

THE WHITE HOUSE
WASHINGTON

January 31, 1966

MEMORANDUM FOR

Robert Komer
Bureau of the Budget

When you have a moment, would you give me your
judgment on this?

Harry

Harry McPherson
Special Assistant to the President

India food

*See HHS memo
to Jim Clark 2/11/66
Reply 2/14/66
176*

FEB 11 1966

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January 25, 1966

The Honorable Harry D. McPherson, Jr.
Special Assistant to the President
The White House
Washington, D. C.

Dear Mr. McPherson:

The opportunity to see you today makes it possible for me to emphasize again the desire of the Population Crisis Committee to assist the Administration in any practicable way. As the President has so well stated, population control is closely related to economic development, and obviously affects the amount of food available per capita in any country.

Specifically, in view of the growing seriousness of the Indian food situation, with a present estimate that two and one-half million babies will die of starvation in the next six months, and with the realization that the real impact of food shortages will strike India in August, September and October just before the new crop is gathered in November, the following suggestion is offered for consideration.

The accession of the new Indian Prime Minister presents a logical occasion to suggest that the mounting food crisis be met by both governments taking the necessary steps to initiate a kind of joint Manhattan project on the highest level and with the greatest possible urgency. To date the efforts of both the Indian Government and of our understaffed AID Mission, with the possible exception of the presently increasing monthly food shipments, would appear to be too little and too late.

Some such program as the following might be proposed:

1. The U. S. to ship all food possible as already agreed by the President.
2. India to request technical assistance to rapidly expand port and internal food distribution facilities.

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The Honorable Harry C. McPherson
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3. India to make a major effort to increase its own food production. In this connection, India and the U.S. might both request that the Ford Foundation and the Rockefeller Foundation, in cooperation with or as consultants to the U.S. Department of Agriculture, greatly increase present efforts to provide India with technical assistance in increasing and improving its agricultural production of all kinds. The 1966 Food for Peace cost for India alone will be about a billion dollars, so that AID and Agriculture could both profitably spend directly or through the foundations almost any amounts which would increase India's own food production, and so reduce future calls for help.

4. India and the U.S. to each appoint a "fertilizer czar" to deal with fertilizer shipments, but more particularly with developing present scattered and unsatisfactory negotiations for the building of many new fertilizer factories in India into actual contracts. These negotiations have gone on for years with almost no results. The American companies involved could well be invited to Washington as a group to review the present unsatisfactory status, and to seek a solution. AID loan policies for this purpose might well be liberalized.

5. India to expand many times its present family planning services. Unbelievably India has not yet officially approved the use of birth control pills. India might be invited to do so, provided an offer to furnish pills temporarily and to assist India in building pill factories without royalty (an offer which was made to Nehru by one pharmaceutical company five years ago and rejected) is made by one or more American pharmaceutical companies. This offer would almost surely be made, and would parallel the assistance given India in 1965 by the Population Council with the I.U.D. (in which case 1,200,000 devices were furnished while an Indian loop factory was being planned and built).

6. The U.S. to recruit a team of at least 100 administrators, doctors and other experts to train and assist the Indian health administration in rapidly expanding family planning services. This team could become part of the AID Mission, or part of the birth control project operated by the Ford Foundation under former Assistant Surgeon General David Price, or both could be greatly expanded. The Public Health Service, with the help of the Rockefeller and Ford Foundations, the Population Council and Planned Parenthood, could recruit such a team very rapidly. Dr. Jack Lipkes, of loop fame, and Dr. Raymond Ewell, who first publicly predicted the present food

The Honorable Harry C. McPherson
January 25, 1966
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crisis, have both offered their help if such a team is recruited.

In considering the urgency of reducing India's rate of population growth, in accordance with that government's announced population policy, the following food requirements are pertinent.

Consumption in 1965 included approximately 88 million tons of domestic grain and 7 million tons of imported grain -- a total of 95 million. The two and one-half percent population increase during 1965 brings the 1966 requirements, even at 1965 unsatisfactory feeding levels, close to 100 million tons. The reduction in the domestic crop because of drought is estimated at more than 10 million tons, perhaps half of which can be offset by increased Food for Peace shipments from the U.S. and perhaps other countries.

But when the present crisis is over, the food requirements will continue to increase some three million tons a year so long as present population growth continues. Indian agriculture has not been able to increase food production at anything like this rate in recent years. The only answer is massive birth control. The present food emergency gives the necessary urgency to step up the present pallid efforts on a grand scale immediately.

Finally, India is not the only country with a population versus food problem, Pakistan has a similar problem on a smaller scale. If present world trends of 2% population growth and 1% food production growth continue, most of Asia, Africa and Latin America will soon be affected.

The first requirement in considering present and future trends in food production and population growth is a clear picture of these trends in each developing country in its race between people and food. The food production trend in the exporting countries must also be closely followed in order to strike a world balance.

I suggest that in view of the present emergency, the Rockefeller Foundation be asked by the White House to update, as a matter of urgency, and to keep up to date, the study of population and food production trends developed under its sponsorship at the Estes Park Conference last summer.

The Honorable Harry C. McPherson
January 25, 1966
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Such a study should enlist the cooperation of all government agencies and all appropriate private organizations. No one is better fitted than the Rockefeller Foundation by ability or experience or reputation to assess the food and population problems of the various countries on an objective and continuing basis, and to recommend effective remedies. The Foundation could act as consultant to the Secretary of State, and to the Secretary of Agriculture, and to the Director of the AID Program, and could report from time to time to those agencies, and to the White House.

I very much appreciate this opportunity to give you these several suggestions.

