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set by Agricultural Price Commission as production incentive. Different support prices in different parts of the country to assure incentive due to extra transportation costs or other factors. Difference in any case is slight (we do same) -- On basis of first experience still studying factors -- not sure yet adequately worked out.

Irrigation --

Revising irrigation practices to reduce reliance on flow method.

(Tube wells as supplement to flow as done effectively in Pakistan).

However, rural electrification needed to be given higher priority because least expensive pumps are electric (rather than diesel in India). This under Irrigation Department.

(Agriculture Production Board does provide coordination here -- Mr. Subramaniam is chairman -- and includes Finance, Plan and other ministers).

Tuesday morning - December 21

In response to Eskildsen's comment on logistic subcommittee meeting scepticism on adequacy of planned import needs, Mr. Subramaniam said their figures of demand were related to the reality of possible support level and conservative;-- no failure to recognize seriousness of situation. This is reason impression of less a sense of urgency in Indian presentation than in U. S. attitude. Minister speaks of 10 million shortfall but admits it might reach as high as 15 if spring crop and other factors are not favorable.

Eskildsen report of Monday afternoon meeting of subcommittee on logistics:

- 1) Shortage of ships is real and serious, and must move grain now quickly; but also reserve ships for future even though not sure of continuing supply.

Minister

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Minister thought in light of meeting with the President and these meetings that they should go ahead on long-run ship charter.

- 2) Probably need to move more grain in larger tanker and off-load offshore to coastal vessels to use smaller ports -- Indian law limits such coastal shipping to boats of Indian registry.

Minister and Mr. Dias agreed that they would investigate this to be sure enough such ships would be available.

- 3) Experts do not think ports yet as efficient as they might be and will have to be to meet even the limited target figures. Need mechanical inloading, bagging, etc., and probably more box cars.
- 4) Internal situation not really subject to outsiders' involvement.

Mr. Dias

Need 46 dry cargo vessels and 27 tankers. No shortage of world shipping -- even though of U.S. -- time charters would be possible if supply line assured. May, however, be dry cargo shortage as months progress and so must plan use of larger bulk ships.

Pressed by Secretary Freeman, Mr. Dias reiterated they could handle million tons per month without undue disruption during non-monsoon months (about 10 to 11 million total a year). More than this would require offshore offloading and other emergency measures (similar to what necessary in a war situation).

Minister assured group team to study problem further in case figures went up and he would then be prepared to take necessary emergency action.

Internal movement again said to be adequate for million a month -- 2 million would be problem, but not without possibility of

solution.

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solution. Minister said again he had not even hoped we might be willing to consider more than 10 million, and thought even for 10 million he would have to argue hard.

Secretary Freeman said if we to meet even 10 million schedule we would have to use all possible U. S. ports, facilities, etc., even though not normally acceptable or necessarily cheapest.

Dave Bell re-raised and emphasized importance of pressing other nations for support -- including fertilizer and other goods related. Mr. Subramaniam promised they would follow up energetically the replies to requests already made. Agrees must take action to make other countries realize situation is serious.

Returning to discussion of Monday afternoon, Dave Bell asked to clarify some further questions on fertilizer and fertilizer import demand, even assuming production targets were met. We have a feeling of enormous urgency on production side.

Business will be interested but unnecessary obstacles must be removed:

- 1) Distribution - freedom of decision is big step. In discussion, however, it turns out must not be foreign solely distributing company getting distribution profits and then taking those profits out of country. Joint venture capital? Must be checked. Foreign distributor not allowed but producing company, even if foreign, may distribute.
- 2) Government will reserve right to purchase 30% of capacity to assure availability of fertilizer in less attractive areas. Dave Bell felt self-defeating if sale restricted to 32 million acres of intensive cultivation; however, Mr. Subramaniam said target demands assurance of supply to 32 million acres regardless of price attractiveness to sell to other farmers (where increase 10 to 1 instead of 20 to 1 planned on intensive.)

Bernie

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Bernie Bell (World Bank) suggested that if this is a real problem of allocation, then the fertilizer sights are too low and if fertilizer used on food, then increased production, even if not maximum, would be providing more food cheaper than by buying food.

- 3) Matter of credit for farm purchases also most important to business men. Recommend use of rupees from grain sales (104G) to support such consumer credit financing.

Dave Bell suggested value of one package farm credit plan (seed, fertilizer, etc)

- 4) Question of majority ownership. Mr. Subramaniam said if in public sector, then government must have majority interest; however, not insisting that fertilizer need be in public sector - can be privately financed. Fertilizer Corporation not considered government sector, so if they share, then need not be Indian majority.
- 5) Increase in duties after agreement a problem to Covamandel, for example. Mr. Subramaniam said this is being considered for financing help.
- 6) Question of underwriting seems to be progressing favorably by allowing for Indian Industry Development Bank to take initiative in assembling financing -- saving multiple bank negotiations for underwriting.

Question of Extended Guarantee Risk Agreement -- GOI has agreed to enter negotiations with USG on this (Cost of premium still a problem and question of tax to India as credit to US tax is an item).

Meeting turned to what Mr. Subramaniam thought U. S. could do --

Mr. Subramaniam

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Mr. Subramaniam said -

- 1) As Brown pointed out, any development cannot proceed in a vacuum. Therefore, total development must be a package and consortium support therefore related also to this.
- 2) Item by item must be gone through -- the way we have done on fertilizer.
- 3) Soil survey needed if scientific farming to be pursued* Assistance to extension and other institutions will have to be reviewed.

Mr. Subramaniam did not think more people needed for technical assistance but for re-orienting. Perhaps a team of experts available for a region. More stress on research needed due to change toward intensive agriculture (new seeds, fertilizer, use, etc.).

Mr. Freeman stressed the importance of monitoring progress in each region -- to be sure imports generally available and usefulness analyzed.

Oil seed crops down -
Soy bean oil will be required.

Mr. Subramaniam suggests "normal imports" six to 7 million be under Title I and extra be under II or other donation form relieving India of the excess shipping costs.

The Minister again expressed his pleasant surprise at willingness of USG to consider support of magnitude discussed.

* Soil work still in infancy in India. Some sample soil testing only.

M/FFP:RWR:reuter

AGRICULTURE

Secretary - Orville L. Freeman
 Under Secretary - John A. Schnittker
 Assistant Secretary - Dorothy H. Jacobson
 Director Agricultural Economics - Nathan M. Koffsky
 Office of Management Appraisal & Systems Development - Director, Charles F. Kiefer
 Special Asst. to the Secty, for International Aid & Trade - Eugene T. Olson
 Staff Economist Group - Lester R. Brown
 Staff Assistant to the Administrator, ERS - Martin E. Abel

ASCS - Edwin A. Jaenke
 ASCS - Arthur T. Thompson
 ASCS - Clifford Pulvermacher

FAS Administrator - Raymond A. Ioanes
 Associate Administrator FAS - Clarence R. Eskildsen
 FAS Asst. Administrator for Agricultural Attaches - Horace J. Davis
 FAS - Program Operations Division, Chief, Ocean Transportation Branch - Joseph A. Ryan,
 FAS - Grain and Feed Division, Director - Raymond E. Vickery
 IADS - Matt Drosdoff, Administrator

Assistant to Secretary - Mike Walsh

STATE

NEA, Deputy Assistant Secretary - William J. Handley
 Sidney Sober
 PPC Robert Johnson

AID

Administrator - David E. Bell
 Deputy Administrator - William S. Gaud
 AA/NESA - Assistant Administrator - William B. Macomber, Jr.
 MR/FFP - Frank R. Ellis
 AA/NESA - Walter G. Farr, Jr.
 Herbert Rees
 Walter Furst
 Kenneth Kauffman
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National Security Council - Robert W. Komer

FOOD FOR PEACE

Richard Reuter - Special Assistant to the Secretary of State
Alan Berg

DEFENSE

Assistant Secretary - Paul Ignatius
Deputy Assistant Secretary - Robert Moot
Division of Transportation - Vincent Caputo
Secretary of Navy - Paul Nitze

MARITIME ADMINISTRATION

Administrator - Nicholas Johnson

WORLD BANK

George Woods
Bernie Bell

GOVERNMENT OF INDIA

- C. Subramaniam - Minister of Food and Agriculture
- A. L. Dias - Food Secretary
- S. Vesskitaramanan - Private Secretary to Minister for Food and Agriculture
- B. K. Nehru - Ambassador
- K. S. Sundara Rajan - Minister (Economic) Executive Director IBRD
- P. P. Agarwal - Minister (Supply) Director-General, India Supply Mission
- M. G. Kaul - Minister (Coordination)
- S. Guhan - First Secretary (Economic) Alternate Executive Director IBRD

DEPARTMENT OF STATE

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Approved in S
12/28/65

Memorandum of Conversation

1965 DEC 30 AM 10 11

DATE: December 22, 1965

SUBJECT: Indian Food Situation and Agricultural Program; Indo-Pakistan Relations

PARTICIPANTS: C. Subramaniam - Minister of Food and Agriculture, Government of India
A. L. Dias - Food Secretary, Government of India
B. K. Nehru - Indian Ambassador

~~CONFIDENTIAL~~
The Secretary
Raymond A. Hare - Assistant Secretary, NEA
Richard W. Reuter - Special Assistant to the Secretary
Sidney Sober - SOA

India Food

COPIES TO: See attached list.

Indian Food Situation

The Secretary asked whether Mr. Subramaniam foresaw starvation in some parts of India as a result of the sharp crop decline. Subramaniam said the drought was the worst since the 1890's and that there would be starvation--which India had avoided on any large scale since World War II--unless special measures were taken. The drought had hit particularly Rajasthan, Gujarat, Maharashtra and adjoining areas in Madhya Pradesh, Mysore and Andhra Pradesh. The effect would also be felt in next spring's crop. In response to a question by the Secretary, Subramaniam said Mr. Dias (formerly Chairman of the Bombay Port Trust) was confident India could handle 10 million tons of grain imports during the year without disrupting other sectors. Port capacity had been increased by various recent improvements including a rise in labor productivity. No problem was anticipated on internal transport. But if more than 10 million tons of imports were needed, special measures would have to be taken.

The Secretary expressed particular interest in what India expected as help from third countries to help meet its critical need, and in what it was doing to get such help. Congress would have a major interest in knowing the contributions from other countries, as well as the priority India itself was

GROUP 3

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State Dept. Guidelines

DEC 30 1965

By *jc*, NARA, Date *3-30-01*

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giving to the food issue. The more positive the answers, the easier it would be for us to help. Subramaniam said he and Dias had seen a number of foreign representatives before leaving Delhi. They had asked for grain, special food for children, fertilizer, pesticides, vitamins, and shipping. They had just had word that Canada might provide various commodities within the next few months, although its port facilities were tied up until Spring for grain. Australia was also suffering from exceptional drought, but Subramaniam hoped it might provide some grain from its reserves. Other possible sources of grain mentioned by Subramaniam included France, Greece and Burma; Japan might be able to help with fertilizer, pesticides and canned food. The Secretary noted there were other possible sources, such as Italy for fertilizer, Pakistan for rice, and maybe even the Soviet Union for some foodstuffs. It would not be helpful to us to have Canada decline to send wheat because it had sold all it could handle to the Communist countries. The Secretary urged Subramaniam not to take "No" for an answer from possible sources of help. Perhaps Subramaniam was right that help from third countries might be only marginal in physical terms, but politically such help was important. Subramaniam asked if the United States would press other countries to help India. The Secretary said we would support India's efforts when India had begun the "bulldozing"; he added he didn't think we could do much with the French. Subramaniam promised to pursue the issue actively.

The Secretary asked whether the United States would be held responsible if there were starvation in India. Subramaniam replied "there may be resentment" if the people are short of food and have the impression that food is available "somewhere."

Indian Agricultural Program

The Secretary said he had great respect for the courage and energy with which Subramaniam was facing India's longer-term agricultural problems. It was also most encouraging that the Indian Cabinet had now given such high priority to agriculture. Subramaniam said the current crisis had helped in this respect. He thought the GOI target of eliminating the need for grain imports by 1971 was technically feasible, but recognized that from the organizational standpoint it was no more than "possible." Implementation of the program was the key. He hoped concentration on the best farm areas (32 million acres) would set an example of higher yields that would spread to other areas. There was a precedent in the way demand for fertilizer had shot up in the past 2-3 years. Higher profit to the farmer was the best incentive.

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The Secretary recalled a recent report in the press to the effect that India was losing 50 percent of its grain while in storage. Subramaniam said the report in question, issued by a research unit in Mysore, was quite misleading. In fact, the national loss of grain in storage was about 7 percent. In government storage the figure had been reduced to only 0.2 percent, and the government was working on improving private storage facilities. Subramaniam agreed it would be useful to set the public record straight on this subject.

There was some discussion of the reduction of surplus food reserves in the United States. The Secretary commented that we were considering whether we might have to expand our own producing areas so as to meet our needs at home and abroad. In any case there would be greater emphasis on other countries' meeting their requirements out of their own efforts and production.

