as persistent drought stalks five populous and politically volatile states.

Food Minister Chidambaram Subramaniam said in an interview that "if the monsoon continues to hold out on us for another ten days or so, we are in for great difficulties." More than half the summer rice and corn harvest is threatened in the affected states, he said, and "we will be trembling on the margin" even if the rains come in time to save some of the crop.

## U.S. Reviewing Aid

The Food Minister estimated that over-all national losses in all varieties of grain will be at least 9 million tons and could go as high as 13 million tons "unless we get a great deal of rain very quickly."

This would leave a dangerous gap whether the United States goes ahead or not with a planned agreement for the shipment of 6 million tons of grain under the Public Law 480 surplus program. The White House has held up final action on a projected one-year extension of P.L. 480 shipments here pending a "close look" at the Indian food situation by President Johnson.

It is understood that Subramaniam is currently preparing a special report for the President on his own initiative, outlining India's strategy for attaining food self-sufficiency. The report is scheduled for completion in the coming week and points to 1972 as the cut-off date for American P.L. 480 imports.

Key elements in the strategy are reportedly stepped-up fertilizer production, a population control drive, tightened central-state coordination in food distribution arrangements, and the use of special

seeds recently found to bring dramatic increases in yields. India is importing 200 tons of a new Mexican variety of wheat seed and plans to cover 12 million acres with it. Trial plantings have shown increases from an average of 700 pounds an acre to a minimum of 3000 pounds.

Food grains production in India jumped by 10 per cent to a record high of 88.3 million tons in the production year ending July 1. But prices have been rising and scarcities have occurred throughout the country as a result of a distribution bottleneck.

## Profiteers, Lobbying Blamed

State governments that are subject to pressures from grain profiteers and the farm lobby have been collaborating half-heartedly in central government grain procurement programs. Thus New Delhi falls far short of its target in acquiring reserve stocks and has been unable to control a runaway black market.

The Indian Constitution gives control over agriculture to the states.

An Agriculture Ministry report that was circulated privately Friday among members of Parliament pointed an accusing finger at hoarders among the peasantry. The review said that the farm-to-market flow of wheat was 13 per cent less in the April-July period this year than in the comparable period last year despite production increases. "The progressive decline in the flow of arrivals," said the Ministry, "is attributable to population growth, increased demand, larger retention by the agriculturists for consumption and for payments in kind and, in the case of big producers, to the withholding of stocks in expectation of higher prices."

The central government was able to bring food-grain prices under control following the pinch last fall. But now prices are again on the rise. Wheat

prices are currently running 20 per cent higher than in the comparable period of 1964.

Frantic reports are coming in from around the country as a two-week-old dry spell continues. The monsoon broke unseasonably late this year and then gradually petered out. The worst-affected states are Rajasthan, Uttar Pradesh, Madhya Pradesh, Orissa and Andhra. Maharashtra and Bihar have also been parched.

The possibility of famine appears to be greatest in a 2000-village belt in Rajasthan and in the endemically impoverished eastern part of Uttar Pradesh. But even in the normally prosperous Chattisgarh District of Madhya Pradesh, storage tanks, rivers and canals are drying up, and landless agricultural laborers are reportedly migrating to the cities in search of work.

## Riots Break Out

It was the crush of hungry peasants flooding into Calcutta that helped bring on the

Bengal famine of 1943 in which an estimated 3 million died.

Bihar has been the scene of disturbances in recent weeks over both food prices and tuition increases in local colleges. On the food issue alone, the most serious riots broke out this week in Kollapur near Bombay when Communist and Socialist leaders formed an "Antistarvation Action Committee." The police have arrested 265 demonstrators there and 5 people have been killed.

Food Minister Subramaniam expressed gratitude today for U.S. food shipments to India and stressed that India has "a workable strategy" for attaining early self-sufficiency given continued U.S. backing.

In the absence of a firm agreement, Subramaniam said, "our vicious circle gets worse." He said the government "should have stocks in hand to throw into the market or prices will shoot up and the scarcity psychology will intensify."



August 20, 1965

August 20, 1965  
Friday/ 1:00 pm

MEMORANDUM FOR

THE PRESIDENT

Title III PL 480 School Feeding. Before coming back to you on this matter, I asked the agencies to take a new look at Pakistan and the UAR as well as India, and to come up with a more tough-minded scheme which would meet your criteria. Mann felt the same way. The result is the attached memo from Rusk to you.