Sincerely yours,

William H. Draper, Jr.
National Chairman

UNITED STATES GOVERNMENT

Memorandum

Mr. Baker 177
In dec Food
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TO : NEA - Mr. Handley

DATE: January 28, 1966

FROM : SOA - Carol C. Laise *CCP*

This confirms what I told you this morning.

SUBJECT: Urgency of Next Food Tranche for India. *CCP.*

The Indians have now booked 900,000 tons of shipping for February of which only 600,000 tons are covered by purchase authorizations, leaving 300,000 tons for which they have no wheat.

According to Guhan at the Embassy via AID, ships will be ready beginning on February 10 to load wheat for which no PA's have been issued. Wheat traders need at least 10 days to get wheat to dockside, which means that the Indians must place firm orders by Monday, January 31. If the wheat arrives after February 10, the Indians will either incur extra port charges or will have to cancel out on the shipping booked. This would cut into the amount planned for delivery to India. The Indians could of course order the wheat anyway, trusting that we will soon authorize a new tranche. We do not know for certain what they might decide.

Exempted from automatic decontrol
by Carol C. Laise

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NEA:SOA:ACBauman:mlk 1/28/66



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

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India Food 198

RWK:

28 January 1966

The answer to the Indian pipeline question has two parts:

1. As of yesterday, only 450,000 tons of the last 1.5 million has been lifted, and loading will probably continue through the 3rd week in March.

2. However, in order to be sure to have ships the Indians have booked them in advance to carry grain we haven't released yet. Those ships will be ready 10 February and will be standing idle unless we make our decision by about 31 January, since procuring and moving grain to port now takes about 10 days (used to be a month).

So the accurate statement is not that the pipeline will run dry. It's that ships will be idle which the Indians booked to increase March arrivals.

21.
HHS

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E.O. 13292, Sec. 3.4
NSC Memo, 1/30/95, State Guidelines
By *jc*, NARA, Date *4-29-04*

178a

January 28, 1966

RWK:

Message via Farr. Gaud and Macomber want to be sure you're aware of the current state of Indian food shipments.

Check
USDA // They say that if we don't get a decision today or Monday on the next tranche, Indian-booked ships will begin standing idle.

The new political angle is that the Indian procurement mission is now drafting a cable to Delhi suggesting it be authorized to begin buying commercially to keep the ships moving. AID believes this will cause Delhi to wonder whether we're really going to come through-- just at the time when the press is giving big play to current arrivals.

I told Farr you understood the urgency and promised to relay the political point.

HHS

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THE SECRETARY OF STATE
WASHINGTON

January 28, 1966

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MEMORANDUM FOR THE PRESIDENT

Subject: The Next Step on Food Aid for India

I strongly support Orville Freeman's recommendation to you for a new allocation of 1.5 million tons of PL 480 foodgrain for India. My recent visit in New Delhi and what I have learned since my return convince me that we should make the new allocation of grain as soon as possible.

There is no lessening of the Indian need. On the contrary, Minister of Food and Agriculture Subramaniam states that the crisis is now developing rapidly and that there is considerable suffering in some areas.

Mrs. Gandhi, in her new role as Prime Minister, has already emphasized how important the food issue looms among her Government's problems. The new Government needs the nation's confidence in its ability to avert widespread famine.

Meanwhile, the Indians have been moving ahead on the self-help requirements we have had in mind for both the long run and short run:

-In reappointing Subramaniam as Food and Agriculture Minister, Mrs. Gandhi has assured him of her firm support for what he is trying to do to place Indian agriculture on a more solid basis for the years ahead. She has specifically expressed her support for the detailed understanding which he and Orville Freeman have worked out. The Indians have already taken first steps on this front by liberalizing the terms under which new private foreign investment in fertilizer can operate, and by increasing their own allotment for fertilizer imports for this year.

-The Indians are also doing what we asked them to do to help themselves to meet the immediate crisis. They have stepped up sharply the rate of shipment of the 1.5 million tons of grain which you authorized on December 9. The last shipment under that

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Authority ERUS 64-10.101.25-286

By jc, NARA, Date 4-23-01

JAN 29 1966

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Jan 28, 1966

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allocation should leave the United States within a month. At the same time, the Indians have responded to our urging that they recognize the true dimensions of their problem and plan ahead to meet it. They have booked an additional 200,000 tons of ocean freight for use in February and are planning to go into the market within the very near future to begin booking 900,000 tons of shipping for the month of March. This is being done on faith in our intentions to make additional food available in time. A further allocation of grain is needed very shortly so that the Indians will be able to use the additional shipping and keep up the maximum rate of movement in the period while the weather remains favorable.

-The Indians have also moved with unusual vigor to enlist international support in their current crisis. Canada, the United Kingdom, Sweden, Austria, Greece and The Netherlands have already promised aid, and various other countries are now considering how to help. More countries need to come on board, but the returns to date (see attachment) indicate the chances are good for a reasonably broad international program of emergency food aid.

There thus seem to be urgent economic and political reasons why we should move ahead promptly with another 1.5 million tons of grain. This would be a limited and interim action, keeping our aid on a fairly short rein and leaving us with ample options on how to react to the Indian crisis as time goes on.



Dean Rusk.