Indo-Pakistan Relations

The Secretary said we were looking forward to Prime Minister Shastri's visit. He hoped by then India would have made peace at Tashkent. We consider the question of war or peace in the subcontinent as of fundamental importance in our relations with the area. Subramaniam said he was afraid the conversations with Pakistan would be long^{and} drawn out. India had offered Pakistan a no-war pact, which they rejected. It was hard to foresee Kashmir as the first problem to be discussed and solved; the two countries must start by talking about their overall problems. In the context of the recent fighting, Subramaniam didn't think India could even buy rice from Pakistan, if Pakistan had any to offer. He added that no Indian government could survive--especially after the recent war--if it offered to give Kashmir away. The Hindu revivalists would take advantage of any change in the status of Kashmir, and could set India back a century. The Secretary said he had concluded the United States doesn't have the capital in either country to bring about a solution of their common political problems, although each country seemed to think we could control the other country. Furthermore the reaction of our own people to violence between India and Pakistan cuts us out of the picture when they start fighting. Subramaniam commented that the Indian government and people also recognized the tragedy of any conflict, with China as well as with Pakistan.

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Department of Defense

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

December 22, 1965

Honorable C. Subramaniam
Minister of Food and Agriculture
c/o Indian Embassy
2700 Macomb Street, N.W.
Washington, D.C.

Dear Mr. Minister:

We were pleased that you could accept our invitation to come here on such short notice to discuss the food situation in your country. Your visit has made us intensely aware of the serious difficulties faced by your people and of the means by which our governments might cooperate in meeting these difficulties.

As you make your plans to speed the movement of grain into India, it would be most helpful if you could provide on a weekly basis information on the arrival of grain by ports as well as supply and distribution information on grain under the control of the Central Government. We also need more detailed information on a monthly basis, including the supply and distribution of grains held by the states. I understand that representatives of your Government and mine are in agreement as to the detailed format for this reporting. We would hope to be advised of any unusual situations which would affect the movement of grain.

We understand that you would welcome a team of U.S. specialists to make a quick survey of the port and internal transport system, along with storage facilities. We are prepared to send such a team within a few weeks. The leader of the team, someone well acquainted with Indian agriculture and food problems, might be stationed in New Delhi working closely with you. I might designate a Special Representative who would be on a more permanent basis. He would keep me posted on progress in implementing your longer-term agricultural development plans. If he could have access to you and be privy to your plans it would be very helpful.

After current crop prospects, the short-fall in 1966 and the potential 1967 short-fall have been reviewed once more, we believe that an appeal should be made for external assistance to the "Community of Nations". This appeal should be made as quickly and dramatically as feasible. It would be well if it preceded the meeting between Prime Minister Shastri and President Johnson in early February. This might even take the form of an appeal by the representative of India to the United Nations.

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Authority: ERDS 64-68, vol. 25 # 272

By: jc NARA, Date 3-30-04

1. ~~12/22/65~~
2. File
India's
food
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2--Honorable C. Subramaniam

It is also my understanding that you have begun to examine the possibilities of using large bulk carriers to discharge grain in midstream into smaller vessels and lighters for ultimate delivery to ports. In our discussion, there appeared to be certain problems in connection with the registry of the "liberty" type or smaller vessels which might be used for this purpose as well as the availability of such vessels. I trust you will be examining this situation further with the objective of increasing the overall discharge capacity at your ports as rapidly as possible.

We would like some help from you in overcoming certain problems we face in the United States. Internal rail transport and some ports are already in full use. If shipping requirements are increased, we may need to use facilities not normally used for shipments to your country. Your cooperation and that of your purchasing mission here in Washington in meeting these problems and limitations we face will be appreciated.

We are pleased with the progress that we have been able to make during our talks this week and we hope that we can continue our further close cooperation during the months ahead. Please keep us informed of any way in which we can be of further assistance.

You have done a splendid job here and left a strong favorable impression with everyone.

I have enjoyed coming to know you personally and look forward to a close and enjoyable personal and working relationship.

Sincerely yours,

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DEPARTMENT OF STATE

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON

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Authority AID Guidelines 10-16-85

By pc, NARA, Date 3-30-04

December 22, 1965

OFFICE OF
THE ADMINISTRATOR

Mr. Komer
India Econ.

112

MEMORANDUM FOR THE SECRETARY

SUBJECT: Conversations with Minister Subramaniam and Mr. George Woods

1. Following discussions with our staffs yesterday afternoon, Minister Subramaniam asked to see me alone. He raised two questions:

a. He noted that there had been differences of view within the Indian government on some of the proposals made by the World Bank staff (Bernie Bell and Andre de Lattre), and he wanted to know the views of the United States government on these questions. I told him that while we had not been privy to the details of the Bank's discussions with the GOI, and had not read the Bank's staff report, we knew in general what their views were, and I might say a word about two aspects of the Bank's suggestions. First, I knew that the Bank had been concerned over the level of defense spending in India. Since the discussions he referred to, the Indian-Pakistan hostilities had taken place which had changed the picture somewhat. So far as I was aware, no one in the United States government had a clear or definite view on the exact amount or nature of the Indian defense budget which would be appropriate to present circumstances. I knew that we did share the general concern of the Bank that defense spending not be so large as to interfere with a strong, effective economic development program.

Second, I said I knew that the Bank team had held the view that adjustments needed to be made, in one way or another, in the exchange rate. We were wholly in agreement with this view, since the present over-valued exchange rate created highly undesirable incentives for imports and an improperly high competitive barrier for Indian producers. I said that while we do not invariably agree with the World Bank's views on policy, in this case we were wholly in agreement, and if the Indian government and the Bank had not come into agreement on this question by the time the United States was ready to resume a major aid program for India, this would create serious problems for us. Minister Subramaniam said that before he came to Washington on this trip, he had talked to the Prime Minister and told him that he felt this

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subject could not be postponed much longer. Minister Subramaniam said, if I understood him correctly, that the Prime Minister had agreed and indicated that it might be desirable to take action before the Prime Minister's visit to Washington.

b. Minister Subramaniam asked me whether I had any comments on the political framework of relations between India and the United States. I told him this was not my area of responsibility but as an interested kibitzer, and speaking personally only, I felt that it was plain that while India could not agree to a plebiscite in Kashmir, or probably to any significant alteration of boundaries, most of us in the United States felt that it was incumbent on India, as the major power on the sub-continent, to take the initiative in moving toward an accommodation with Pakistan. I had no idea what form this accommodation might take; it might require constitutional innovations of the type that the United States showed in establishing the Commonwealth of Puerto Rico. While I had no knowledge of the President's mind on this subject, I thought it likely that the President would be very pleased if the Prime Minister were able to indicate in his visit to Washington that the GOI proposed to take some initiative along these lines, whereas I thought it quite likely that the President would be quite disappointed if the Prime Minister were to say that Kashmir is a closed issue and there is no point in discussing it further. Minister Subramaniam made no comment on these remarks.

2. George Woods called me following a visit from G. Ahmed. The Ambassador asked whether the Bank could give to the Pakistan government an indication of the amount of loans it would be making during the coming year under the "non-consortium". Woods replied that he could not do so. He told the Ambassador that the Bank was proceeding with certain loans for Pakistan that have been "in the hopper", but - as he said to President Ayub earlier in the week - it would not be possible for the Bank to consider new loans until they had a chance to examine the Pakistan government's economic plans following the recent hostilities. In particular, Woods said to the Ambassador, as he had previously said to President Ayub, the Bank felt it was necessary for Pakistan to place a ceiling on defense expenditures at a level which would not interfere unduly with economic development, and until the Bank knew what Pakistan's plans were along these lines, it would not be in a position to consider new lending.

DEB
David E. Bell

DEPARTMENT OF STATE

113 / Komer

Approved in S/AH
12/28/65

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MEMORANDUM OF CONVERSATION

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1965 JAN 5 AM 11 41

DATE: December 21, 1965

SUBJECT:

India

PARTICIPANTS: Indian Food and Agriculture Minister C. Subramaniam
W. Averell Harriman, Ambassador at Large

W. Averell

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INR/OD		NEA		
White House		E		M/FFP

In conversation with the Minister in the Madison Room after dinner, I commented that I thought it was a little unfair for the African Commonwealth countries to break relations with Wilson who was trying his best to deal with the Rhodesian situation. Minister Subramaniam replied rather sharply that Wilson had not been sufficiently forthcoming in the first instance; that he would not have had difficulties with the African countries if he had declared the oil embargo at once. He said Wilson had gotten into trouble because he had failed to be sufficiently forceful in the beginning. As others came up, I didn't have a chance to pursue the subject further. It was obvious that he sympathized with the Africans' reaction and, I assume, felt that their toughness had pressured Wilson into the oil embargo.

I had a short talk with Subramaniam before and also after dinner. The only matter of interest was his explanation that the Indian Government program for increased production of food was to concentrate on one-half of the irrigated area or one-tenth of the total cultivated land (32 million acres out of 320 million acres). This land was not only the best with adequate water but the farmers were more educated and therefore would use the advice and assistance to great advantage in the increase of crops. As to the rest, the Indian Minister said that the other parts of the country would

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learn by the example. I didn't have a chance to pursue the subject further but did talk to Secretary Freeman and said this didn't sound good enough to me. He agreed and said they were going to have some blunt and tough talks before the Minister left about a more vigorous program of increased food production. Obviously the theory of concentrating maximum efforts on the best land with the most educated peasants is sound, but it did seem to me more vigorous attention should be given to other production as well.

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

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Research Memorandum
RNA-67, December 21, 1965

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

Thomas L. Hughes

Jones

114

Subject: Some Political Implications of the Indian Food Shortage

Although detailed information is scarce, the visit to Washington of the Indian Food Minister, C. Subramaniam, points up the need for at least a tentative evaluation of the political impact of the current Indian food crisis. In cooperation with the Office of South Asian Affairs, we have made a preliminary survey of some of the major problems.

ABSTRACT

India is apparently facing its worst food crisis since the 1940s, and the political repercussions of the crisis may be considerable. The opposition parties will have an issue around which to rally; feuding within the Congress Party at the state level will be aggravated; and grain collection and rationing programs will be both unpopular and difficult to administer. New Delhi will be tempted to turn to authoritarian methods if the crisis proves severe, and relations with the states will be strained as the central government seeks to ensure an equitable geographic distribution of available food. Many Indians will be unreconciled to the need for shifting investment resources away from heavy industry into agriculture, and difficulties will arise in financing both a defense build-up and long-term agricultural expansion.

Nevertheless, the Congress Party should be able to withstand the crisis and maintain itself in the 1967 elections. The Congress still has widespread support and is now riding a high tide of public enthusiasm in the wake of the successful military campaign against Pakistan. The opposition parties are hardly likely to

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E.O. 13292, Sec. 3.5
NLJ 04-180

By *ins*, NARA, Date *11-29-04*

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DEC 21 1965

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overcome these obstacles, although Congress' longer-term prospects -- e.g., in the 1972 elections -- may be dimmed if the food problem lingers on.

Food and Agriculture Minister Subramaniam is in the midst of these problems. If he proves successful in obtaining US assistance and making progress on the overall agricultural problem, his considerable political ambitions should be given a substantial boost. However, he has highly placed rivals in the government and must move cautiously, sharing the credit for his possible successes and avoiding the stigma of being too close to the US.

The international repercussions of the food crisis will probably not be major. The US image will benefit considerably if US aid is instrumental in improving the situation, and the Soviets may be displeased with an India that is increasingly dependent on the US and reorients its investment towards agriculture. Both India and the USSR lay such weight on their mutual ties, however, that no significant loosening of these ties is likely. Indian policy towards Pakistan will not be directly affected, but Shastri will want to prove his "toughness" towards Pakistan and maintain a high level of patriotic enthusiasm to offset public resentment over shortages.

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The Food Crisis and the War

Although the dimensions of the present food crisis in India are not yet clear, there is little doubt that the crisis is a major one, probably the worst since the 1940s. In normal circumstances, a serious food supply failure would confront almost any government with a major threat. Last year's food shortage, although it caused considerable discontent, was minor compared to the one India may be about to encounter.

The times in India, however, are not "normal." India has just concluded a successful military campaign against Pakistan; public enthusiasm is high and Shastri and his government are riding a crest of popularity. In addition, there is still a feeling of danger from both Pakistan and China, so that patriotic fervor remains at a fairly high level. The government thus can face the food crisis with a solid base of public support and considerable confidence in its national standing. Furthermore, until the general elections early in 1967, Shastri can rely upon an overwhelming parliamentary majority.

Problems Facing the Government

There are, however, a number of factors which will work to undercut the Congress Party's political position. These factors probably will be more important at the state than the national level. The aura of victory enjoyed by New Delhi is probably more diffuse in state capitals, and the internal feuding of Congress factions in such states as Uttar Pradesh and Gujarat could be exacerbated by the food problem. Furthermore, the Communists and other opposition parties -- now in the political wilderness -- will find in the food problem a convenient basis on which to join hands in order to attack the Congress Party in the elections. At a minimum, Congress -- which appeared to be home safe as a result of its conduct of the war -- now will have to reckon with a more determined challenge in the elections.