State, AID, and Agriculture recommend going ahead on India (\$40.8 million), Pakistan (\$5.6 million), and the UAR (\$11.6 million), pointing out that these programs can be cut off anytime for cause. Moreover, we'd require that the governments concerned formally endorse these requests, as a means of tying them on. We can't ask for a direct request (nor would it give us much leverage), because under Title III it is the US voluntary agencies which do the asking.

I'm afraid we can't hold off these charity programs much longer without repercussions. The programs are living off stockpiles, which are now running out. CARE and Catholic Relief Services have been at Dick Reuter complaining about the delay. There's been a similar plea to the Vice President. We've also had a few press queries about whether we're cutting off food to India. Since these programs feed children, the sick, and old people, we'd be in a vulnerable spot, if it were mistakenly thought we were holding back. I'm also assured there's no Congressional sentiment against this type of program. Finally, there have been a few food riots in India, and we want to avoid charges we're a party to the deepening Indian food crisis.

If you prefer, we could approve these programs on a six-month rather than annual basis, but I'd suggest we go ahead on the basis proposed by Rusk.

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc/jw, NARA, Date 3-29-07

R. W. Komer

Att. Rusk/ Memo to President 8/20/65, subj.  
Title III PL 480 Programs for the UAR, India and Pakistan

~~SECRET~~

August 20, 1965

MEMO FOR JOE CALIFANO

Here's a copy of the draft special message I did last month on food in general and food for India in particular. It's only a first cut at the problem, but I'm convinced from the work I did on it that this should be one of the major items in our FY'67 program. After all, we have to go up for renewal of PL 480 anyway, so why not dress it up as a major new initiative?

The foreign agriculture task force has all the brains but not much sense of public relations. Dick Reuter is the real enthusiast in this field and you ought to get him working on the matter too. However, warn him not to do any leaking to the press.

R. W. Komer

~~SECRET~~

Attach. Outline Msg to Congress 7/24/65  
War on Hunger: A Challenge and a Commitment  
(attachment to RWK Memo to McGB 7/24/65);  
Joint Resolution

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04



~~SECRET~~

July 24, 1965  
Saturday/10:12 am

MEMORANDUM FOR THE PRESIDENT

I am operating on the assumption that our general holdup on new aid to India and Pakistan does not apply to PL 480 Title II and III disaster relief, voluntary services, school lunch programs, etc.

However, the inter-agency committee is holding up the attached because it's quite sizable--\$41 million.

R. W. Komer

Go ahead \_\_\_\_\_

See me ✓

Attach. Memo Reuter to President 7/23/65 on food donation program ~~SECRET~~ for India

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04

~~SECRET~~

75  
July 24, 1965

Mac -

Million tons for India. I've told State to go ahead and allow signing Monday noon with low key publicity, but that we might want to reclama Sunday. Let's avoid another delay if at all possible; the Indians are panting for the wheat and further stalling (even after the Shastri letter) multiplies the risk of a real flap.

Special message on PL 480 and India. The more they look at it, the more risks the various agencies see in a special message at this time. If the message focusses mostly on guideposts, for a bold new food for peace program, BOB, Agriculture, AID, and even Dick Reuter worry that we may adversely affect (a) the pending farm bill or at least confuse the issue; (b) harm the aid bill, particularly if we went so far as to signal that we would buy food for foreign aid purposes; (c) open up special interest debate, besides providing a field day for the anti-UAR and Indonesian types to add restrictive amendments.

On the other hand, if we focus primarily on asking endorsement of a big new Indian aid program, they say: (a) we really ought to go big on India to justify a special message--which means more than another interim agreement; (b) we'll be accused of asking for authority we clearly already have; (c) we could set an embarrassing precedent whereby Congressmen might ask that other such agreements be endorsed too, e. g. the UAR; (d) we still risk anti-UAR, etc. amendments.

So if BOB, Agriculture, AID, and Reuter had their druthers they'd all counsel against a special message now. Lee White had another point; given the resentment over our asking for endorsement of the \$700 million for Vietnam, do we risk further accusations that we're boxing Congress in?

Nonetheless I've gotten all their comments and done attached revision of a special message, which has inter-agency clearance. It may need to be Goodwinized, but all the guts are there.

Also attached is a draft Joint Resolution, which we'd suggest passing to friends on the Hill. If we went up with a message but didn't ask for a resolution, we'd solve Mansfield's problem and avoid many of the above risks. But we'd also have to forego the endorsement the President wants.