Attachment:

International Responses to Indian Appeal

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International Responses to Indian Appeal
(as reported by January 24, 1966)

<u>Argentina</u>	Reaction unknown.
<u>Australia</u>	The Cabinet has decided in principle to provide assistance but has yet to approve a specific program. A gift of possibly as much as 150,000 tons of wheat is being considered. Other commodities to be offered may include dairy products, dried fruit, dried eggs and pesticides.
<u>Austria</u>	The government has decided to make a \$1 million grant to be used for fertilizer, dry milk and pesticides; it could also be used to pay for shipping these commodities.
<u>Belgium</u>	Reaction unknown.
<u>Canada</u>	Has announced a \$15 million grant for use by March 31 (end of current fiscal year). Will finance 126,000 tons of wheat, 10,000 tons of rapeseed, 4,000 tons of dried peas, and 3,700 pounds of dried milk. Has offered whole wheat flour and more dried milk for the balance of about \$3 million. In addition, it has offered to allow India to use a substantial sum, from the remaining unallocated portion of its regular aid pledge, for the purchase of porthandling equipment.
<u>Denmark</u>	The government has asked Parliament for an amendment to existing foreign aid legislation, which would have general application but--as stated by the Foreign Minister--would in the first instance enable the government to provide emergency help for India. The government is considering a long-term interest-free credit of Kroner 20-25 million (\$2.83-3.3 million) for purchase of food. Also considering a possible special grant.
<u>France</u>	GOI request is under consideration. French representative at the FAO has stated France might make available 10,000 tons of non-fat dried milk.

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

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Authority State Ltr. 1/12/78
By felmg NARA, Date 4-28-04

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FRG The FRG Minister for Economic Cooperation, in Delhi for Shastri's funeral, promised "quick action" to help India in its food crisis. The government had been considering a small emergency grant for dried milk. It may also earmark some additional Consortium pledge funds for fertilizer.

Greece The government has decided to donate 5,000 tons of wheat and 1,000 tons of raisins.

Iran Reaction unknown to request for diversion of PL 480 wheat.

Italy Considering how to respond to Indian appeal, in absence of existing statutory authority to extend grants or even soft loans for other than equipment.

Japan Seeking additional information on Indian need. Has been considering a possible credit for fertilizer.

Netherlands The government has provided an emergency grant of 100,000 guilders (\$28,000) for dried milk and baby food. It is also allocating one million guilders (\$278,000) for an agricultural project in India.

New Zealand Considering a grant for dried milk.

Norway Considering a cash grant.

Sweden The government has offered a grant of Kroner 7 million (\$1.4 million) for the purchase of 4,000 tons of non-fat dried milk plus shipping. First shipment to arrive in early February. Has also offered a long-term low-interest loan of \$2.4 million for an agricultural project.

Switzerland Seeking additional information. May wish to contribute through UNICEF or some other collective effort.

Thailand Reaction unknown.

United Kingdom The U.K. has offered as interim assistance--a "first immediate contribution"--a 25-year interest-free loan of £7.5 million (\$21 million), including a reallocation of £6 million against the current Consortium pledge which was previously earmarked for a lagging steel project. Of the £7 million, £1 million for porthandling equipment; £1.5 million for fertilizers,

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pesticides and dried eggs; and the balance for essential industrial imports from the U.K. A British bulk grain handling expert from the Port of London Authority has joined the USG (Eskildsen) team now touring India.

USSR

Soviet reaction was that USSR is short of wheat, rice and fertilizer and may not be able to help this year.

Yugoslavia

Has agreed to divert 30,000 tons of PL 480 wheat to India. Also considering chartering shipping to carry food to India, and possible supply of some foodstuffs.

World Food
Program/FAO/UN

FAO meeting January 17 in Rome on the world dried skim milk supply situation focused on critical Indian needs. FAO/WFP team is going to India to assess the need for milk products. FAO may supply 7,300 tons of dried milk provided by the United States.

WFP is considering an Indian request for \$10 million in wheat. We have agreed to supply about 54,000 tons of US wheat through the WFP, from the balance of our pledge to the WFP. WFP has also sent a shipping expert from Rome to join the US (Eskildsen) team.

U Thant has been thinking of a joint UN/FAO appeal for international aid to help India in current crisis.

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Mr. Homer

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CIA/RR EM 66-2

January 1966

INTELLIGENCE MEMORANDUM

INDIA'S FOOD PROBLEMS

DIRECTORATE OF INTELLIGENCE

Office of Research and Reports

DECLASSIFIED

Authority NLS-032-025-1-3
By lg/obm, NARA, Date 8-17-07

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GROUP 1
Excluded from automatic
downgrading and
declassification

FEB 7 1966

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

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INDIA'S FOOD PROBLEMS*

Summary

The most severe drought conditions of this century will bring India to a major food crisis during the next few months. The failure of monsoon rains in 1965 was nationwide and affected grain production in every state. Although famine may already exist in some deficit states, the situation will become worse after February or March, when grain from the current crop will be virtually exhausted.

India's foodgrain output for the 1 July 1965 - 30 June 1966 crop year is not certain. It may be below 75 million tons -- the range of estimates runs from 70 million to 78 million tons** this crop year. In any event, the output deficit will be large in comparison with the estimated minimum consumption requirement of 88 million to 90 million tons. Grain imports on the order of 15 million tons could be required during calendar year 1966, compared with 7.4 million tons in crop year 1964/65. Priority grain movement on this scale through Indian ports and over the domestic transportation system would curtail other shipments and would result in domestic shortages of industrial raw materials and products, causing dislocations in other sectors of the economy.

It appears that a maximum grain import program is necessary to avoid widespread famine and to meet the inevitable decline in handling capacity during the wet monsoon months (June through September). US assistance to bolster grain handling and storage capacities in the ports will be needed. Furthermore, the government of India will have to take drastic measures to speed grain through the ports.

* The estimates and conclusions in this memorandum represent the best judgment of this Office as of 1 January 1966.