One particularly difficult issue will be the collection of grain from producers and processors by the States for their rationing programs and for delivery to the central government. Grain collection programs have already met resistance, incited by leftist parties. These incidents are likely to increase in number and scope in direct proportion to the government's need to seize surplus and black-market grain supplies in order to feed the population. Rationing also will be unpopular and difficult to administer. At the same time, the increasing need for coercive measures is likely to lead to an increase in controls imposed by the central government. New Delhi has not hesitated to resort to emergency measures in the past, and probably will not hesitate to do so now. These measures undoubtedly will further strain relations between the center and the states. Surplus areas, will be loath to give up their grain, while deficit areas will be pressing for more.

Subramaniam's Position

In the midst of the crisis stands Chidambara Subramaniam, the man who holds the most vulnerable portfolio in the Indian cabinet -- that of Food and Agriculture. In facing up to India's present food crisis and seeking to effect

a far greater emphasis on agricultural development, he is in a position either to make or lose great political capital. Given his favorable attitudes towards the US, Subramaniam triumphant could be of great value to Indo-US relations. At the same time, however, in trying to cope with the agricultural problem in close collaboration with the US, he runs the risk of damaging his career.

Subramaniam has jealous senior colleagues in the cabinet and upper echelons of the Congress Party -- notably Finance Minister T. T. Krishnamachari -- eager to clip the wings of the ambitious Food Minister. They will be quick to exploit any failure on his part. If Subramaniam should appear to be enjoying single handed success, he may become even more vulnerable to political intrigue. In addition, his opponents would probably claim that he had become too beholden to the US to rise farther in the Indian hierarchy. These tactics have been used against S. K. Patil, and the left-wing Indian press has already launched a campaign to discredit Subramaniam as a tool of the US. Thus, Subramaniam may find it politically expedient to avoid too close an identification with the US, and at the same time to share his successes with some of his colleagues -- especially Prime Minister Shastri.

At the same time, however, Subramaniam's rivals will have to be extremely circumspect in any attempt to undercut him. The Indian leadership is well aware of the gravity of the food crisis and will be loath to make any move that might disrupt Subramaniam's efforts to gain US assistance for India's food requirements. For the short run at least, there appears to be little danger to his position; problems are more likely to arise at a later time, if Subramaniam attempts to build his political career further on the basis of his performance as a successful Food Minister and channel for US assistance.

Economic Implications

The principal impact of the food shortages will of course be felt in the economic field, but these economic effects inevitably will be of political significance. Perhaps the most important effect will be the shift of resources into agriculture. The Indians apparently recognize that a one-year crash program of US food aid will not solve their long term problems and that some of their investment -- now scheduled for other purposes -- will have to be devoted to agriculture. This investment diversion will be psychologically and ideologically unpalatable to the many Indians who are ardent partisans of heavy industry. Even more difficult will be the diversion of resources from defense to agriculture at a time when India considers itself threatened. Although it will be difficult for any party to deny the importance of agricultural development, the details of a revised economic program will provide ample scope for the opposition to snipe at the government. Perennial Indian shortcomings in the administrative field will inevitably worsen by the stresses involved in handling large-scale grain collection and rationing programs.

Although the Indian Government will have to face very serious internal problems as a result of the food crisis, the government in all likelihood will be able to withstand the attacks of opposition parties (and disgruntled elements

within the Congress) because of Congress' basic strength, further enhanced by India's military success. The internal difficulties could nevertheless weaken the Congress Party and even if its victory at the polls in 1967 is not endangered, it may conceivably face serious problems of cohesion in 1972, particularly if India's food problems continue without a basic solution in sight.

International Impacts

The implications on the international scene are also of considerable significance. If only the US stands between India and starvation, the American image in India is bound to be enhanced. It would be overly optimistic, however, to assume that even a massive US aid program would divert the Indians from their non-aligned course. Indeed, New Delhi is likely to increase its efforts to maintain close ties with the USSR, which is becoming more and more important to India as a source of military equipment. Nevertheless, Indo-Soviet relations may be subjected to some strain. There already have been signs of Soviet disillusionment with India; an India that is increasingly dependent upon US help for necessary food supplies and is orienting its development away from heavy industry may be increasingly unattractive to the Soviet leadership. The Indians may approach the USSR also for assistance in meeting their agricultural problems -- either for direct aid, or indirect assistance (postponing debt payment), or both -- and this, too, could lead to frictions between Moscow and New Delhi, especially if Moscow is unwilling to provide such aid. It is unlikely, however, that these strains will be as severe as to bring about a basic change in the Indo-Soviet relationship, which both sides value highly.

The food problem will not have a direct effect upon the Indo-Pakistani conflict. However, there will be a great temptation for the Indian government to play up the Kashmir problem and the Indo-Pakistani dispute generally so as to maintain patriotic fervor and support of the government in the face of internal difficulties. Shastri also may be inclined to prove his "toughness" over the Kashmir issue by taking uncompromising positions in the Indo-Pakistani dispute.

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CONFIDENTIAL

RWK:

December 21, 1965

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

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

CONFIDENTIAL

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

December 21, 1965

TO: Bob Komer
FROM: Henry Wilson

116
Indo

Clem Zablocki tells me that he and Doc Morgan while travelling in the Far East received cables from the White House asking their advice about the fertilizer for India after they had read about it in the New York Times.

He is pretty disgruntled and inferred that Morgan is too.

I think you'd better do a little explaining to him.

Gand will handle

DEC 22 1965



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

OFFICE OF THE SECRETARY

*12/17/65 Tolp George Bandy
John DeLafont
Per A. Hal Saunders 11/7
per staff mtg talk
MSP*

DEC 20 1965

MEMORANDUM FOR HONORABLE DOUGLASS CATER

Subject: Crash Program for Famine Relief in India

It is proposed that the President discuss with the Indian Minister of Agriculture the development of a crash program of famine relief for India which would mobilize the resources of United States agriculture, industry, and government to assist the government of India in averting what may otherwise be one of the worst famines of modern times. We estimate that such a program would cost \$100 million.

1. Magnitude of the Problem:

It is estimated that there may be 2 million deaths in India due to famine in the critical period from January 15 to May 15, 1966. Of the 485 million people in India, there are approximately 96 million children 6 years of age or under and 85 million children between the ages of 7 and 14 years. At the present time the U.S. Food for Peace, AID school lunch, and related programs reach some 10 percent of the school age youngsters, but only 0.6 percent of the more vulnerable children under 6 years of age. Malnutrition is a major factor, particularly when associated with the all too prevalent communicable diseases, in the high mortality rate of Indian children, half of whom die before they reach age 6. In order to avert a possible disaster for these children an integrated, coordinated, effective program will have to be developed in the near future.

*Orig. + 1 cy. returned to McQB
with HHS memo 12/27.
Cys to Sec. Freeman and
David Bell with
cys McQB memo to
Dr. Lee (proposed)*

2. Proposed Crash Program for Famine Relief:

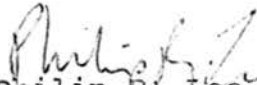
It is proposed that the President call on private U.S. agriculture and industry to mobilize their resources to produce formulated foods to assist in meeting the nutritional needs of approximately 25 million children for the critical 4-month period from January 15 to May 15, 1966. Formulated foods have already been developed and tested in India. The proposed amount of 400,000 tons of formulated foods which have already been tested in India would meet approximately 1/4 of the energy requirements and all of the other nutritional (e.g., protein, vitamins) requirements of these children.

This type of formulated foods could be produced and made available by U.S. industrial plants within 2-3 weeks. Industrial foods concerns, such as General Foods, Quaker Oats, General Mills, Purina, Heinz, Campbell's Soup, Corn Products, and others have more than adequate plant capacity, some now idle, to meet the famine program production target of 3,200 tons per day.

The cost of this program to the U.S. Government is estimated to be less than 3 cents per recipient per day, or a total cost of \$90 million for the food, as well as transportation and distribution. An additional \$10 million should be made available to cover the cost of initial air-lift shipment, and possible contingencies. These costs are over and above present Food for Peace commitments. (See attachment)

Air-lift shipments of food could begin by Christmas. U.S. jet cargo planes, flying either East or West could each carry one day's food for over a quarter million Indian youngsters. The 700 Peace Corps volunteers and the highly competent AID staff now in India could provide assistance in distribution during the famine period.

In addition to mobilizing the resources of U.S. agriculture, industry and government to meet this critical problem, the President might wish to stimulate the development of private donations to support the famine relief program.



Philip R. Lee, M.D.
Assistant Secretary
for Health and Scientific Affairs

Attachment

Proposed Action to Relieve
Wholesale Famine and Deaths in India

COST OF FORMULA FOOD, ITS SHIPMENT AND DISTRIBUTION

A. I. Ingredients	Approx.	Est. Cost
	Level in	Per Lb.
(a) <u>FFP Commodities</u>	Product	of Product
Wheat	65%	3.6
Soy Oil	6%	0.6
Dry Skim Milk	4%	0.7
(b) <u>Other</u>		
Soy Grits	20%	1.4
Mineral Supplement	4.5%	0.1
Vitamin Mix	.25%	0.4
II. Manufacturing, quality control, testing and packaging		6.0
		<hr/>
Subtotal		12.8
Transportation to Port of Debarkation		0.7
Transportation by boat to India (estimated)		3.0
Distribution in Country (From PL 480 funds)		5.0
		<hr/>
TOTAL		21.5¢
		per pound
LESS PL 480 and FFP		9.9¢
		<hr/>
ADDITIONAL COST PER LB.		11.6¢

Proposed Action to Relieve
Wholesale Famine and Deaths in India

TOTAL COST OF PROGRAM AND NUMBERS OF PEOPLE TO BE FED

	Total Lbs. Needed for 4 Mos. (Tons)	Total Cost for 4 Mos. (in millions)
B. Number of People to be Fed:		
(a) 16 Million preschool children at level of $\frac{1}{4}$ of total calories or approximately $\frac{1}{4}$ lb. per child per day.	240,000	103.2
(b) 8 Million school age children at level of $\frac{1}{5}$ total calories or approximately $\frac{1}{4}$ lb. per child per day.	120,000	51.6
(c) 2 Million other age groups, especially pregnant and lactating mothers at level of $\frac{1}{6}$ total calories or approximately $\frac{1}{4}$ lb. per person per day.	30,000	12.9
	390,000	167.7
LESS PL 480 and FFP (still in U.S. but allocated)		77.22
TOTAL ADDITIONAL FUNDS		90.48

DECLASSIFIED

Authority FRUS 64-68, vol. 25, 268

By jc, NARA, Date 3-29-01

December 17, 1965

*India Food
x NSAM*

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NATIONAL SECURITY ACTION MEMORANDUM NO. 339

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

15/

LBJ:RWK:tmt 12/16/65

NSAM
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MEMORANDUM FOR: Mr. Robert W. Komer
Dep. Special Ass't. to the
President for NSC Affairs
Room 372, Executive Office Bldg.
Washington, D. C.

Bob:

We prepared the attached memorandum for internal use as a briefing paper for the Director. We thought, in view of the general interest in this subject at the moment, you might like to have a copy.

[Redacted Signature Box]
Deputy Director
Research and Reports

Enclosure:
Subject Memorandum

17 Dec 65

(DATE)

DEC 17 1965

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

SANITIZED

E.O. 13526, Sec. 3.5

NLJ 12-252

NARA, Date 09-27-12

By

46

~~SECRET~~

CIA No 3737

16 DEC 1965

Indian Port and Transport Capacity
for Handling Increased Foodgrain Imports

Indo Food
119a

SUMMARY

The most severe drought conditions of this century will bring India to a major food crisis during the next few months. India's foodgrain output for the 1965 crop year* may be less than 75 million tons -- down over 13 million tons from last year. Unless grain imports can be increased over current levels by some 5 to 6 million tons -- up to over 13 million tons during calendar 1966 -- India faces skyrocketing food prices, widespread famine, and probable rioting in her major cities.** Near famine already exists in some deficit states. The situation will become worse after February or March 1966, when grain from the current crop will be virtually exhausted.

India's port capacity, if pushed to extreme limits, is capable of handling the estimated 13 million tons of foodgrain imports needed during 1966. The frequently reported estimate that current port capacity for handling foodgrain cannot be increased beyond 10 million tons annually assumes normal, efficient use of port facilities. This limit does not contemplate possible increases in grain handling capacity that would result from the adoption of emergency measures such as the

* Ending 30 June 1966. Estimates are preliminary.

** Imports on this scale would provide India with per capita grain availability near that in 1964 when some localized rioting and famine did occur. To provide India with the 1965 per capita availability, achieved through domestic production of 88.4 million tons and imports of 7.4 million tons, could require 1966 imports as high as 20 million tons.

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC 04-151
By isa, NARA, Date 11-1-04

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DEC 17 1965

deferment of other imports. It does, however, contemplate considerable increase in modern handling facilities, and larger port labor complements.