DECLASSIFIED

Authority NSC 812-76

By jch NARA, Date 3-29-01

~~SECRET~~



~~SECRET~~

Page Two

I've also told AID to look at making the next (10-12 month) Indian agreement much tougher in terms of self-help. This might serve to Johnsonize it sufficiently to make it the basis for a special WH statement. But there are hookers here too, especially the delay involved in negotiating really tough conditions on more fertilizer production.

A final foreign policy argument. Anything that causes a new flap with India naturally adds to our plateful of troubles. We're going to have enough strains with them on aid in general, and food is our most vulnerable flank.

R. W. Komer

~~SECRET~~

~~SECRET~~

July 23, 1965

Mac -

At least I think I turned off the Times on aid to India. Eloyd Garrison was sniffing so I told him: (a) this was probably an Indian trial balloon; (b) no increase presently under study back here; (c) our problem was to get present bill through Congress without cuts which would force us to go down, not up; (d) Bowles had been here for six weeks on home leave and never even mentioned it to me. He said the balloon was pretty badly deflated, and no story has appeared for two days.

But I failed on the Washington Post editorial yesterday. Unna was told by the Indian Embassy we were holding up approval of PL 480, and wouldn't believe me when I told him delay was technical and was being worked out. Of course I didn't mention the million tons lest LBJ want to announce it.

However, am I correct that we can go ahead and sign a million ton agreement as soon as ready? Fast work is imperative to avoid an interruption in shipments, and Embassy Delhi says we'll be set to sign this weekend with low key publicity.

RWK

~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By *jc/pw*, NARA, Date 3-29-04



~~SECRET~~  
SENSITIVE

July 22, 1965

77  
India Econ 7 a/7

Mac -

We're plugging ahead on staffwork for a food and India message. Here's some very unsinging prose from BOB--merely to keep you posted.

RWK

Attach. RWK Memo to Schultze, Schnittker, Mann and Gaud 7/22 on msg to Congress w/ att. text and Joint Resolution

DECLASSIFIED  
Authority NSC 8-12-76  
By jc/mg NARA. Date 3-29-04

~~SECRET/SENSITIVE~~

July 22, 1965

Buzz:

We're all waiting for the President to decide on whether to approach Congress on PL 480--Indian and otherwise. He of course gave us a little leeway by his OK of a two-month interim deal.

Meanwhile here's a medraft BOB did. It highlights India more, though the rest of us still feel we can't make it all India without getting into trouble with everyone else and raising eyebrows as to why the President asks specifically for authority he already has. But more important, a grand new approach just has more sex.

The NYT articles are regrettable, and it's not hard to tell where they came from. But fortunately the issue is still fresh, if the President moves soon. Belair's articles will lead to others, however.

R. W. Komer

~~SECRET/SENSITIVE~~

Att: RWK memo to Schultze et al, 7/22/65  
re India

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc, NARA, Date 3-29-04



~~SECRET/SENSITIVE~~

79 *file*  
July 22, 1965

*India 7/27*  
MEMORANDUM FOR MESSRS. SCHULTZE  
SCHNITTKER  
MANN  
GAUD

The President has not yet decided whether to send a special message on food and India to Congress. However, he wants staff work to go ahead so that he can move on short notice if he chooses.

To this end, attached for comment are a draft outline special message and a joint resolution. They are based on the assumption that the President will:

- A. Announce the interim million tons to India.
- B. Ask Congressional endorsement (sense of Congress) of a new 10-12 month program for India.
- C. Ask similar endorsement of broad guidelines for study of a new food program designed to replace PL 480 next year. However, he has not yet accepted these assumptions.

Because of a potentially short deadline, I'd appreciate your comments by c.o.b. Friday. Bear in mind that this draft will probably get speechwriter's treatment, so we needn't worry too much about niceties of language and style.

R. W. Komer

cc: McGeorge Bundy  
Horace Busby  
Walt Rostow

DECLASSIFIED

Authority NSC 8-12-76  
By *[signature]* NARA, Date 3-29-04

~~SECRET/SENSITIVE~~

PRESERVATION COPY

~~SECRET~~

July 15, 1965

MEMORANDUM FOR THE PRESIDENT

India food. Attached memo from Director Schultze outlines four ways in which you could bring the Congress into the act. The key is to find a peg on which to hang the message, which will avoid criticism that you already have the necessary authority, and at the same time avoid encouraging the Congress to encroach on your prerogatives. This last is the trouble with BOB's first three alternatives; and it insists on preventing the Congress from stepping on your toes.

Once we get your OK, the next steps are to:

1. Draft a message to the Congress. At Tab is a Komer outline which could be adapted to any option. Should Buzz flesh it out?