** Tonnages are given in metric tons.

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Formidable administrative problems will continue to hamper the equitable domestic distribution of domestic and imported grain to the various states and to the ultimate consumer. Even with significant increases in the import flow and optimum performance by India's port and transport facilities, the next few months could be critical. Even with outside assistance, some starvation and rioting will probably be unavoidable in a number of areas during this period.

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1. Long-Run Agricultural Problems

In spite of substantial improvements in agricultural production since independence, India's production of foodgrain has not kept pace with the growth of its population. India's population is currently increasing at 11 million to 12 million per year, and an additional 2 million tons of grain are needed annually to maintain current low levels of consumption. Orderly agricultural gains of this magnitude have not been achieved, whereas population growth has continued unchecked. Although birth control measures, including sterilization and the "loop," have been and are continuing to be introduced, the shortages of doctors, nurses, and other trained personnel, plus the traditional resistance of the rural population to change, mean that the population growth rate -- 2.4 percent -- cannot be reduced nearly enough over the next decade to solve the problem.

An assured annual increase in agricultural production is the only domestic solution until population growth can be brought under control. Technologically, Indian agriculture suffers from both a deficiency in fertilizer and an undue dependence on rainfall. Utilization rates for commercial fertilizer in India are among the lowest in the world -- less than 4 kilograms per hectare of cultivated land, compared with about 300 kilograms in Japan and about 50 kilograms in the United States. It is estimated that India could increase foodgrain production by about 30 percent through increased fertilizer usage. Expansion of fertilizer production, however, has been a low priority in India. In addition, almost 80 percent of India's grain crop depends directly on uncertain monsoon rainfall rather than on modern methods of irrigation. As a result, low rainfall inevitably leads to a poor crop. India's potential for improved irrigation is enormous, as only about one-third of its usable water potential has been tapped for irrigation. It is estimated that India could increase foodgrain production by as much as 50 percent through improved irrigation. Other improvements required are increased use of pesticides, improvement of seeds, and modern methods of cultivation -- all of which could lead to substantial increases in yield.

India's technological deficiencies are the direct result of inadequate investment in agriculture during earlier periods. Although agriculture makes up about one-half of India's national income and accounts for three-fourths of employment, agriculture has received less than 10 percent of development funds during the past 5 years. The government has emphasized its industrialization program to the detriment of agriculture and has discouraged both domestic and foreign private investment in agriculture by its doctrinaire rigidity and bureaucratic controls.

The improvement of Indian agricultural technology, however, will require more than a shift of investment resources. The organizational and institutional problems of breaking through centuries of tradition

and providing incentives to India's millions of peasants are staggering. Linguistic differences, religious taboos, and social and cultural institutions constitute formidable barriers to the improvement of communications and the transformation of attitudes necessary to overcome the inertia and ignorance which still characterize much of Indian agricultural life.

2. The Present Crisis

As a result of widespread lack of monsoon rains in the last 6 months of 1965, India's foodgrain output for the 1 July 1965 - 30 June 1966 crop year may be below 75 million tons -- the range of estimates run from 70 million to 78 million tons.* The impact of the prolonged drought is already being felt acutely in extensive areas of Rajasthan, Uttar Pradesh, Bihar, Maharashtra, and Mysore (see Figure 1). Some food riots have occurred in Bihar, and famine conditions already exist in large areas of Rajasthan, affecting over 5 million people in some 14,000 villages. Orissa and Madhya Pradesh have been the most affected of the states that normally produce surplus grain, and villagers already are leaving some sections of Madhya Pradesh. Crops in Madras and Assam have been the least affected. It appears that several states will continue to be overall surplus grain producers during the 1965/66 crop year, but even these will not be spared extreme shortages in some regions. The surplus, moreover, is expected to be so small that it will provide considerably less grain than usual for distribution to the deficit states:

Indian government leaders are aware of the magnitude of the problem and, in addition to requesting outside assistance, are taking domestic steps to meet it. Grain procurement and distribution programs are being given priority attention. Under the India Constitution, however, the state governments have primary responsibility for food policies, and the central government has not so far obtained their full cooperation in carrying out national food policies. In August 1965, in an effort to alleviate food shortages and high prices, the central government decided that statutory rationing was to be extended to several industrial areas and to the more than 115 cities with a population of more than 100,000. Because of opposition from the states, however, it has been possible to begin rationing only in Madras, Calcutta, Delhi, and Coimbatore.**

Opposition is also being voiced by those who may be adversely affected by the priority measures necessary to handle increased imports of grain. For example, 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

* A US Department of Agriculture economist who recently returned from India estimates that foodgrain production will be about 70 million tons. On the other hand, the Minister of Food and Agriculture, C. Subramaniam, has forecast an output of 78 million tons.

** Statutory rationing also exists throughout Kerala State.

Figure 1



of foodgrain per year. As the impact of a crash program spreads throughout the economy, increased opposition may be expected from Indian financial and industrial interests.

3. Import Requirements

Over the past several years, grain imports have spelled the difference between low consumption levels in India and starvation. From 1948 to 1965 the United States has provided India with some \$3 billion in surplus food shipments, which since 1960 have amounted to about 90 percent of India's grain imports. During the record crop year 1964/65, 6.3 million tons of grain, about 20 percent of the US wheat crop and 10 percent of the US rice crop, were furnished under Public Law 480. (For Indian foodgrain production and availability per capita for the past 5 years, see Figure 2.) Estimated minimum consumption levels of 88 million to 90 million tons* could require imports on the order of 15 million tons of grain during calendar year 1966. Even if shipments from other grain-surplus countries increase, the United States will bear the major burden of these requirements.