Whether or not the additional minimum 3 million tons of port capacity (above the going estimate of 10 million tons for grain) is made available to handle foodgrain during this crisis depends on whether the Government of India is prepared to give absolute priority to food imports in terms of port handling, dockspace, transport facilities for removal from ports, and to direct partial deferment of imports of other cargo. These measures would result in short-run domestic shortages of certain industrial raw materials and industrial products, and considerable disequilibrium throughout the economy.

If India grants the necessary priority to grain imports, we believe that the domestic transportation network, principally the railroads, has the capacity to move grain from the ports to the principal cities and to the consumer. Each of the 15 ports that have previously handled foodgrain in India is serviced by rail. In those instances where rail capacity may not be adequate, we estimate that grain could be moved to the interior by truck.

Emergency measures could enable India to handle over 13 million tons of grain imports in 1966, but it appears necessary for India to receive direct outside assistance in handling imports during at

least some part of this period. Imports during the last six months of 1965 have been running at about 600,000 tons a month, (500,000 tons from U.S. under PL-480), and it is estimated that at least an immediate doubling of this rate would be required to build reserves for the demands of late winter, for the administration of an equitable rationing system, and for the inevitable decline in handling capacity during the wet monsoon months (June-September). Thus, the recently announced crash program to deliver 1.5 million tons of PL-480 surplus wheat will soon have to be supplemented by additional allotments -- presumably under Title II, as emergency relief. Other measures of assistance need to be examined. The U.S., for example, could send India small landing craft such as LCBP's and LCM's, and the personnel to operate them, to carry grain into uncongested open port areas from anchored ships. To provide adequate grain storage from which these landing craft could operate, without delaying ships that are transporting the grain, the U.S. could provide India with a number of Victory ships that could be anchored off shore. The U.S. could also supply India's major ports with pneumatic evacuators (16 to 18 per grain unloading berth) and certain other handling equipment so that more ships could be unloaded.

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Formidable administration problems will continue to hamper the equitable domestic distribution of India's grain to the various states and to the ultimate consumer. Decisions reached by the Indian central government cannot be counted on to be implemented either quickly or efficiently at the local level. Even in the current crisis, Indian shipping interests, because of a reluctance to give up more profitable general cargo berths, are objecting to a program that would involve imports of more than 9 million tons of foodgrain per year.

In addition to emergency measures on the part of India, if U.S. grain shipments are to be doubled in 1966, special arrangements will have to be made by the United States. Because of the present shortage of U.S. flag ships, increased shipment in foreign ships or the reactivation of U.S. Reserve Fleet ships will be necessary. The U.S. would also have to institute priority measures (1) to schedule internal transport for handling such large quantities of grain to various U.S. ports (to load one 20,000 ton ship at port requires approximately 400 loaded train cars), (2) to arrange for adequate port facilities to load the grain, and (3) possibly defer grain cargoes to other purchasers and PL-480 recipients.

How Foodgrain Imports are Handled

Currently India receives bulk grain and bags the grain in or adjacent to the delivering ship for movement into the interior.

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There are few modern bulk handling and storage facilities, such as high speed pneumatic devices for unloading grain from tankers and bulk dry cargo ships and conveyors to move the grain from berthside, or bulk elevator storage facilities.

There are three methods -- with variations -- of handling food grains in Indian ports: (a) unloading tankers by pumping grain direct to shoreside locations for subsequent bagging, (b) the bagging of grain in the holds of bulk dry cargo ships and sling- ing the bags ashore, (c) the unloading of bulk dry cargo ships by use of large canvas slings to move loose grain to shoreside locations for subsequent bagging. The practice of bagging grain in or along- side bulk grain ships in India's ports, while certainly an unorthodox procedure by modern handling standards, is justified by the current requirement for distribution of the raw grain to over 100,000 interior "fair price" shops for retail sale to the consumer. Under this requirement, the 200-lb. bag is a convenient standard distribution unit.

Port Capacity

Drastic measures will be required to increase India's port capacity for the handling of grain imports to the level of 13 mil- lion tons per year. Somewhat more than 10 million tons could probably be achieved through short-term measures to increase the efficiency of port operations. In order to increase the capacity further to 13 million tons, India would have to assign additional general cargo

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berths and transit sheds to the handling of grain, increase the volume of grain discharged from ships at anchor, defer imports of certain less essential commodities and interfere with normal export activity. These measures will result in other problems such as opposition from steamship and import-export interests, lower hard currency earnings, and diminished domestic industrial production.

It is estimated that the seven leading ports could, through enactment of measures proposed by a U.S. AID study team in 1964, achieve the following capacity levels:

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	Million Tons	
	<u>Short-run Improvements ^{a/}</u>	
	<u>Before Increased Efficiency</u>	<u>After Increased Efficiency</u>
Bombay	2.64	2.86
Kandla	1.14	1.26
Morungao	0.12	0.12
Calcutta	2.34	2.7
Madras	1.08	1.26
Vizakhapatnam	0.48	0.72
Cocuin	--	0.12
TOTAL	<u>7.60</u>	<u>2.36</u>
Undistributed by Port	--	.64
	<u>7.60</u>	<u>10.00</u>

- a. Marsden, Howard J., Chief Division of Ports, U.S. Maritime Administration, et.al., Report of the Indian Port Facilities and Cargo Handling Improvement Team U.S.A.I.D. to the Government of India, New Delhi, 10 October 1964, and Marsden, Hows to the File (Response to Informal Request of AID for Advice Concerning Increasing the Capability of Ports of India to Receive Grain) U.S. Maritime Administration, 18 November 1965.

To reach these improved levels of capacity with minimum economic dislocation, the Marsden Report recommended that India (1) attempt to eliminate bunching of ships at ports, (2) improve the reporting to port authorities of anticipated ship arrivals, (3) provide incentives to ships to unload at faster rates when

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in berth, (4) eliminate unnecessary and time-consuming double grain handling in the dock shed and in the movement of grain from dock shed to railway cars or trucks, (5) provide financial incentives for increased productivity to everyone concerned with grain cargo handling, (6) provide for around-the-clock work-shifts, (7) improve sewing of foodgrain bag seams to prevent waste and (8) substitute, when possible, hand trucks or fork lifts and pallets for hand carrying of foodgrain bags.

The Marsden Report also recommended that India buy mobile equipment for certain ports -- portable grain blowers (evacuators) for discharging bulk grain from tankers for Bombay, Kandla, and Madras; and hoppers and chute wagons for use in bagging grain after discharge alongside the ships in Kandla, Mormugao, Calcutta, and Visakhapatnam.

In addition larger quantities of grain need to be off-loaded into lighters from ships anchored in the roadsteads of India's principal ports. This procedure economizes pierside berthing space and reduces overall unloading time, since the lightered grain can be discharged ashore at facilities unsuitable for use by larger vessels. Moreover, some of the grain from ships at anchor in the roadsteads can be discharged into coastal ships for delivery to shallow coastal ports.

There are eight smaller Indian ports which have previously handled grain. These include Bhavnagar and the roadsteads of

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Porbandar, Veraval, Mangalore, Calicut, Telicherry, Tuticorin, and Bedi. Roadstead ports require incoming cargoes to be discharged into lighters from ocean-going ships that are anchored offshore. In all but a few cases, these ports normally handle small quantities of foodgrain. Normally bulk grain is bagged aboard the delivering ship and moved to the shore by lighter. In a number of these roadstead ports, cargo operations are completely curtailed during the monsoon season from May through September. Measures to increase the volume of grain imports handled by these ports would include the supplying of additional shallow draft ships suitable for use as lighters. As a group, they are estimated to handle less than 300 thousand tons of foodgrain per year. Since many of them now operate at less than capacity, their volume can probably be increased somewhat by bringing them up to peak capacity. (Indian ports that have previously handled grain are shown on the Map).

Domestic Transport

Although chronic transport bottlenecks are a part of India's present economic life, it is estimated that in 1966 the railroads, supplemented if necessary by trucks, could transport over 13 million tons of imported grain away from the ports. It is assumed that at least some of the other imported cargo that is normally moved by rail from the ports may have been replaced by grain imports.

When India had a net availability of 84 million tons of grain in FY 1963-64 (of which 4.6 million tons were imports), the railroads transported over 14 million tons of grain. If all the railcars used to carry the grain had been loaded to capacity in FY 1963-64, an additional 10 million tons or a total of 24 million tons of grain could have been transported. In 1966 about 88-90 million tons of grain will be available if 13 million tons of foodgrain can be imported. Based on the above grain-rail haulage relationship, about 22 million tons of foodgrain would have to be handled by rail in 1966.

The Indian railroad system is the largest in Asia, the fourth largest in the world, and accounts for about 80 percent of India's total transport volume. All of the foodgrain handling ports in India are serviced by rail, and total rail capacity is sufficient for transporting grain away from these ports. (Selected rails connecting these ports to Indian cities with over a million population are shown on the attached Map). The total annual out-bound rail capacity from India's four leading grain ports, for example greatly exceeds the current grain import assignments of these ports. India also has over 500,000 miles of roads, of which 165,000 miles are surfaced. Although, because of generally substandard crust-thickness and narrow width, these roads can handle trucks with an average capacity of only about 5 tons, they can supplement the rails in meeting internal grain haulage

requirements, especially to the villages. Both rail and road capacity from these ports follows:

(Million of tons per year)

Port	Total Rail and Road Capacity from the Port (Dry Weather)	Current Port Capacity for Handling Grain
Calcutta	52.1	2.7
Bombay -	15.3	2.9
Visakhapatam	9.3	0.7
Kandla	<u>1.6</u>	<u>1.3</u>
Total	78.3	7.6

Possible U.S. Measures to Help India Handle Increased Grain Imports

As indicated, the problem of internal distribution of the grain, once it is off-loaded, is believed to be within the physical capabilities of India's domestic transportation facilities. Domestic transport (rail and road) from a number of ports, especially the two major ports at Bombay and Calcutta, is now operating at less than capacity. Since extreme congestion within the ports is the principal bottleneck, the major effort should be aimed at locating under-utilized discharge areas. If the U.S. would provide India with a number of small powered craft such as LCVP's and LCM's (and the personnel to operate them), the grain could then be off-loaded at uncongested open port areas near either rails or roads and then be hand loaded onto trucks or railcars. There is plenty of excess labor for such a grain handling operation.

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In order to accomplish remote landings of small craft away from congested areas, India would need to have continuous supplies of grain available on larger ships anchored in stream. To accomplish this requirement, without delaying the ships that were transporting the grain, the U.S. could supply India with a number of Victory ships (capacity 10,000 tons) from the U.S. reserve fleet to serve as floating graneries and bagging factories. These Victory ships could be loaded with grain before departing for India. They could either be reactivated at a cost of about \$400,000 each, which would take some time, or be towed to India by sea-going tug. These ships could reach India under their own power in about 35 days, or under towage in 45 to 50 days.

Indian ports do not employ modern unloading facilities at the berths now handling grain. If the U.S. could supply India with pneumatic evacuators (16 to 18 per berth -- estimated cost \$30,000 each), in the principal ports, bulk grain unloading operations could be considerably speeded. Together with this measure, however, the U.S. would need to supply India with a number of automatic weighing, bagging and stitching machines. Because of reduced port labor requirements, some officials would resist the introduction of these machines. But the use of these machines with the pneumatic evacuators would help eliminate port congestion.

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In addition, the U.S. could supply India with the needed barges, lighters, and fork-lift trucks to improve existing port operations. Moreover, if the Indians were unable to supply the trucks (sufficient quantities are believed available in the Indian Army) needed to move the grain from the open uncongested port areas serviced by the small powered craft, the U.S. could supply India with a fleet of small trucks.

Formidable administrative problems in domestic procurement, rationing, and distribution also face the Indian government. It is difficult to suggest an active U.S. role in these matters, although Ambassador Bowles' experience as O.P.A. head during World War II should make him an invaluable counselor to the Indian government at this time. It is, in fact, this experience which gives particular weight to his judgment that the development of adequate reserves is the prime requisite of a rationing system and points to the urgency of a crash program of assisting India, not only with grain shipments, but also with the means of handling cargoes on a scale beyond the capacities of the ports as they are now operated.

W.D.
120
21000

(Drafting Office and Officer)

DEPARTMENT OF STATE

S clearance not needed
per HBrock. S/S has
reviewed. 1/10/66

Memorandum of Conversation
RECEIVED
McGEORGE BUNDY'S OFFICE

DATE: December 17, 1965
1966 JAN 11 PM 12 51

Indian Food

SUBJECT: Indian Food Situation and Agricultural Production Program.

PARTICIPANTS: Douglas Ensminger, Ford Foundation representative in India

The Secretary
William J. Handley - Deputy Assistant Secretary, NEA
Sidney Sober - SOA

COPIES TO:

S/S 2cc	White House	E	Amembassy NEW DELHI
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INR/OD	SOA		AmCon MADRAS

Indian Food Situation:

Mr. Ensminger said he currently estimated Indian foodgrain production this crop year at 76 million tons. This could work out to a gap of 16-20 million tons between domestic production and Indian requirements. He said there is no question but that the drastic decline in output this year is due to a very exceptionally poor monsoon. Mr. Ensminger noted that although there might not be deaths by outright starvation, many people could be expected to die from causes connected with a decrease of food availabilities. For example, the death rate had recently gone up sharply in Raipur district (Madhya Pradesh), an area where the Ford Foundation has a project going and where the food supply is down.