2. Inform the leadership, and pick the people to submit the responsive joint resolution (we'll provide a draft).

3. Move now on interim action to buy time, since getting any Hill action will inevitably take a few weeks. We may already be past the deadline (dictated primarily by tight shipping) for maintaining uninterrupted shipments. Therefore, once you choose the route, may we start negotiating an interim agreement with India? This could take a week, and we could hold up signing it until you approve.

R. W. Komer

~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jc/pw, NARA, Date 3-29-04

80  
India  
Econ  
X Food for  
(new file)  
7 amine



July 15, 1965

Buzz -

India food. BOB is doing a memo for the President on four options for bringing Congress on board. I've done a separate draft message (on assumption our recommended option will be bought). It's awfully rough, but I'd appreciate your first reactions.

RWKOMER

*Indes*  
*from*  
81

81a

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E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By           , NARA, Date 3-29-01

SECRET

July 14, 1965

### KEY POINTS IN LBJ MESSAGE TO CONGRESS

1. For some time I have viewed with growing concern the widening gap between world's exploding population and world's ability to feed itself. War on want essential to world stability.
2. Most recent example is urgent request by Indian Govt. for an additional PL 480 agreement. US has always sought be helpful to countries like India, which face uphill battle, etc.
3. So I have today authorized negotiation of an interim one year agreement with India which I hope will meet India's basic needs until India and US can work out together longer range way in which US food help can be best used in conjunction with India's own effort, achieve agricultural self-sufficiency.
4. But India problem only symptomatic of world-wide war on want in which agriculturally developed nations must join with those in need to end of providing all free men with basic food needs.
5. PL 480 expires next year. Moreover, US moving away from surplus position at time when world food needs rising. So I believe US, hopefully in conjunction with other agriculturally developed nations, must begin now to examine how they can deal with problem.
6. I am expecting a report from my agricultural task force shortly and then undertaking series of studies of this problem, aiming toward legislation next year and then discussions with other potential contributors. In my judgment this



problem is urgent and must be attacked on following lines:

A. US and other nations must continue to help close food gap.

B. Countries which cannot yet meet critical needs must redouble our effort achieve self-sufficiency. US must tie its own help increasingly to self-help.

C. Food problem not just one of crops but one of people. Exploding population in some areas of world is exacerbating problem faster than we can ameliorate it. Here is perhaps most important area of self-help, though US prepared increasingly to assist.

D.

E.

7. Because of my deep sense that executive and legislative must collaborate fully on any such bold new initiatives, I ask the Congress to endorse in general the broad directions in which the Executive Branch is proposing to move. I urge that it be the sense of Congress that food help for deficit countries like India is a firm commitment of this government and that legislative will join the executive in working out new programs to give life to this on-going commitment.

8. I am not asking the Congress today for a binding legislative undertaking. The administration will submit legislation next year which will then be fully subject to legislative process. What I am asking is for both Houses to join me in re-dedicating ourselves to war on want and in declaring US determination to proceed with all deliberate haste toward framing a bold new approach to one of the most acute needs of the less-developed world.

~~SECRET~~

82  
Index & com  
July 13, 1965

Mac -

PL 480 does expire 31 December 1966, so we need a new one in any case. So it could be dressed up as a major new item in LBJ's 1966 legislative program.

The task force on foreign agricultural policy (Freeman, Bell, Schultze--Reuter as an observer) is working on a new bill. Apparently they all favor in principle a "new" approach based partly on the likelihood that "surpluses" are drying up anyway and we may not have significant surpluses by 1968 or so.

Ergo, we'd abandon the surplus concept in favor of buying each year that amount we need for overseas concessional sales and PL 480-type uses. The task force is supposed to get a staff draft momentarily and then report to the President.

There's a growing need to move fast here if LBJ wants to stay ahead of the game. McGovern already has a bill in along above lines, and wants to hold hearings. Mandale is interested too. There's been an article in Baltimore Sun and one upcoming in NYT.

This isn't quite "famine prevention," but can be easily tied in. Francis and I will see what can be done. We'll keep Mann in the act.

RWK

cc: Bator  
DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC Memo, 1/30/95, State Guidelines  
By jcl/mw, NARA, Date 3-29-04



~~SECRET~~

Mac -

July 2, 1965

I've asked Talbot to go see Rusk to join in on Indian PL 480.

Let me recap that we've already cut down the new Indian request from a two-year 16 million ton deal to a one year 7 million ton one.