4. Indian Port Capacity

Somewhat more than 10 million tons of grain imports probably could be handled at India's seven leading ports** through the adoption of short-term measures proposed by a US AID study team in 1964 to increase the efficiency of port operations, including improving and making maximum use of port facilities already assigned to grain. Drastic measures would be required to increase India's port capacity for handling of grain imports to a level of about 15 million tons per year. In order to increase the capacity to the higher level, India would have to assign additional general cargo berths and transit sheds to the handling of grain, increase the volume of grain discharged from ships at anchor to lighters, and defer imports of certain less essential commodities. These measures will result in other problems such as interference with normal export activity, lower hard currency earnings, and diminished domestic industrial production.

There are eight smaller Indian ports that have previously handled grain. These include Bhavnagar and the roadsteads of Porbandar, Veraval, Mangalore, Calicut, Telicherry, Tuticorin, and Bedi. In total, these ports are estimated to handle about 300,000 tons of grain at present rates

* Consumption at this level would provide India with per capita grain availability near that of 1964, when some localized rioting and famine did occur. To provide India with a level of per capita availability equal to that of crop year 1964/65, achieved through domestic production of 88.4 million tons and imports of 7.4 million tons, could require imports of more than 20 million tons in calendar year 1966.

** Bombay, Calcutta, Madras, Kandla, Visakhapatnam, Cochin, and Mormugao. (See Figure 1.)

of utilization. Roadstead ports require that incoming cargoes be discharged into lighters from oceangoing ships anchored offshore. In a number of these roadstead ports, cargo operations -- involving bagging aboard ship and moving to shore by lighter -- are completely curtailed during the monsoon season from June 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, which may be available in India. Because many of these ports now operate at less than capacity, their volume could be increased considerably. India has a number of other small roadstead ports such as Magdalla in Gujarat (opened 4 January 1966); Paradeep in Orissa; and Alleppey, Quilon, and Trivandrum in Kerala that could also be used to handle increased grain imports.

5. Domestic Transport

Although chronic transportation 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 15 million tons of imported grain away from the ports. This would require that at least some of the other imported cargo that is normally moved by rail from the ports be replaced by grain imports.

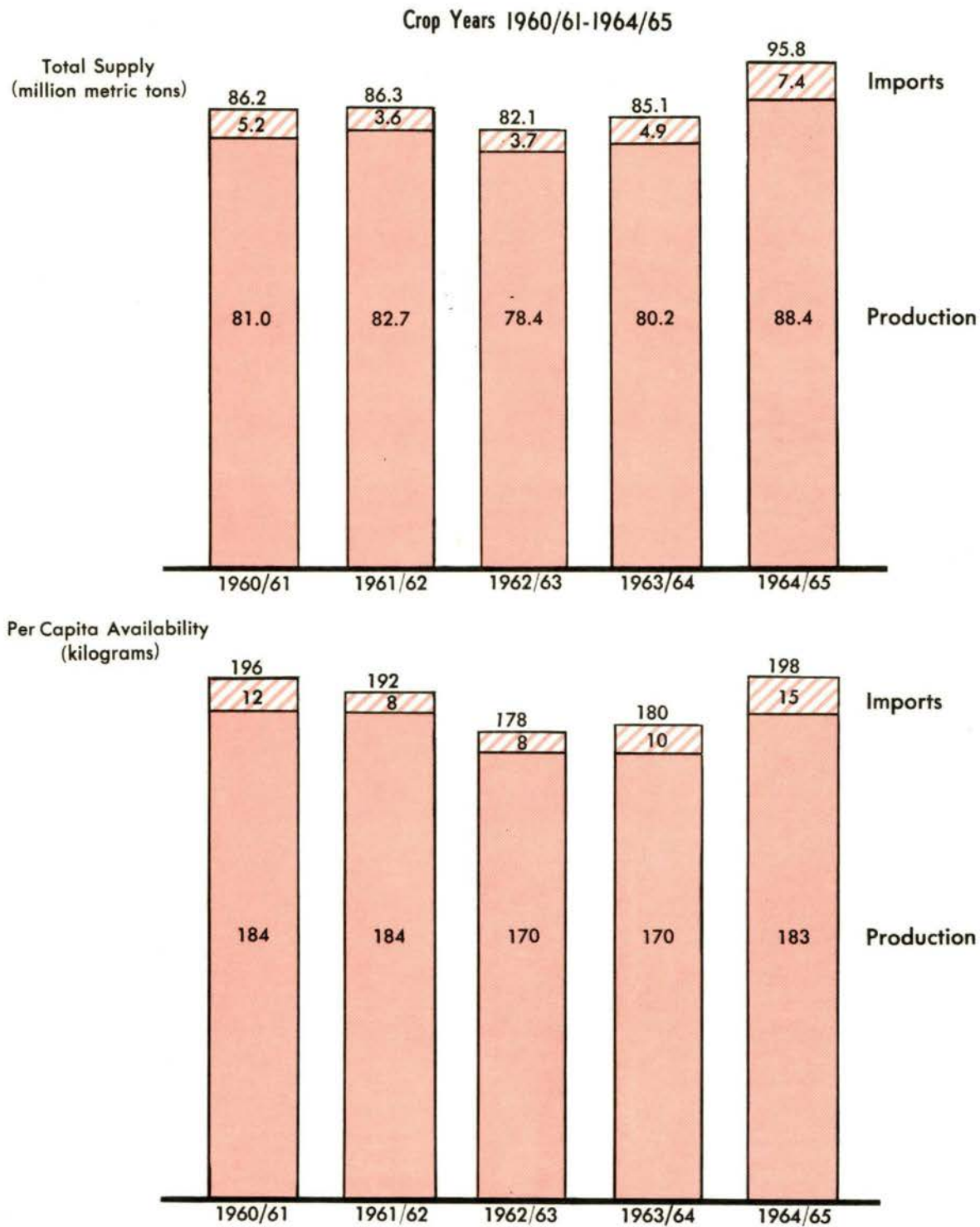
The Indian railroad system is the largest in Asia, the fourth largest in the world, and accounts for about 80 percent of India's total transport volume. All of the ports in India that handle food-grain are serviced by rail, and total rail capacity is sufficient for transporting grain away from these 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.