Mr. Ensminger said it will be very important for the Indians to have some assurance on continued United States help under PL 480. The Secretary commented that, until very recently at least, India had not approached other countries for help in meeting its food needs in the present crisis. We believe it important that the Indians make a strong effort to enlist help internationally--not only from the United States.

Exempted from automatic decontrol
by Sidney Sober.

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FORM DS-1254
3-61

GPO 908992

JAN 11 1966

Agricultural Development Program:

In response to a query by the Secretary, Mr. Ensminger said that he was finally convinced that the GOI is really giving top priority to agricultural development. Subramaniam is the first Agriculture Minister who understands agricultural problems. As evidence of the GOI commitment in agriculture, Mr. Ensminger cited the following: clear acceptance by the Prime Minister and the GOI (although not by every member of the Cabinet individually) of the need for top priority to fertilizer; the allocation of foreign exchange for fertilizer imports; important steps to ease up on past restraints and to promote private foreign investment in fertilizer production; designation of Dharma Vira, Secretary to the Cabinet, as the key man on fertilizer policy; sound decisions on pricing for agricultural products; introduction of new strains, such as Mexican wheat, through which output could be raised significantly.

Mr. Ensminger said he believed it well within India's capability to get on its feet in agriculture within six-eight years. It would be wrong not to recognize that India has been making progress--although not enough--in agriculture during the past 15 years. It would be a very good record if India could resolve its major agricultural problems within a total period of 20-25 years.

In connection with U.S. discussions with Subramaniam in Washington during the week of December 20, Mr. Ensminger believed we should give highest priority to an analysis of India's underground water potential. We could offer to help India determine this potential, and later participate in helping India to develop the potential.

(In a subsequent conversation with Mr. Handley, Mr. Ensminger recommended that the United States could also provide valuable help by making PL 480 rupees available to finance agricultural credit.)

Population Control:

The Secretary noted that India's long-term food problem is intimately related to its population problem. Mr. Ensminger expressed the belief that real progress is in sight on the population question. The GOI has taken a clear stand on the issue and is beginning to provide the necessary input. Mr. Ensminger referred to the program now under way to expand the manufacture and use of the intra-uterine device, which offers the prospect for the first time of substantial progress in cutting down the birth rate.

EXECUTIVE SECRETARIAT
DEPARTMENT OF STATE
OUT

1966 JAN 10 PM 3 26

Mr. Tolson
122

Monday, December 13, 1965
3:30 p.m.

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: Self Help Programs to Increase World Food Production

As you are well aware, the present rate of growth of food production, especially in less-developed countries, is not keeping pace with population growth. The food crisis threatens to worsen steadily in the years ahead and will pose increasingly formidable problems for the United States in the form of political crises, declining markets, and so forth. There is a real possibility that widespread famine will occur within the next decade.

Using even the most optimistic estimates, U. S. agricultural production cannot meet world needs, even if we were to try to meet the problem this way. The only really feasible approach is to help and to teach others to feed themselves.

It has been demonstrated that this cannot be done by exporting existing American agricultural technology, either as fertilizers, farming methods or seeds. The reason is the very wide diversity of local conditions, soil types, insect pests and plant diseases, etc. For example, very little of what we have done is applicable to tropical soils or conditions.

Therefore, in line with our discussion on December 10, 1965, I am establishing an expert panel to consider the problem in depth and to make recommendations as to how we can best help less developed nations to help themselves.

There is reason to believe real progress can be made if they can be taught to develop appropriate modern technology locally to meet local needs. The

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13 1965

general approach followed by USDA (rather than the results) are in all probability exportable. What seems to be required from us is increased intellectual leadership in the form of expert assistance. The panel will also examine the possibility of synthetic foods as dietary supplements as well as the possibility of increased food production from the seas.

Donald F. Hornig

DFH:eac/mts

cc: Dr. Hornig

Dr. MacLeod

S&T file and chron

122a

December 13, 1965

MEMORANDUM FOR

Mr. Valenti

Subject: Increase in World Food Production

In planning what we can do to help underdeveloped countries to help themselves, what is usually neglected is the leverage we can gain at little cost by a proper intellectual investment.

Naturally they need fertilizers above all, seeds, farm to market roads and so forth. However, every area of the world is unique in its combination of (1) soils, (2) climatic conditions, (3) insect pests, and (4) plant diseases.

Therefore, to get real yield improvements each country must develop its own capacity to breed the right variety of seed, coupled to the right kind and amount of fertilizer for its particular conditions. Furthermore, the nutritive value of different varieties of the same crop is very different.

We use 18 different corn hybrids in the State of Iowa, each in its own area.

What we have to export is not know-how itself but how you quickly get the know-how and apply it. We can teach each country how to make its agricultural experiment stations effective.

This is not always understood. In Korea I saw a good extension service run by the Office of Rural Development and an experiment station with 600 people. But it was leaderless; there were exactly two Ph.D.'s, one over 70 years old and no American experts to show them the way. AID had sent many people to the U. S. for 3-6 months but none long enough to learn, not how we do things, but how to experiment to find out. Our program is a little like throwing all of the parts of an automobile into a room and hoping someone will drive out a Chevy.

13 1965

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The best job in the world so far has been that of the Rockefeller Foundation in Mexico, where the agricultural productivity has really taken off. They worked on it for 20 years and invested a total of \$15 million, not very much for what has been achieved. But they invested good brains and patient teaching.

Any new scheme must incorporate do-it-yourself experimentation to adapt the results of the International Rice Institute in the Philippines and similar really top labs to local conditions as an essential ingredient.

Dr. A. H. Moseman, one of the principal architects of the Mexican experiment, has recently become Assistant Administrator for Technical Assistance of AID. He understands these problems thoroughly and should be brought into the discussion of any new schemes.

Donald F. Hornig
Special Assistant for
Science and Technology

cc: Mr. Robert Komer, NSC

P. S. You may want to attach this to the World Bank plan.

RWK:

Clearly the next step is for AID to tell us how far along Woods is. Harvey promises his answer in the next day or two.

Valenti has also sent his memo direct to Bell and State, so Harvey is tidling both memos with his response.

He told Durand he wanted more in writing, *H.* but hasn't heard more.

~~SECRET~~

GROUP 4
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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D.C.

124

December 13, 1965

MEMORANDUM FOR MR. KOMER

Subject: Jack Valenti's Memos to the President
on Fertilizer Consortium

As you know, our thinking on a long-run solution to the world food problem has relied heavily on increasing LDC agricultural production. Increased use of fertilizer would contribute more than any other factor to achievement of this goal.

A cost-sharing arrangement is clearly desirable in principle. (However, we should be prepared to start on our own, since working out the details of a consortium arrangement will be time-consuming, and because there is merit in a clear U. S. initiative.) But before we encourage the President to buy this proposal, we need to know a great deal more about its specifics. Perhaps some of them have already been worked out, but this is not clear from Valenti's memos.

As far as the LDC's are concerned, sharply increased fertilizer use requires:

- 1) foreign exchange assistance to buy fertilizer;
- 2) foreign exchange assistance (public or through private investment) to build fertilizer plants;
- 3) additional domestic resources devoted to the production and distribution of fertilizer;
- 4) technical assistance aimed at the most efficient use of fertilizer.

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Authority Group 4
By JK/DC/4 NARA, Date 3-29-04

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DEC 14 1965

Without details of the proposal it is hard to assess how an international public/private consortium would contribute to the fertilizer problem.

- 1) Through government and IBRD contributions and IBRD guarantees, relatively cheap capital might be provided. Interest costs are cheaper in the U. S. than elsewhere. Consequently, the bulk of the private capital going into the consortium might well end up being raised in the U. S.

I do not know whether the difficulty of raising capital is presently the chief restraint on an expansion of fertilizer investment in the LDC's. If there is no absolute shortage of capital, then the provision of cheap capital would simply reduce the price of fertilizer marginally. Balance of payments assistance would still have to be provided to the LDC's to purchase fertilizer.

- 2) The consortium might combine two functions:
 - providing guarantees to get cheap capital (but still on "hard" terms) for the construction of fertilizer plants.
 - providing soft loans directly to the LDC's to buy the fertilizer output of the consortium plants.
- 3) Consortium fertilizer plants might be slightly less subject to nationalization or discriminatory taxes than purely private plants.
- 4) It might be easier to secure appropriations for contributions to such a consortium with a specific "anti-hunger" objective than for general contributions to international lending agencies or for bilateral aid.

- 5) In a complicated public/private consortium, some form of price fixing might have to be arranged in order to insure that the benefits of cheap capital were passed on to the LDC's in the form of lower fertilizer prices. How this in turn would affect private fertilizer exports and the current price structure is unclear to me. It obviously needs further study.

In a related vein we should make sure that a consortium would add to, rather than pre-empt, current and prospective private efforts in this field.

Finally, we need to be sure that George Woods is really ready to carry the burden of beating the bushes for support, and that support will be forthcoming.

Several aspects of the Valenti memos, by the way, need clarification:

- We will still have to ship increased quantities of food. At best, local production will not increase enough even to start to narrow the gap for another ten years or so. Until then, it will widen -- though less than it would without increased use of fertilizer. In this sense, the five- to seven-year time span is unrealistic.
- The scheme will not be free to the U. S. We now subscribe 42 percent of IDA's capital -- through grants.

In short, the idea appears well worth some careful staffing out by Bell, Freeman and Woods. If it holds water, it could probably be whipped into shape in time for an aid or food message. But until we find out, we should not push the President into it. I am asking my staff to learn more details from the World Bank; I will let you know of any useful findings.

(signed) Charlie

Charles L. Schultze
Director

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India Food

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 plan to export about 34 million tons (Canada 16.3, Australia 6.1, Argentina 7.1, France 4.5). Canada has greater stocks, but port and rail facilities limit exports to about the planned level.

However, of the major suppliers only Canada and France in addition to the US still have any substantial quantities not already sold or expected to be sold to Communist countries and traditional markets. They amount to 4.6 million tons (Canada 3.7, France .9), but 3.7 million tons of that is Canada's and is almost impossible to move by normal means. So only about 1 million tons is theoretically available for India. If we put the heat on, we might increase that figure by persuading those countries to divert something from planned commercial sales. Canada is sensitive to Indian needs.

ASAT France has never cooperated in this kind of venture, except to sell on commercial terms, but pressure on the EEC might yield some French grains.

The Communist countries themselves don't have any wheat to contribute, but they could help by stretching out their own imports since

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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. The Indians claim Indian ports can handle 875,000 tons per month or even more, 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, and Freeman has a technical team out there now to judge whether the Indians are right. If they are, it means a yearly rate of about 10 million tons, or 5.2 million over the 6 dry months ahead. With extraordinary measures, they might add another 100,000 a month, but we'll surely have to test this out before we act on it.

- 2 -

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So even by the most optimistic estimates of Indian port capacity we alone could move more wheat than the Indians can handle, although with some difficulty. Any shipments from Canada, France, or others would help somewhat to relieve the burden on our facilities in addition to broadening general international involvement.

In addition to these major growers, several minor producers may have small quantities. We don't have precise figures, but it's 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 hope for added help from major producers as new crops come in will be more from Canada and France. (Because of southern hemisphere seasons, 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. 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

- 3 -

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commodities didn't cut into the efficiency of the large-scale wheat-moving operation.

R. W. Komer

- 4 -

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January 14, 1966

U. S. WHEAT SITUATION

(Million Metric Tons)

Carryover July 1, 1965	22.3
Production	<u>36.1</u>
Total Supply	58.4
Domestic disappearance	18.4
Exported July - December (dollar and concessional sales)	<u>10.4</u>
Available for export and carryover 12/1/65	29.6
Estimated dollar exports Jan. -June	3.1
PL 480 Program projections other than India, Jan. -June	<u>4.6</u>
Available for carryover and India, Jan. -June	21.9

1256

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>
	----- Million Metric Tons -----				
Available for exports July 65 - June 66	16.3	4.5	6.8	7.5	35.1
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	<u>8.61</u>	<u>1.70</u>	<u>4.35</u>	<u>2.64</u>	<u>17.30</u>
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)

OUTGOING TELEGRAM Department of State

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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By *jc*, NARA, Date *33004*

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Indian Food Crisis

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1. Amendment to existing PL 480 title I agreement with India, signed New Delhi December 10, provides 1.5 million tons foodgrains (mainly wheat, some grain sorghum). Entire amount, equal to ~~present monthly~~ ^{present monthly} allocation/at recent rate of U.S. deliveries being made available for speeded up shipment to help India meet food crisis developing as result of most serious drought in decades.

2. Gap between supply from domestic output and minimum requirement for foodgrains in India during coming year estimated by Embassy New Delhi to exceed maximum of 12 million tons foodgrains which it might be possible to move through Indian ports.