Second, we've just had a new high level appeal from Indian Food Minister, Subramaniam, who says they need help now to "avoid crisis shortage." His "particular concern arises from fact that lean months are August and September" before the new Indian crop is in.

Agriculture is our best source. It's key man tells me that to prevent interruption in food shipments, new shipments have to start by 1 September; this means contracts have to be made by 15 August; this means Indians have to have a PA by 15 July; this means we've got to allow say a minimum week before 15 July to negotiate the deal with India. Hence 6 July or so.

Indian stocks are quite low (two months). If shipments are interrupted, word always leaks out. Once the public becomes aware hoarding starts almost immediately (we've been through this before). Traders hold out of the market to wait for higher prices. The experts are convinced that Indian opinion won't understand why we didn't come through, and Indian officialdom will try to shift the blame to us. We'll have a lot of flak in the US press too about why we're "starving" Indians.

The way out is a simple two-month extension of the current agreement (only one million tons). If done by 6 July or so, it would buy time, avoid a political explosion, and still keep India on a mighty short rein. We'd insist on all the new tough PL 480 provisions, e. g. dollars for ocean freight, 20% US uses (up from 5%), and 4-1/4 interest.

If we don't come through India will have to use its own scarce foreign exchange to buy wheat elsewhere as the UAR did. In this case our own aid dollars would be indirectly subsidizing Indian wheat purchase to help out someone else's balance of payments.

DECLASSIFIED

RWK

Authority FRUS 64-68, vol. 25, #140

By jc, NARA, Date 3-29-01

~~SECRET~~

~~SECRET~~

Mac -

June 29, 1965

Here's the chronology on Indian PL 480 approaches. The unanimous feeling of the experts is that the Indians are pushing as hard as they think gentlemanly, given their belief that it is the usual USG inter-agency haggle over technical issues which is holding us up.

I'd favor holding up till after the 4th of July, by which time Delhi should be really nervous. Holding up much beyond then, however, becomes economically dangerous even if politically productive.

Could the President be determined to hold this up till trouble begins and the Indians come running to us? This will make us look like Scrooge indeed, but it might be salutary.

RWK

~~SECRET~~

DECLASSIFIED  
E.O. 13292, Sec. 3.4  
NSC State Dept. Guidelines  
By *plj* NARA, Date *3-29-01*

84  
file  
Econ  
India



~~SECRET~~

RWK:

85  
June 25, 1965  
*India*  
*Example*

We face a practical dilemma in getting the Indians to "come to us" on PL-480. By letting them believe nothing is wrong, we give them no reason to "come to us". I'd argue it's time to tip our hand slightly.

Our working level, under instructions not to tip our hand, has let its Indian counterparts believe we're just wrapping up the last details of the new agreement. The Indian working level, exhibiting its good faith in our people, has taken this explanation at face value and is recommending that GOI hold off higher level approaches. So we're deliberately muting our "signal".

For example, this morning the senior economic officer in the Indian embassy here called Sid Sober (SOA economic) to say that he had been on the phone with New Delhi and was under instructions to relay GOI concern over further delay on PL 480. (See also New Delhi 3755 attached.) The Indian officer was almost apologetic because he knows our people understand the urgency and believes they're working as hard as they can to get the agreement out. Under this illusion, GOI is confining itself to low-level approaches.

One way out of this would be to let the State or AID working level drop word to the Indians that the agreement is now ready but is being held up in the White House. This would probably provoke a barrage of high level representations from New Delhi. Until we do something like this, the Indians will hold off "coming to us" in belief that we're just being our usual slow selves. They're worried enough now to "come to us" if they understood that's all we're waiting for.

A secondary problem is that we're laying the groundwork for destruction of good faith when the Indians find out our fellows have just been stringing them along. Our working level can't explain further delay except by lying, which simultaneously defeats our purpose in delaying and undermines the kind of trust and influence we want with the Indians.

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By *jc*, NARA, Date *3-29-01*

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RWK:

June 22, 1965

A double-check with both State and Agriculture verifies these conclusions about the timing of our Indian PL 480 agreement:

1. The comfortable date for beginning negotiations to avoid a hiatus in shipments is 22 June. This date allows normal time to negotiate, arrange shipping, procure and get grain to port.
2. Assuming a crash effort all around once we decide to go ahead, the latest date for beginning negotiations is 6 July. (Eskildsen's memo says Indians must have PA by 15 July. Allow a week to wrap up the agreement plus a couple of days to issue the PA--more likely than not allowing any as in his memo--and you're back to 6 July.) This assumes unusually quick booking of ships.
3. The immediate danger from a hiatus in shipments is more economic and political than caloric. Previous experience suggests that within 7-10 days after the halt becomes known, free traders begin withholding grain from the market. This both raises prices and increases the drain from government stocks as the government releases stocks to keep prices down. A guess is that government stocks could be cleaned out in 2-3 months if shipments stopped after 10 August, assuming no emergency shipments from other sources. There would still be some state and private hoards, but by that time prices would have spiraled and probably sparked food riots in some places.