6. Outlook

India appears to have the capability to handle grain imports on the scale required by current estimates of agricultural shortfall, if it accords grain imports a top priority in ports and inland transportation, and if India is given help in improving grain-handling facilities at the ports. Grain imports on this scale probably could be made available. The shortage will, however, be especially acute after February or March 1966, when grain supplies from the current crop will be virtually exhausted. Even with external assistance the drastic measures required to bring Indian grain-handling facilities to their maximum efficiency are unlikely to be effected with the speed necessary to meet this immediate crisis. It is unlikely, therefore, that some starvation and attendant food riots can be averted during the next few months. Rationing programs have already been hampered by rivalries between the central and state governments, and the necessary stockpiles for assuring even the limited

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INDIA: Production, Imports, and Per Capita Availability* of Foodgrain



*Excluding withdrawals from government stocks. Including feed, seed, and waste estimated to be about 12.5 percent of production.

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supplies that a rationing system will promise have not been established. About the best that can be reasonably hoped for in the short run is the maintenance of sufficient public order and levels of nutrition to get the distribution system operating and maintain the flow of grain imports until the effects of longer run measures to increase domestic production begin to manifest themselves.

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

January 28, 1966

MEMORANDUM FOR: Mr. Robert W. Komer
Deputy Special Assistant to the President
for National Security Affairs

Bob:

On Monday, January 31, final negotiations are to commence in New Delhi on the basic agreement between American International Oil Company (a wholly owned subsidiary of Standard of Indiana) and the Government of India for the construction and operation of a \$60 million fertilizer plant at Madras. The plant, which is the largest to be built in India, to date, will be owned 49% by AIOC and 51% by the GOI and will produce annually 200,000 tons of nitrogen and 85,000 tons of phosphate. AIOC will invest \$8.8 million in cash equity.

It is planned that in addition to AIOC, representatives of the American banks who are to provide \$21 million in foreign exchange loans for the plant, and AID, which will be guaranteeing 75% of the American bank loans under its extended risk program, will participate in these negotiations. The bank financing is contingent on our issuing the extended risk guarantee.

AIOC's investment in the fertilizer plant is part of an overall investment package whereby it has agreed to help construct a refinery at Madras and invest in a number of other projects in exchange for a contract to furnish crude oil to the Madras refinery.

We have been working with the AIOC people on this project for over a year and a half and have concluded a careful appraisal of the project including determining that it is eligible under our criteria for an extended risk guarantee. We are planning, therefore, to advise the various parties in New Delhi that we are prepared in principle to issue the requested extended risk guarantee. AIOC is extremely anxious to have us indicate our approval in principle of the guarantee in order to strengthen its hand in gaining certain concessions from the GOI designed to increase AIOC's voice in management and accelerate the implementation of the project. If AIOC does not reach agreement on the basic

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JAN 28 1966

*2 Fred Macomber 25
Jan. this OK, fully
consonant with
Pres. policy of new
focus on ind. org.
PWX
181
India*

LIMITED OFFICIAL USE

Mr. Robert W. Komer

- 2 -

January 28, 1966


contract within a few weeks, the GOI has the right to reduce AIOC's crude oil supply contract to the Madras refinery. We do not expect actually to sign the extended risk contract for several months as the detailed contract negotiations will probably take this long.

Do you have any objections to our indicating to AIOC and the GOI that we are prepared in principle to issue the extended risk guarantee subject to our being satisfied on a number of technical points and to working out a satisfactory contract?

Sincerely yours,



William B. Macomber, Jr.
Assistant Administrator
Bureau for Near East and South Asia



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182

January 26, 1966

India Food

NOTE TO:

Francis Bator
Robert Komer ✓

FROM:

John A. Schnittker
Under Secretary of Agriculture

This is for your information. We will need a decision
on the rice acreage allotment within a week to 10 days.

Attachments

John A. Schnittker

JAN 26 1966

RICE - 1966 Crop

JAN 26 1966

182a

The accompanying table shows rice acreage, yield, prices, supply, utilization and export availability for the crops 1965 and 1966. Estimates for 1966 reflect three acreage allotment levels--(1) the same as 1965, (2) 1965 plus 10 percent, and (3) 1965 plus 20 percent.

The acreage response to a 10 percent increase will be almost acre for acre with the increase in the allotment--180,000 acre allotment increase will result in an estimated 170,000 acre increase in harvested acreage. It is estimated that a 20 percent increase on allotment--360,000 acre--would result in an increase of 270,000 harvested acres.

It is felt that a 10 percent increase in farm allotments could be used by practically all rice producers in all areas. This complete response is due to the fact that it is easier for producers to absorb a small increase and also to the fact that most producers are expecting an increase of about this proportion. Therefore, many are adequately prepared to handle it. In the case of a 20 percent increase, this is somewhat greater than is generally anticipated, and hence, little preparation for such an acreage expansion has been planned.

An increase above 10 percent would on many farms strain immediate land availability, water supply, and in some cases seed supplies. It is felt, however, that producers would make every effort to plant their entire allotment. An increase in the allotment above 10 percent could not ^{be} effectively used in certain early producing areas--Texas, Louisiana, Mississippi--as in the other areas. Furthermore, throughout the rice area, some producers, primarily small producers with limited land and/or financing, would not be able to take full advantages of the increase at this late date. To this extent an increase above 10 percent would not be equitable to these areas and to producers that are not in a position to take advantage of it.