3. In December 9 announcement authorization for amendment signed December 10, White House Press Secretary Moyers said ~~QUOTE~~ Secretary Freeman has been overnight at the ranch with the President. He has discussed with the Secretary the critical food needs of India, as well as India's longer-term agricultural problem. These immediate, as well as long-range food needs of India, are viewed with sympathetic concern by the President, who believes that the American people and the Congress fully support assisting India to overcome these difficulties in a manner whereby US assistance can be used to maximum effect India's own self-help endeavor.

Drafted by: *ACB* 12/11/65 Tel. Ext. 2709 Telegraphic transmission and classification approved by: NEA - William J. Handley *WJH*

NEA/SOA: ACB:aman: jig

Clearances:

MA - Mr. Perry (subst) *ACB*
AGR/FAS - Mr. Horbaly (subst) *ACB*
AID/NESA - Mr. Farr (subst) *ACB*
~~XXXXXXXXXXXXXXXXXXXX~~
AID/MR - Mrs. Bitterman (subst) *ACB*
NEA/P - Mr. Brown *ACB*

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

The President has also authorized officials to make effective a fifty million dollar program loan to India for urgent purchase of fertilizer in the United States. We understand 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 discussion with the Indian Government about how the US can help India achieve its agricultural goals. Secretary Freeman is inviting the ~~Food~~ Minister of India, Mr. Subramaniam, to come to the US shortly for this purpose of further discussion.

The President believes indeed 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 is now confronting. The US is fully prepared to participate in such an effort. UNQUOTE

4. In discussing above White House statement, Secretary Rusk said at press conference December 9 QUOTE We would strongly urge all countries, all countries who have food supplies, who have facilities for moving them, or who have fertilizer, who have any other resource that could be brought to bear on the food problem in the subcontinent to make those available as promptly as possible. We will take our part in the disaster aspect of the program while we continue with our more normal relationship

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in the food problem. UNQUOTE.

5. Our information that following countries have some surplus foodgrains as yet uncommitted: Argentina, Australia, Brazil, Burma, Canada, France, Greece, Italy, Sweden, Syria, Thailand. Other countries may be able help with shipping or fertilizer.

6. Initiative on approaching potential donor nations rests with India. We anticipate GOI will be approaching some governments addressee posts.

7. You should as appropriate draw upon above for background on Indian situation and US action and on US position concerning urgent need for positive international effort assist in meeting India's critical food requirements.

GP-3.

END.

RUSK

SECRET
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COAST GUARD
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FEDERAL BUREAU OF INVESTIGATION
DEPARTMENT OF JUSTICE
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DEPARTMENT OF THE MERCHANT MARINE

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INCOMING TELEGRAM *Department of State*

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1965 DEC 10 PM 12:08

SS FM AMEMBASSY NEW DELHI
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NEA AMENDMENT SEPTEMBER 30, 1964, PL 480 AGREEMENT FOR WHEAT VALUED
P DOLLARS 87.56 MILLION SIGNED 3:30 P.M. DELHI TIME, DECEMBER 10.
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INCOMING TELEGRAM *Department of State*

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1965 DEC 10 PM 4 22

REF DEPTEL 1027

AS INDICATED IN EMBTEL 1471, PL-480 AGREEMENT WAS SIGNED AT 3:30 PM DECEMBER 10 DELHI TIME.

BOWLES
BT

NOTE: ADVANCE COPY TO S/S-O 12/10/65, 4:25 p.m.

PASSED WHITE HOUSE 12/10/65, 4:26 p.m.

UNCLASSIFIED

Potential Wheat Suppliers to India

Wheat - Supply and Disappearance - Canada, France, Australia and Argentina

Year Beginning August 1	CANADA			Disappearance		Annual Carryover as a percentage of Domestic Consumption
	Supply			Domestic	Exports Including Flour (Million Bushels)	
	Carryover ^{1/} (Production (Million Bushels)	Total ^{2/}			
1960	599.6	518.4	1,118.0	157.0	353.2	381
1961	607.8	283.4	891.2	142.2	358.0	427
1962	391.0	565.6	956.6	138.0	331.4	283
1963	487.2	721.4	1,210.6	156.7	594.5	310
1964 ^{3/}	457.4	600.4	1,059.8	147.4	397.5	304
1965 ^{3/}	514.9	703.9	1,218.8	155.0	600.0	330
FRANCE						
Year Beginning July 1						
1960	68.7	405.0	492.5	349.2	57.2	19
1961	86.1	351.8	454.2	325.4	66.8	26
1962	62.0	518.4	603.5	370.9	113.3	16
1963	119.3	376.6	525.9	341.9	101.3	34
1964 ^{3/}	82.7	500.8	610.9	362.4	172.1	22
1965 ^{3/}	75.8	524.3	624.0	369.5	177.4	20
AUSTRALIA						
Year Beginning December 1						
1960	63.7	273.7	337.4	71.8	237.2	89
1961	28.4	247.2	275.6	72.0	181.9	38
1962	21.7	306.9	328.6	74.9	225.9	28
1963	27.8	327.9	355.7	78.0	253.3	34
1964 ^{3/}	24.4	370.0	394.4	87.4	258.0	27
1965 ^{3/}	49.0	-	-	-	-	-

Potential Wheat Suppliers to India

Wheat - Supply and Disappearance - Canada, France, Australia and Argentina

Year Beginning December 1				ARGENTINA		
1960	43.8	145.5	189.3	121.5	39.8	35
1961	28.0	187.4	215.4	89.4	100.3	31
1962	25.7	184.5	210.2	120.1	68.1	20
1963	22.0	328.5	350.5	139.3	129.9	15
1964 ^{3/}	81.3	371.1	452.4	143.3	209.4	56
1965 ^{3/}	99.7	-	-	-	-	-

^{1/} From previous Crops.^{2/} Supply and Disappearance for Canada and France include imports. Australia and Argentina imports are generally insignificant.^{3/} Preliminary

SOURCE: Foreign Agricultural Service

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FROM KOMER
TO THE PRESIDENT
CITE CAP65867

India Food
~~SECRET~~

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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.

DTG: 10/2143Z DEC 65

~~SECRET~~

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

PRESERVATION COPY

~~SECRET~~

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.

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

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TO SECSTATE WASHDC IMMEDIATE 1466
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BT
~~C O N F I D E N T I A L~~ DEC 10

~~CONFIDENTIAL~~

129
Judith E. ...

REF DEPTTEL 1024, AIDTO 747, AIDTO 748
PRESIDENT'S ANNOUNCEMENT FURTHER EXTENSION PL 480 TITLE I
PROGRAM OF 1.5 MILLION TONS FOR EARLY SHIPMENT AND OF \$50 MILLION
LOAN FOR URGENT IMPORT FERTILIZER IS HAVING TREMENDOUS IMPACT
IN DELHI AND THROUGHOUT COUNTRY. NEWS IS HITTING FRONT PAGES
OF THE NEWSPAPERS AND BEING RECEIVED WITH GREAT SENSE OF
RELIEF AND GRATITUDE. GOVERNMENT OFFICIALS AND OTHERS ARE
GOING OUT OF THEIR WAY TO PAY PERSONAL TRIBUT TO PRESIDENT.
MINISTER FOOD AND AGRICULTURE SUBRAMANIAM MADE STATEMENT IN

PAGE TWO RUSBAE 511
PARLIAMENT TODAY ANNOUNCING US ACTION. HE ESPECIALLY EXPRESSED
HIS "THANKS ON BEHALF OF THE GOVT OF INDIA TO PRESIDENT JOHNSON
FOR THE PERSONAL INTEREST BY HIM TOWARDS MEETING THE
IMMEDIATE AS WELL AS THE LONG-RANGE FOOD REQUIREMENTS OF THE
COUNTRY AND ASSISTING IN OUR EFFORTS TO ATTAIN SELF-SUFFICIENCY."

PRIME MINISTER MADE FURTHER FOLLOW-UP STATEMENT IN PARLIAMENT
THIS AFTERNOON. HE ANNOUNCED VISIT TO THE UNITED STATES FOR
TALKS BEGINNING FEBRUARY 1. HE STATED HE LOOKED FORWARD TO
MEETING WITH THE PRESIDENT AND AMERICAN PEOPLE. HE SINCERELY
THANKED THE PRESIDENT FOR PROVISION OF ADDITIONAL MILLION AND
A HALF TONS OF FOODGRAINS UNDER NEW PL 480 AGREEMENT.

WE ARE RECEIVING NUMEROUS QUESTIONS FROM PRESS AND OTHERS AS
TO NEXT STEPS. WE ASSUME THAT NEXT STEP WILL BE VISIT SUBRAMANIAM
TO THE UNITED STATES TO WORK OUT WITH SECRETARY FREEMAN
AND REST OF USG ARRANGEMENTS FOR FURTHER DELIVERIES IN CONTEXT
OF MORE DETAILED DISCUSSION OF INDIAN AGRICULTURAL PRODUCTION
PROGRAMM IN RESPON TO QUERIES AS TO WHEN SUBRAMANIAM WILL
MAKE VISIT, WE ARE REPLYING "SOON AS POSSIBLE" AND, IN LINE
WITH MOYERS' PRESS BRIEFING, ARE SAYING THAT WE EXPECT SUBRAMANIAM
VISIT TO TAKE PLACE BEFORE SHASTRI MEETING WITH PRESIDENT.

PAGE THREE RUSBAE 511 ~~C O N F I D E N T I A L~~
AS REGARDS LEVEL OF FURTHER SHIPMENTS, WE ASSUME THAT, SUBJECT
TO SUCH UNDERSTANDINGS AS MAY BE WORKED OUT WITH SECRETARY
FREEMAN, SHIPMENTS WILL BE MADE TO MAXIMUM CAPACITY SHIPPING
AND PORT FACILITIES. WE FURTHER ASSUME, IN LINE MOYERS' BRIEFING,
THAT EFFORT WILL BE MADE TO OBTAIN MAXIMUM POSSIBLE CONTRIBUTIONS
FROM OTHER COUNTRIES SUCH AS AUSTRALIA, CANADA AND POSSIBLY
FRANCE TO ASSIST INDIA IN PRESENT EMERGENCY.

AS REGARDS TIMING, WE ARE ASSUMING THAT EVERY EFFORT WILL BE MADE
TO ACHIEVE MAXIMUM INFLOW DURING FIRST HALF OF 1966, BEFORE
RAINY SEASON REDUCES SHIPPING AND UNLOADING CAPACITY.

ADVISE SOONEST IF FOREGOING ASSUMPTIONS ARE CORRECT. GP-3

BOWLES
BT

~~CONFIDENTIAL~~

NNNN

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Authority State Hr. 11/7/77
By Jcl/mg NARA. Date 3-29-01

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O 101251Z
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1467
STATE GRNC
BT
~~C O N F I D E N T I A L~~ DEC 10

~~CONFIDENTIAL~~

85 DEC 10 31 9:00
FRIDAY

REFERENCE EMBTEL 1456

WE ALSO HAVE BEEN ASKED BY THE PRESS AS TO WHAT IS BEING DONE ABOUT GOI REQUEST FOR EMERGENCY PL 430 ASSISTANCE UNDER TITLE II. WE ARE REPLYING THAT WE EXPECT THIS POSSIBILITY WILL BE CONSIDERED IN SUBRAMANIAM-FREEMAN TALKS.

GP-3.
BOWLES
BT

~~CONFIDENTIAL~~

NNNN

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E.O. 13292, Sec. 3.4
State Dept. Guidelines
By ja, NARA, Date 3-30-07

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STATE UNIVERSITY OF NEW YORK AT BUFFALO

(Formerly The University of Buffalo, Founded 1846)

Buffalo, New York 14214

Vice-President for Research

December 10, 1965

Telephone 716-831-2506

President Lyndon B. Johnson
The White House
Washington, D. C.

Dear Mr. President,

Re: INDIA

In this letter I want to pass on to you some points of view regarding India's present food crisis. I have no doubt you are surrounded by India experts, but possibly this letter will embody a few ideas that may have escaped your attention thus far. I have been studying agriculture and the food/population problem in India for 10 years, and I have made many trips to India under the auspices of both the Ford Foundation and United Nations. I have traveled extensively in every part of India, and I have made economic studies in six of the states of India. Therefore I believe I understand India and her problems quite well.

Following are what I believe to be the salient facts and points of view regarding India's food crisis:

1. India has a serious food shortage now, but this is only the beginning phase of a prolonged food crisis that is likely to continue for many years.
2. India's food shortage will probably get progressively worse during the next few years, unless there is a drastic improvement in India's agriculture in the near future.
3. While India's food shortage is serious now, it may well go from serious to desperate to disastrous during the next 5 or 6 years unless quick and effective action is taken.
4. India's population is now growing at over 12 million per year whereas India's agriculture has been stagnant for the past 5 years.
5. India's population will increase by at least 200 million during the next 15 years, and India cannot possibly feed 200 million more people by 1980.
6. India may never again be able to feed her own population--at least for the next 10 or 20 years. In fact, the race between agricultural production and population growth has probably already been lost in India. The best that can be done by India and other nations willing to help her working together is to reduce the severity of the oncoming famine during the next decade.