Comment. USDA, State and the Indians would accept these conclusions, although all admit that dates might slip a week here or there in an operation as complex as this. The fact is (comparing this with our operation in Algeria to bring stocks to short tether) that India's stocks are very close to the wire and already well below what USDA and GOI considers the lowest safe point (2.5 million tons of wheat and rice). So any prospect of a hiatus in shipments will provoke an almost immediate GOI reaction.

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### CALCULATIONS

1. Stock levels. On 8 May GOI stocks of wheat and rice were 1,054,000 tons. If the GOI succeeds in cutting monthly off-take from the current 600,000 tons to 450,000, we can expect a monthly net increase in stocks of 150,000 tons (assume US deliveries of 600,000 tons monthly). That would put stocks at about 1,600,000 tons when deliveries under the current agreement run out about 10 September. If shipments stopped and off-take ran up within a range of 5-800,000 tons monthly, the stock would be wiped out in 2-3 months, assuming no shipments from elsewhere.

2. Pipeline. USDA agrees with the Indian purchase mission that current PA's will keep ships departing until about 10 August (i. e. arriving until 10 September since ocean trip takes 30 days). It is possible that residual funds might add 10 days, but USDA feels 10 August is the best date to work from. So the Indian end of the pipeline will be empty about 10 September, or at best a few days after.

3. Timing. Two factors determine when we must begin negotiations to avoid a hiatus:

a. The Indian procurement mission here needs about 6 weeks to book shipping. Thus they should normally begin booking about 29 June. (Of course, they could be lucky and do it in less, or they might need longer.) To accommodate this, negotiations should begin 22 June.

b. It will take 5 weeks between Washington decision and first ship departure: 1 week to instruct and wrap up the agreement in Delhi; 1 week for USDA to issue Purchase Authorization (Eskildsen says USDA can do this the same day the agreement is signed, but the working level says that's possible but unlikely); 1 week for Indians to request and receive tenders; 1-1-1/2 to get the grain to port and 1/2 week to load. Thus the latest negotiations could begin is 6 July.

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June 17, 1965

MEMORANDUM FOR THE PRESIDENT

State and AID have been pushing for your OK on a new PL 480 agreement with India. We in turn have insisted on the absolute minimum necessary to avoid a real upset in India's food picture, and have stalled till now.

The attached represents what we believe to be truly the minimum. It will keep India's head above water but not much more. India, State, and AID wanted a two year agreement, now it's down to one. They wanted to waive the 20% US uses; we said no. India wanted seven million tons of wheat and 300,000 tons of rice; we propose only six million wheat and 225,000 rice. Only on interest rate did we give a little, because we have surplus rupees coming out of our ears.

Mann and Freeman approve, and we've checked the Congress. Even Ellender bought.

The urgency is that if we stall much longer there will be an interruption in shipments which could cause speculation, hoarding, and price rises (that might be laid at our doorstep). It will take some time from your OK to get an agreement signed, ships booked and loaded, and the food out to India. So we think we've met your desire to play hard to get, but to do just enough when it becomes necessary to keep the Indian and Pak programs alive.

Approve \_\_\_\_\_

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

R. W. Komer

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By pc, NARA, Date 3-29-04

Att. Gaud Memo to McGB 6/16/65 att. Memo for President  
from Bell re India PL 480 Agreement



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June 15, 1965

*Indeo Econ*

MEMORANDUM FOR THE PRESIDENT

Our PL 480 program in India provides about 5% of India's total food consumption. In a nation where diet is close to a bare minimum, this often provides the margin over starvation.

It is also an integral part of India's development program. Since the biggest problem now is slow agricultural growth, our program provides a means of engineering policy changes essential to spur needed improvements in production and distribution. One of our main goals is to help the government build buffer stocks to stabilize prices and to keep the distribution system from being crushed during shortages like last winter's. These buffers would also permit removing restrictions which hinder operation of incentives in a free market. All this buys time while the Indians increase use of fertilizer (one-third this year alone) and bring in more wells.