You will note that as a result of the strain on land availability, seed supplies, and other production factors that we have anticipated less than full use of the increased allotment and also a slightly lower yield per acre.

If the entire increase in availability from an 10 percent allotment increase--7.5 million cwt., rough rice (5.4 million cwt., milled rice)--is exported under government programs, additional government commodity costs of about \$40-\$45 million would be incurred. Ocean transportation costs, to be paid by CCC, on this quantity would be about \$2 million and would bring the total additional cost to \$42-\$47 million. The total additional costs incurred for exporting under government program the additional supplies from a 20 percent allotment increase--10.8 million cwt., rough (7.8 million cwt., milled rice)--would be \$60-\$65 million.

JAN 26 1966

PRESERVATION COPY

Rice: Acreage and yield, prices, and value, supply and utilization
and export availability, 1965-67

Item	Unit	Indicated 1965-66	Projected 1966-67		
			Current allotment	Allotment plus 10 percent	Allotment plus 20 percent
<u>Acreage and yield</u>					
National acreage allotment	1,000 acres	1,818.6	1,818.6	2,000.5	2,182.3
Planted acres	" "	1,803.8	1,800	1,973	2,080
Harvested acres	" "	1,792.7	1,789	1,959	2,060
Yield per harvested acre	pounds	4,291	4,350	4,350	4,300
<u>Prices and value</u>					
National average support pr.	dol. per cwt.	4.50	4.50	4.50	4.50
Level of support	percent	68.0	67.8	67.8	67.8
Season average price	dol. per cwt.	4.90	4.90	4.80	4.70
Value of production	mil. dol.	377	380	410	416
<u>Supply and utilization</u>					
Carryin (Aug. 1)	mil. cwt.(rough rice)	7.7	7.7	7.7	7.7
Production	" " "	76.9	77.8	85.3	88.6
Imports	" " "	.1	.1	.1	.1
Total supply	" " "	84.7	85.6	93.1	96.4
Domestic disappearance	" " "	31.1	31.3	31.3	31.3
Carryover	" " "	7.7	7.7 (9.0)	7.7 (9.0)	7.7 (9.0)
Total	" " "	38.8	39.0 (40.3)	39.0 (40.3)	39.0 (40.3)
Commercial exports	" " "	34.0	35.0	35.0	35.0
Available for government prog.	" " "	11.9	11.6 (10.3)	19.1 (17.8)	22.4 (21.1)
" " " "	1,000 MT (milled)	389	376 (333)	627 (585)	733 (690)

Revised
1-26-66



UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C. 20250

182c 1-21

ADMINISTRATIVELY CONFIDENTIAL

JAN 21 1966

To: The Secretary

From: Administrator, FAS
Administrator, ASCS

Subject: Rice - 1966 Acreage Allotment

BACKGROUND

1965-66 Situation

World -- The 1965-66 world rice crop is estimated at 164 million tons (paddy) a reduction of 4.4 from the 1964-65 record. This reduction in world production is primarily in India due to drought, but reductions have also occurred in Indonesia, Japan, South Korea and South Viet Nam.

World demand for this record 1965-66 crop is great because of the conflict in Viet Nam which made that country a large net importer, increased import requirements in Japan and India, and indications that Indonesia desires to import a large quantity of rice this year. The continuous upward pressure in world commercial requirements has also increased the demand.

United States -- U.S. production in 1965-66 was a record 76.9 million cwt., rough basis, or 2,513,000 metric tons milled. Export availability from this crop is 45.9 million cwt., rough basis, or 1,500,000 metric tons milled. Commercial exports are estimated at 34 million cwt., rough basis, or 1,111,000 metric tons milled, leaving a balance of approximately 389,000 metric tons for export under government programs. Of this, 250,000 metric tons is going to South Viet Nam, 150,000 tons is going to other countries, mostly African countries, of which 68,000 tons has been exported or purchased for export and 31,000 tons is unprogrammed. We have turned down many requests for program rice because of the lack of availability.

1966-67 Situation

World -- It is estimated that world production of rice in 1966-67 will again reach the 1964-65 record and possibly exceed it to a 170 million tons, but most of this increase will occur in India. Therefore, exportable supplies in the major rice producing countries of the world will be only slightly larger than they were in 1964-65. However, demand for imported rice will be larger than this year and there is every likelihood that there will be major demands for imports in two major sensitive Far Eastern areas -- India and Indonesia.

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United States -- U.S. production in 1966-67 with current acreage is forecast at 77.6 million cwt. rough, or 2,536,000 metric tons milled. With a 7.7 carryout, export availability from this crop is estimated at 46.5 million cwt. rough, or 1,520,000 metric tons milled. Of this, commercial exports will utilize 35 million cwt. rough or 1,144,000 metric tons milled, leaving a balance available for government programs of about 376,000 metric tons.

With the world rice situation in 1966-67 as we see it now, we anticipate requests for U.S. rice under government programs to range from 961,000 metric tons to 1,876,000 metric tons. (See table 1.) This range has been agreed to with State and AID.

RECOMMENDATION

The 1966 crop allotment, announced on October 28, 1965, was established at the same level as the 1965 crop allotment--1,818,638 acres. This acreage is 10 percent above the minimum allotment provided in law.