Handwritten notes:
130
See Park
G. Wood
12/22

12/10/65

7. India cannot possibly solve these problems on her own resources, or even ameliorate them significantly.

8. India will have to have help on a larger scale than in the past from the advanced countries, including the United States, the Soviet Union, Western and Eastern Europe, Canada, Australia, Japan and Israel.

9. The advanced countries will need to send India large quantities of the following:

- (a) food to meet the immediate crisis;
- (b) agricultural inputs, including fertilizers, pesticides, improved seeds and farm equipment;
- (c) machinery for new factories in India to produce fertilizers, pesticides and farm equipment;
- (d) technical manpower in all fields of agriculture and in industries related to agriculture;
(this means 2,000 to 4,000 agricultural and industrial specialists, in the writer's opinion, as compared with probably not over 200 at the present time).

10. All resources available to India should be focussed on the agriculture and food problems, with industrial development generally relegated to second priority. Industrial development for several years at least should be largely limited to industries directly related to agriculture, such as industries producing fertilizers, pesticides and farm equipment. Also, infrastructure developments should be specifically directed towards assistance to agriculture, including education, roads, railways, seaports, banking facilities, marketing facilities, etc.

11. Greater use of fertilizer is the most important single factor in the improvement of agriculture. But development of the fertilizer industry in India has been going very badly. Both the public sector and the private sector have not been able to build enough fertilizer factories to meet the needs. It may be necessary for the United States and other governments to take a more positive approach to helping India develop her fertilizer industry.

12. Unless these things are done, mass starvation will increase steadily in India, probably leading to a gradual breakdown of government.

13. The political consequences of widespread starvation in India are certain to be massive and far-reaching and of greater long-range importance to the security of the United States than the situation we now face in Vietnam.

14. The same situation is developing in Pakistan, Indonesia, Iran Turkey, Egypt and several Latin American countries. In fact, all the countries of Asia, Africa and Latin America, with only a few exceptions, are threatened with similar food crises within the next 10 years.

12/6/65

15. The primary causes of these impending developments are high population growth rates and stagnant, unproductive agricultures.

16. The only ultimate solution is a large decrease in birth rates in the countries of Asia, Africa and Latin America, but this is not likely to have a major effect before the 1980's. Therefore, improved agriculture will have to be the principal means of ameliorating the food population problem during the next 15 years.

17. Even though birth control is not likely to have any major effect until the 1980's, it should nevertheless be pushed with all possible vigor right now in order to reduce the severity of the food crisis in the 1980's and hopefully may have some effect even in the 1970's.

If I can be of assistance in supplying more detailed information (on any of these points, I will be glad to do so.

Sincerely yours,



Raymond Ewell
Vice-President for Research

✓
Copy to President Johnson
Johnson City, Texas

*Attachments sent to Secretary Freeman
with Rufamer memo of 12/22/65.*

131
 File
 India econ.

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>
	----- Million Metric Tons -----				
Available for exports July 65 - June 66	16.3	4.5	6.8	7.5	35.1
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	<u>8.61</u>	<u>1.70</u>	<u>4.35</u>	<u>2.64</u>	<u>17.30</u>
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)

OUTGOING CABLEGRAM

DEPARTMENT OF STATE

04852

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CLASSIFICATION

- BUNDY-SMITH
- BATOR
- 747
- BYLER
- HOWMAN
- CHASE
- COOPER
- JESSUP
- JOHNSON
- KEENEY
- KRUMER
- MOODY

Dec 9 1 50 PM '65
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lr
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ACTION
NESA
INFO.

SENT TO— NEW DELHI FLASH AID TO 747

JOINT STATE-AID MESSAGE

SUBJECT— PL 480 and Fertilizer Loan

REFERENCE—

- AAFC
- CLS
- DFPE
- EXSEC
- FFP
- FOS
- GC
- MR
- SRD
- TCR
- NECDF
- NEDP
- NEF
- NEPL
- NETEC
- WC

90p

- EXIM
- AGRIC
- NSC
- TREAS
- TVA

President has just announced further extension PL 480 Title I program of 1,500,000 tons wheat for early shipment, that being equal to present monthly allocation on three months basis. President also announced \$50 million loan for urgent import fertilizer tied to GOI expenditure like sum of own funds for fertilizer import. President believes all nations capable of helping should assist meet India's present ~~grave~~ grave food problem and indicated USG would participate fully. Full text Presidential announcement following.

Inform Sen. Morse and other Senators and Congressmen in India of substance of Presidential announcement.

FYI. Pleased GOI announcement own plans import \$79 million fertilizer. Every effort should be made assure AID loan entirely supplemental to maximum effort by GOI to import

PAGE	PAGES
1	OF 2

DRAFTED BY WGH	OFFICE AA/NESA	PHONE NO. 8321	DATE 12/9/65 12/8/65	APPROVED BY: W.S.G. William S. Gaud
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AID AND OTHER CLEARANCES
NEA:WHandley (In sub.)
S/S:JWalsh (In sub.)

BY Ben Kearra EXSEC
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CLASSIFICATION

43
AID-90
NEA-3
SS-11
SP-2
E-4
IG-2
H-1
F-3
R'SR-1
126

fertilizer with other than AID funds. Loan will also be tied ~~xxx~~ in to overall agricultural program. By exchange of letters or otherwise, GOI will be expected agree to certain specific self-help efforts, particularly ~~xxx~~ in private sector production and distribution fertilizer and other inputs. Detailed negotiating instructions follow. FYI.

~~XXXXX~~

RUSK

GP-4

SENT
WHCA

SEND RANCH
8:07 PM EST
WEDNESDAY DEC. 8, 65

1965 DEC 9 01 07

EEA421
OO WTE10
DE WTE 633

FROM: KOMER
TO : JACOBSEN FOR THE PRESIDENT
INFO: BILL MOYERS
CITE: CAP65852

SECRET

Jacobson Food

133

~~SECRET~~

DECEMBER 8, 1965

FOR JACOBSEN FOR THE PRESIDENT FROM KOMER
PASS COPY TO MOYERS

65 DEC 8 PM 8:09
WEDNESDAY

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 CLOSE QUOTE. THIS WAS ONLY WAY
TO MEET TOMORROW'S 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 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, MORSE 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.

DTG: 090022Z DEC 65

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

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~~SECRET~~

134
December 9, 1965

RWK:

The prime virtue of the attached fertilizer plan is George Woods' leadership. This gives it oomph and depth we couldn't hope for from Durand (whose proposal is partly along the same lines but not necessarily this big).

The big question is whether Woods is really geared up to get going. This would be a massive and cumbersome job. I don't have any sense that he is now, and maybe if we worked with him he could be by January.

If we went ahead, we'd want to be careful to keep the private companies center stage. I understand the big oil companies are already doing a lot in this field. We want to be sure involvement by governments and international organizations doesn't work as a disincentive.

Valenti is misleading in saying this "will not cost the US aid or grant money or give-away surplus food." He later concedes "soft loans to IDA and possibly the use of PL 480 in local currency. For one thing, our contribution to IDA is grant. But technicalities aside, I'd rather sell it to the President as an excellent way to spread the burden, not shuck it off scot-free. This could well cost us some money, though we might ring in surplus rupees and the like.

The time period Valenti mentions also seems much too short. This isn't an in-and-out proposition. It would probably take 2-3 years to put together a multilateral effort of this size. Then it takes 3 years to build a fertilizer plant. So it would be 5-6 years before we got the first results, and that would just be the beginning!

Therefore--and this is another reason for not selling this to LBJ as something that gets us off the hook--our bilateral programs would be crucial in getting fertilizer plants started now. So for the next couple of years at least we'd have to stay fully in business lest the whole fertilizer effort stall waiting for a multilateral program to get off the ground.

Before the President talks to Erhard we'll want to be certain Freeman and Bell are firmly aboard. But if we get that far, we'd surely want to play it up via the Shastri visit (after the State of the Union Message).

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E.O. 13292, Sec. 3.4
NSC Memo, 1/30/85, State Guidelines
By je, NARA, Date 3-30-01

JL.
HHS

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

December 8, 1965
8:15 p.m. Wednesday

*Copies sent to:
Charles Schultz
and William Fair
12/9/65 with
Reek memo.
135*

MR. PRESIDENT:

Attached is a brilliant idea conceived by George Woods of the World Bank.

It attacks, long-range, the crisis in food around the world.

And it does it in a way that will not cost the U.S. aid or grant money, or give-away surplus food.

What it does demand is U.S. endorsement of the idea -- with the World Bank taking the lead in putting it together. Woods says it is practical and feasible and he has brains collected at his shop giving this idea flesh and bones.

NOTE: This could well be something you might want to bring up with Chancellor Erhard, and suggest that Woods talk to Erhard's people, because the plan involves the massive production of fertilizer. The Germans are expert in this field. Woods wants to get Germans consulting in this.

Erhard, no doubt, would be pleased to hear about this and would likely be delighted to have German experts involved in it.

The idea in sketchy outline is attached.

Jack Valenti

DEC 9 1965

135a

TO: The President

FROM: Jack Valenti

RECOMMENDATION

You include in your State of the Union Message a declaration that the U. S. will endorse the leadership of the World Bank in organizing an international corporation and consortium for the production of fertilizer, and extending credit and agricultural information to farmers in those lands where food is scarce.

THE PROBLEM

By 1980 population in Asia, Africa and Latin America (excluding China and Japan) may rise by 900 million.

Food production in these continents is declining. The gap is widest in Latin America. In long run, most serious shortage will be in Asia.

THE SOLUTION

Introduction, in famine-infested lands, of modern production techniques: fertilizer, pesticides, better tools and improved seeds.

Increased use of fertilizer offers the best possibility for quick increase in agricultural production.

THE DETAILS

Under leadership of World Bank -- through an idea originated by George Woods, head of the Bank -- a world-wide organization would be formed.

It would consist of private companies (the giants in the oil industry, chemical field and fertilizer manufacturers -- and governments who either have the raw materials or the

need for more food -- and the World Bank.

The private concerns and the governments would put up equity capital. The Bank would guarantee loans.

The International Finance Corporation, the International Development Association and the International Bank for Reconstruction and Development (popularly known as the World Bank) would be the generating forces.

Because of its international character, with public and private ownership, it would be less likely to be confiscated by some frivolous dictator.

HOW WOULD IT BE DONE

The organization would build production units in African and Asian countries, as well as Latin America, where potassium, potash and nitrogen are available. (For example, in the Near East, gas is now flared, wasted as it used to be in the Texas oil fields; this gas would be a precious resource for nitrogen.)

Marketing units would be set up in India, etc. where the fertilizer would be marketed, where credit arrangements and soil knowledge would be dispensed.

Time span for entire operation: Five to seven years.

PERSONNEL

George Woods already has consultants working on this. More will be enlisted. They are top men in their field. Example, Sir Harold Wilkinson, formerly managing director of Shell Oil -- Stanley de J. Osborne with Lazard Freres in New York.

The Germans who have a spacious knowledge of fertilizer techniques would certainly be brought in.

ADVANTAGES TO THE U. S.

We can't feed the world alone. We can't finance the feeding. Here is a plan that with U. S. backing could do the job. Our only participation would be in the form of soft loans to IDA, and possibly the use of PL 480 in local currency.

I like this idea. Let's seriously consider putting this in the State of the Union Message after checking with appropriate people. _____

No _____

See Me _____

5278
136



19741

DEPARTMENT OF STATE

WASHINGTON

December 8, 1965
McGEORGE BUNDY

1965 DEC 9 AM

*orig. ret'd to BK5 for file 4/25/66.
Food*

~~SECRET~~ Attachment

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Letter to Mr. Robert Komer from
Mr. Alan Berg of the Food for Peace Staff

The attached letter from Alan Berg (M/FFP), addressed to Bob Komer, was routed through Mr. Reuter's office by Mr. Berg for his clearance. Since Mr. Reuter is en route to Poland, it is being forwarded on to you in the event the information might be of assistance.

W.G. Miller
for Benjamin H. Read
Executive Secretary

Enclosure:

Letter from Mr. Alan Berg to
Mr. Robert Komer, December 3, 1965.

~~SECRET~~ Attachment

DEC 9 1965

~~SECRET~~

136a

New Delhi
December 3, 1965

Bob...

Recognizing that a week in India hardly qualifies one as an India expert, I thought you still might possibly find of interest a few preliminary views of one who sees the problem here as a Washington outsider.

From what I have been able to learn through dozens of meetings with people from the Embassy, the GOI, Ford Foundation and others is that the Bowles cables have not been on the pessimistic side. India today is facing imminent disaster of unprecedented proportions, at least in modern history. It now looks as if the early estimates of the impending food crisis were seriously understated. As the crop outlook data is refined, it is becoming apparent that we have makings here of human tragedy on a massive scale. I am frequently told that we face the very real possibility that the number of deaths due to severe malnutrition and starvation could far exceed the three to four million lives lost in the relatively localized West Bengal famine of 1943. Preliminary unsubstantiated reports indicate already rising death rates in the hardest hit areas. One Ford Foundation economist roughly estimates (privately, of course) that 20 million deaths would not be unrealistic—with many times that number of people incapacitated due to severe malnutrition.