Despite the great need, we've been pretty tough in designing a proposed program for next year. The Indians asked for a two-year program including 7 million tons of rice and 300,000 tons of rice annually. We'd offer a one-year agreement for 6 million and 225,000. Amb. Bowles recommends that we reserve only 10% or less of the rupee proceeds for US uses because our stock of rupees is already overflowing. Although Bowles has a good argument, the agencies have proposed to stick at last year's 20%, and

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the amount for conversion into hard currencies is actually a little higher than last year. The only place we'd give a bit is in lowering interest rates on rupee loans because interest just serves to increase our already embarrassingly large rupee accounts.

Our purpose in being tough is to push the improvements in India's agricultural system that will hopefully move her toward self-sufficiency. While we earn a good deal of credit for feeding hungry people, we want to keep the Indians from relying forever on the dole.

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India  
E. M.  
file

RWK:

June 15, 1965

To be sure of avoiding a hiatus in wheat shipments to India we should begin negotiations by 22 June. Delaying past 6 July would assure a hiatus. Indian luck in scheduling shipping will determine whether the earlier or later date governs. This is how we figure:

1. There is enough food in the pipeline to keep ships departing until 10 August.
2. It will probably take about 1 week from the time of decision here to conclusion of negotiations in New Delhi. State doesn't anticipate any Indian haggling since the Indians have a good idea what we'll propose. Shastri's absence shouldn't pose a problem.
3. Two factors determine when we must sign the new agreement to avoid a hiatus:
  - a. The Indian procurement mission here must book freight about 6 weeks before departure. Thus they must begin booking about 29 June (unless they happen to be lucky).
  - b. It takes 4 weeks between conclusion of an agreement and completion of loading: 1 week for USDA to issue a Purchase Authorization, 1 week for the Indians to request and receive tenders, 1-1-1/2 to get grain to port, 1/2 week to load.
4. The ocean trip to India takes 30 days.

The big danger from a hiatus in shipments is more economic and political than coloric. As soon as shipments dwindle, speculators go to work, and prices rise. The Indian government can probably prevent some of this by publicizing the new agreement widely. Even its small stocks are enough to keep real shortages from developing for a short period, so public knowledge of assured supply will help curb speculation. But any more than a short hiatus would spark another bout with price rises.

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By jc, NARA, Date 3-29-04

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May 28, 1965

RWK:

If you want, you could move Indian PL 480 preparations along with 2-3 phone calls. Intra-USC agreement on terms now hangs on two points:

1. Treasury wants more rupees converted to dollars; says Congress is pressing for this. State and AID are trying to get everybody to hold to last year's level. State argues that India will have to pay out about \$40 million this year for ocean freight, and that's enough of a bite into their foreign exchange without Treasury and other agencies trying to nibble away a few million more. Zagorin is a good person to call on this, though he may suggest talking to Trued (Asst. Sect., International Affairs).

2. More important, after my last go-round with McGB (while you were away) I told State, AID and Agriculture they'd have to take Congressional soundings before asking the President's approval (much as you did on UAR but more directly geared to PL 480 Advisory Committee). AID hopes to do this next week, but it would be well for you to impress on Macomber or Bell what we'll be up against in getting LBJ to sign off so they'll build the strongest case possible (Congressional support, not just acquiescence).

Attached draft for McGB spells out overall problem.

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May 21, 1965

MEMORANDUM FOR BILL MACOMBER

I really think we ought to prod Indians on Bechtel fertilizer deal. Admittedly, the consortium has driven a very hard bargain, but the Indians would be damn fools to turn even this down. Why not send something like attached to Bowles pronto, and wake him up.

R. W. Komer

cc: Bill Handley

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*Indo E*

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*India Econ* *file*  
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McGB:

May 7, 1965

I've passed to State our thinking on Indian PL 480 along these lines:

1. State should not seek a White House decision on the next PL 480 commitment for India until it can say to the President that key members of Congress support it. So State and Agriculture should make appropriate approaches and make recommendation for decision only with results of those consultations in hand. There's clear advantage in trying to build Congressional backing for two-year commitment now. (The question of timing a commitment for two or more years is moot until we have State's recommendation.)

2. To meet Bowles' immediate problem with Shastri going to Moscow 12 May, we do not object to his telling Shastri quite confidentially of our thinking on quantities for next year and of our wish to talk about another longer term commitment if the Fourth Plan meets expectations. However, it should be made crystal clear to Bowles (1) that he can make no commitment now (if that's what he wants to do he'd better not say anything) because of need still to get Congressional backing essential to President's approval; (2) that he generate no publicity now whatsoever.

The other things State wants to let Bowles talk about are two routine projects (education and power for about \$15 million) on the list we sent to the President last weekend. Has he given the blanket approval we asked for?

State will be putting this in an answer to Bowles, which we'll get a crack at tomorrow.

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McGB:

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India & com  
May 7, 1965

This is the way we read your guidance on Indian PL 480. Right?

1. State should not seek a White House decision on the next PL 480 commitment for India until it can say to the President that key members of Congress support it. So State and Agriculture should make appropriate approaches and make recommendation for decision only with results of those consultations in hand. No harm in trying to build Congressional backing for two-year commitment now.
  2. White House is still open minded on question of whether we should make a two-year commitment this spring. At the moment, we (this reflects RWK, Rowen and part of Bator) lean toward a one-year agreement with clear understanding we're prepared to consider one for two years as soon as next Indian Plan ready. Once State is ready to make its recommendation, it should present its case.
  3. To meet Bowles immediate problem with Shastri going to Moscow 12 May, White House does not object to his telling Shastri quite confidentially about our thinking re quantities for next year. However, it should be made crystal clear to Bowles (1) that he can make no commitment now (if that's what he wants to do he'd better not say anything) because of need still to get Congressional backing; (2) that he not raise the question of a two-year commitment because the decision still has not been made; (3) that he generate no publicity now whatsoever.
- State will be sending for clearance a cable based on para. 3. State/AID/Agriculture will tackle the basic problem (paras. 1-2) in a more orderly fashion, and we'll hear from them in due course.

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India E con 94 file  
May 7, 1965

McGB:

Here are the issues on Indian PL-480 I'd appreciate your views on at staff meeting this afternoon.

1. Do you want to stick to a one-year agreement? State, backing Bowles (3057), recommends two-year. Agriculture feels a two-year would achieve more agriculturally--permit Indians to build buffer stocks and allow them to free their market by removing zonal restrictions on flow of produce. AID is divided but would buy a two-year agreement--some feel our leverage as a continuing proposition bolstered by promise of continued help; others understand the "big package" argument that we may want special leverage this year.

You and RWK have already told Bowles you favor a one-year frankly interim agreement. To make this salable, we'd have to append some formula to assure the Indians of our continued support. We can probably sell this in State (they already have compromise language in mind, though they'd prefer not to use it). However, if we're going to turn down the recommendation of three agencies, it might be well for you to reach an understanding with Rusk. One way to compromise might be to give Bowles our arguments formally and ask him to stack them against his. Giving him another crack would lay groundwork for a formal decision on one-year, two-year debate.

2. Can you (or President) let Bowles say anything on next year's PL 480 before Shastri goes to Moscow? Bowles might either make a public statement talking about quantities for next year or give GOI confidentially our current thinking as an earnest of good intent. This is one of the things he pushed for in his plea to you and Rusk.

I understand the President's prohibition on making aid splashes. However, would he oppose a confidential word? State argues that any indication we're not going ahead in India would create adverse reaction among PL 480 supporters from Fulbright down.

The time problem (Shastri goes Wednesday) is whether we can clear anything in time to do Bowles any good.

cc: Mr. Bator  
Mr. Rowen

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McGB:

May 6, 1965

State is pushing everybody down to the wire on two aspects of Indian PL 480; (1) They're trying to give Bowles something to say to Shastri before he goes to Moscow. (2) They're using a cable for that purpose to force a decision for a two-year commitment. They may get this cable over to us in the next couple of days with frantic pleas to clear it for Bowles' use Monday or Tuesday.

Given our present guidelines from the President, I don't see how we can give Bowles any answer right now. In any case, you and RWK have already told Bowles privately you'd prefer a frankly interim one-year agreement this spring saving a two-year commitment to be part of whatever larger package we can put together next year. State backs Bowles in recommending a two-year commitment now. AID speaks with many voices, though probably leans toward two years because they think it rationalizes Indian planning.

I don't think at this late date we can rush this decision for what little tactical benefit Bowles may be able to make of it. Seems to me this is something the President should have time to focus on. If he agreed, we could let Bowles tell Shastri confidentially what quantities of commodities we're thinking of for next year, just to let him know we're doing business as usual.

If we want Bowles to stay away from PL 480 for the moment and yet still give him something special for Shastri, we might use the draft letter you have. Though it's pretty late now to clear a formal letter, we might still handle its content as an oral message (especially if Lodge didn't have a chance to explain visit postponement).

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