Rains here have been the worst of the century, resulting in the sharpest cutback in food production ever recorded. The crop is variously estimated between 76 million (by the Central Govt.) and 68 million tons (from reports of the States.) Ford people now suggest it might be even lower. This compares, as you know, with 88 million ton production last year and a total demand of 95 million tons. Since the Indian diet, in many instances, is already down to subsistence levels, there is little room for belt tightening.

Even with the best efforts of the Indian government to manage reduced food supplies and our best effort to move grain into India using conventional methods, mass famine may still be unavoidable. The rapidly deteriorating situation cries for immediate action. Shastri is now beginning to state publicly that the U.S. is the only country India can turn to in time of need.

Given proportions of the impending crisis, perhaps it might be desirable to consider:

- 1) Divorcing emergency issue from the longer run PL-480 decision, which can, if necessary, await Shastri visit.

DECLASSIFIED

~~SECRET~~

Authority State Hr. 1/12/78

By jk/mg NARA, Date 3-30-01

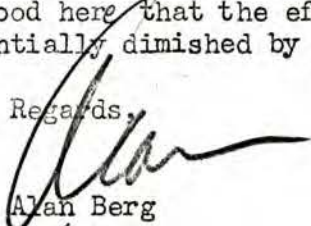
~~SECRET~~

- 2) Prompt response and reassurance from President personally that the U.S. is watching situation closely, is deeply concerned, and is prepared to respond with all resources at our command. This could have a profound effect on price levels here as well as on still cloudy U.S.-Indian relations. Such a message in the next few days will enable members of Parliament, adjourning December 10, to carry news home via upcoming speeches in home districts.
- the President
- 3) As the crisis unfolds, ~~perhaps you~~ may want to consider sending a high level personal emissary, perhaps Humphrey or Bundy, as an expression of his personal as well as national concern. A brief trip would have profound effect on the Indian populace, in addition to carrying latest first hand observations to The White House.
- 4) ~~As crisis unfolds~~ Include problem on agenda of next meeting of National Security Council. Because ~~of the~~ potential tragedy of these proportions is not within the realm of U.S. experience, it is difficult to anticipate the full political and psychological ramifications. We understand from Les Brown that food quantities will be no problem. The difficulties, rather, will be in logistics. You may want to consider the use of non-conventional means of getting at the problem due to jammed ports; e.g. air lifting food from nearby country ports, a la the Berlin airlift (even if only in small amounts, of obvious dramatic psychological value), providing smaller craft for moving up Indian rivers, mobilizing liberty ships, perhaps token mobilization of military resources to assist in grain movement.

In addition to the obvious humanitarian concern, the situation is filled with economic, political and defense implications. ~~The~~ Truly massive famine could destroy ~~this~~ effect of alleconomic development input of the last decade.

Recognizing the time lag requirements for shipments plus price stability effect of quick action, there is obvious need for prompt decisions. It is the general mood here that the effectiveness of the eventual effort could be substantially diminished by delay.

Regards,


Alan Berg
(Dick Reuter's deputy)

Apologies for the hurried effort - but I'm trying to make a 4:00 pouch...

~~SECRET~~



THE UNDER SECRETARY OF AGRICULTURE
WASHINGTON

December 8, 1965

John Food

To: Robert Komer, The White House

From: John A. Schnittker

The attached summary of the December 7 cable from Ambassador Bowles was prepared at your suggestion for transmission to the President and the Secretary of Agriculture in Texas.

Attachment

JA

DEC 8 1965

Cabinet decisions reported by Subramaniam and confirmed by Bowles cable today have been carefully compared with Rome agreement. All major points of Rome discussions have been officially confirmed by Indian Government. Most important are:

(1) Commitment to make available specified tonnages of fertilizer each year between now and 1970-71 from internal production or imports.

(2) A commitment to import 250,000 metric tons of nitrogen during the first half of 1966-67 from own resources which goes far beyond Rome discussion specifying 100,000 tons.

(3) Assigned top civilian priority to agriculture during the Fourth Plan, including claims on foreign exchange. India has agreed to commit about \$5 billion for agriculture during the Fourth Plan. Immediately, Government expenditures on agriculture during 1966/67 are being increased 40 to 50 percent.

(4) New and strong policies to be announced shortly to attract foreign private investment in fertilizer production and distribution. There is every indication that specific decisions will be satisfactory.

(5) Foreign exchange is being committed to insure adequate raw material imports for domestic fertilizer manufacture.

(6) Special fertilizer committee headed personally by Prime Minister has been established to insure rapid progress in fertilizer production and import programs.

(7) Commitment to launch a bold and workable program of rural credit, seed improvement and irrigation.

(8) Commitment to get needed inputs of fertilizer, seeds, and pesticides to key producing areas in order to maximize food output.

(9) Major reorganization of administrative machinery dealing with food and agriculture

Decisions on fertilizer distribution and pricing policy are still pending but a favorable decision in near future appears likely.

The Rome commitments which are now official policy of the Government of India as reported by our Ambassador represent necessary and adequate steps in the right direction.

However, implementation has long been the principal weakness of the Indian Government and economy. Now that real Movement is indicated in this area, the task changes to monitoring progress and keeping the longer-term pressure on while meeting immediate food crisis as it develops.

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00 WTE10
DE WTE 634

SEND RANCH
8:19 PM EST
WEDNESDAY, DEC. 8, 65

Komer

FROM: KOMER
TO: THE PRESIDENT
INFO: SECRETARY FREEMAN
CITE: WH50599

65 DEC 8 PM 8:45

WEDNESDAY

138

UNCLAS

FROM: JOHN A. SCHNITTKER, UNDER SECRETARY OF AGRICULTURE
SUBJECT: FURTHER REPORT ON INDIA

CABINET DECISIONS REPORTED BY SUBRAMANIAM AND CONFIRMED BY EMBASSY DELHI TODAY HAVE BEEN CAREFULLY COMPARED WITH ROME AGREEMENT. ALL MAJOR POINTS OF ROME DISCUSSIONS HAVE BEEN OFFICIALLY CONFIRMED BY INDIAN GOVERNMENT. MOST IMPORTANT ARE:

(1) COMMITMENT TO MAKE AVAILABLE SPECIFIED TONNAGES OF FERTILIZER EACH YEAR BETWEEN NOW AND 1970-71 FROM INTERNAL PRODUCTION OR IMPORTS.

(2) A COMMITMENT TO IMPORT 250,000 METRIC TONS OF NITROGEN DURING THE FIRST HALF OF 1966-67 FROM OWN RESOURCES WHICH GOES FAR BEYOND ROME DISCUSSION SPECIFYING 100,000 TONS.

(3) ASSIGNED TOP CIVILIAN PRIORITY TO AGRICULTURE DURING THE FOURTH PLAN, INCLUDING CLAIMS ON FOREIGN EXCHANGE. INDIA HAS AGREED TO COMMIT ABOUT \$5 BILLION FOR AGRICULTURE DURING THE FOURTH PLAN. IMMEDIATELY, GOVERNMENT EXPENDITURES ON AGRICULTURE DURING 1966/67 ARE BEING INCREASED 40 TO 50 PERCENT.

(4) NEW AND STRONG POLICIES TO BE ANNOUNCED SHORTLY TO ATTRACT FOREIGN PRIVATE INVESTMENT IN FERTILIZER PRODUCTION AND DISTRIBUTION. THERE IS EVERY INDICATION THAT SPECIFIC DECISIONS WILL BE SATISFACTORY.

(5) FOREIGN EXCHANGE IS BEING COMMITTED TO INSURE ADEQUATE RAW MATERIAL IMPORTS FOR DOMESTIC FERTILIZER MANUFACTURE.

(6) SPECIAL FERTILIZER COMMITTEE HEADED PERSONALLY BY PRIME MINISTER HAS BEEN ESTABLISHED TO INSURE RAPID PROGRESS IN FERTILIZER PRODUCTION AND IMPORT PROGRAMS.

(7) COMMITMENT TO LAUNCH A BOLD AND WORKABLE PROGRAM OF RURAL CREDIT, SEED IMPROVEMENT AND IRRIGATION.

(8) COMMITMENT TO GET NEEDED INPUTS OF FERTILIZER, SEEDS, AND PESTICIDES TO KEY PRODUCING AREAS IN ORDER TO MAXIMIZE FOOD OUTPUT.

(9) MAJOR REORGANIZATION OF ADMINISTRATIVE MACHINERY DEALING WITH FOOD AND AGRICULTURE.

DECISIONS ON FERTILIZER DISTRIBUTION AND PRICING POLICY ARE STILL PENDING BUT A FAVORABLE DECISION IN NEAR FUTURE APPEARS LIKELY.

THE ROME COMMITMENTS WHICH ARE NOW OFFICIAL POLICY OF THE GOVERNMENT OF INDIA AS REPORTED BY OUR AMBASSADOR REPRESENT NECESSARY AND ADEQUATE STEPS IN THE REIGHT DIRECTION.

HOWEVER, IMPLEMENTATION HAS LONG BEEN THE PRICIPAL WEAKNESS OF THE INDIAN GOVERNMENT AND ECONOMY. NOW THAT REAL MOVEMENT IS INDICATED IN THIS AREA, THE TASK CHANGES TO MONITORING PROGRESS AND KEEPING THE LONGER-TERM PRESSURE ON WHILE MEETING IMMEDIATE FOOD CRISIS AS IT DEVELOPS.

DTG: 090042Z DEC 65

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
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~~CONFIDENTIAL~~

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Dec 8 7 56 PM '65

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Origin
SS

Info:

ACTION: Amembassy HONG KONG 760

LIM DIS
PASS TO CODEL Sen. Mansfield

India

SUBJECT: Congressional Consultation on AID Loan to India

Please pass following msg from Secretary Rusk to Sen. Mansfield
soonest and ask him keep contents confidential.

BEGIN MESSAGE:

Because administration has become increasingly concerned
with failure Indian agricultural production to keep up with population
growth and demand for food, it has in recent months approved PL 480
wheat sales only on a monthly basis pending time satisfied that India
is giving top priority to agricultural production and is adopting improved
agricultural policies.

Now two things have occurred:

1. Worst monsoon in decades during past growing season threatens early major food crisis in India.

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

DECLASSIFIED

Authority Group 4

By pc, NARA, Date 3-30-04

Drafted by: AID:AA/NESA:WGFarr:bp:12/8/65

Telegraphic transmission and classification approved by: AID:A/AID:William S. Gaud

Clearances:
STATE:NEA/SOA:DTSchneider (in draft)
White House:RKomer (in sub.)
STATE:S/S:BRead (in sub.)

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2. On December 7 Indian Agricultural Minister Subramaniam announced series of new Indian Government agricultural targets and policies, including greater dependence on private, including foreign, investment for fertilizer and other agricultural inputs. Administration judges this to be ambitious and realistic program aiming at Indian self-sufficiency in food production and feels program merits U. S. support.

Substantially increased availability fertilizer critical to increasing food production. One ton of fertilizer applied this spring will mean six to ten tons increased wheat yield next fall. Indian program emphasizes rapid increase local production fertilizer, but several years required for new plants come on stream, ~~leaving~~ ^{leaving} immediate need for substantial fertilizer imports.

President ~~considering~~ ^{seriously} offer AID loan of \$50 million for import of fertilizer for use in spring planting. When aid bill before Congress last fall, however, Secretary Rusk announced that administration would make no new economic aid loans to India or Pakistan without consulting with Congressional leaders. Accordingly, President has asked for your views on this proposal.

Proposed loan agreement would require India allocate at least \$50 million of its own foreign exchange for fertilizer imports in addition to those financed by AID. Loan would also be closely tied to overall Indian program for improved agricultural performance.

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~~CONFIDENTIAL~~

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. End msg.

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

GP-4

Note: Code Room:

LIM DIS distribution to:

Secretary
Komer, White House
Bell, A/AID
Gaud, DA/AID
Hare, NEA
Macomber, AA/NESA

RUSK

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DEPARTMENT OF STATE

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04616

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Dec 8 7 55 PM '65

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ACTION

SENT TO— PARIS AID TO 119

LIM DIS

PASS TO CODEL. Congressmen Morgan and Zablocki

INFO.

SUBJECT— Congressional Consultation on AID Loan to India

REFERENCE—

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

BEGIN MESSAGE:

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PAGE 1 OF 3

DRAFTED BY WGF <i>WGF</i>	OFFICE AA/NESA	PHONE NO. 8321	DATE 12/8/65	APPROVED BY: William S. Gaud <i>W.S.G.</i>
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AID AND OTHER CLEARANCES

NEA/SOA Mr. Schneider (in draft)
WHITE HOUSE: Mr. Komer (in sub.)
STATE: S/S: BRead (in sub.)

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Authority Group 4
By jc, NARA, Date 3-30-04

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PARIS

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3 3

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GP4,

Note: Code Room:

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Secretary

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