In view of anticipated requirements from the 1966 crop, it is recommended that the 1966 rice allotment, as previously announced, be increased 10 percent--182,000 acres. This increase in the allotment would provide an additional 7.5 million cwt., rough rice (250,000 metric tons milled rice) for export requirements. Even with this increase, total availability for government programs will be below minimum anticipated requirements. Realizing the uncertainty of both anticipated supplies and requirements for 1966-67 and the possible use of other commodities to meet some of the rice requirements, it is felt that a 10 percent allotment increase will bring supplies in line with at least the most critical requirements.

An increase of 10 percent in the rice acreage allotment for the 1966 crop, if announced not later than February 15, 1966, would be largely utilized and result in an increase in production of close to 10 percent.

An allotment increase of 20 percent, however, would not be fully utilized and would not result in a production increase very greatly in excess of what would be produced with a 10 percent allotment increase. Furthermore, advantages to individual producers would not be at all uniform with a 20 percent increase. A few producers, particularly in California and to a lesser extent in Texas, might be able to utilize the full increase, while most producers would not be able to adjust their operations to such an extent in the current year.

It should also be noted that while the rice industry is strongly in favor of additional acreage, they are also concerned that the increase be made only to the extent that the additional supplies will be used. They do not want an increase in carryover stocks that might jeopardize the current rice program.

If the entire increase in availability--7.5 million cwt., rough rice (5.4 million cwt., milled rice)--is exported under government programs, additional government commodity costs of about \$40-\$45 million would be incurred. Ocean transportation costs, to be paid by CCC, on this quantity would be about \$2 million and would bring the total additional cost to \$42-\$47 million.

Anticipated Requests for PL 480 Rice
From the 1966 Crop

<u>Countries</u>	<u>Metric Tons (Milled)</u>
Guinea	31,000 30,000
Viet Nam	200,000 - 400,000
Israel	5,000 5,000
India	385,000 - 1,000,000
Ceylon	25,000 25,000
Philippines	0 - 100,000
Congo	48,000 48,000
Ivory Coast	25,000 25,000
Liberia	5,000 5,000
Dominican Republic	20,000 20,000
Ryukyu Islands	18,000 18,000
Unspecified	200,000 200,000
Total	961,000 - 1,876,000

Rice: Acreage and yield, prices and value, supply and utilization,
and export availability, 1964-67

Item	Unit	Indicated 1965-66	Projected 1966-67	
			Current allotment	Allotment plus 10 percent
<u>Acreage and yield</u>				
National acreage allotment	1,000 acres	1,818.6	1,818.6	2,000.5
Planted acres	" "	1,803.8	1,800	1,973
Harvested acres	" "	1,792.7	1,789	1,959
Yield per harvested acre	pounds	4,291	4,350	4,350
Yield per planted acre	"	4,265	4,322	4,318
<u>Prices and value</u>				
National average support price	dol. per cwt.	4.50	4.50	4.50
Level of support	percent	68.0	67.8	67.8
Season average price	dol. per cwt.	4.90	4.90	4.90
Value of production	mil. dol.	377	380	415
<u>Supply and utilization</u>				
Carryin (Aug. 1)	mil. cwt. (rough rice)	7.7	7.7	7.7
Production	" " "	76.9	77.8	85.3
Imports	" " "	.1	.1	.1
Total supply	" " "	84.7	85.6	93.1
Domestic disappearance	" " "	31.1	31.3	31.3
Carryover	" " "	7.7	7.7 (9.0)	7.7 (9.0)
Total	" " "	38.8	39.0 (40.3)	39.0 (40.3)
Commercial exports	" " "	34.0	35.0	35.0
Available for government programs	" " "	11.9	11.5 (10.2)	19.1 (17.8)
Available for government programs	1,000 MT (milled)	389	376 (333)	627 (585)

Jan. 21, 1966

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

January 25, 1966

MEMORANDUM FOR BOB KOMER

FROM: Tom Johnson *TJ*

Bill agrees with me that there is potentially a good story in the return of the agricultural experts from India. If a report to the President is planned, advise us so that we can arrange press coverage.

India Food

183

JAN 29 1966

1/18/65
11:15 p.m.

183a

BILL:

skill

We could flush out a good story by
having this team report to the
President on their return from
India...then brief press of needs there.

Tom J.

✓
— yes
— no

Files

1836

January 6, 1965

MEMORANDUM FOR BILL MOYERS

Here's the proposed press release on agricultural team to India. I can dress it up more if you like.

If you want to use it, suggest holding for Friday release. This is so we can give Indians the courtesy of telling them what we plan to announce.

R. W. Komer

R. W. Komer

- 1) not until after tea
- 2) If you want another for,
don't imply

Suggest to Bill
Report to President
when they return.

PRESS RELEASE

1830
Tand
Pres does not want
to announce

At the request of the President, Secretary of Agriculture Freeman is dispatching to India this weekend a team of experts to help assess India's food distribution problems. During his visit to Washington in late December, Indian Food and Agriculture Minister Subramaniam discussed with the President, Secretary Freeman, and Secretary Rusk India's greatly increased requirements for food imports in the year ahead, resulting from an unprecedentedly serious drought. India is expected to require a considerably higher level of food imports than its ports have ever before handled. ^{So} The Government of India suggested that a team of US Government experts come to India to help assess India's ability to cope with potential difficulties concerning port and inland transportation requirements. The team is headed by C. R. Eskildsen, Associate Administrator of the Foreign Agricultural Service, and includes other experts from the Department of Agriculture as well as from the Agency for International Development and the Maritime Administration. The team is expected to stay in India for about three weeks.

400,000 tons equivalent
if you include
Canada's flour

January 24, 1966

Sweden Food

RWK:

The international effort for food to India so far has netted about 360,000 tons of wheat plus a variety of other foods and financial support. The Indians have had specific responses from 10 donors and immediate hopes from 5 others.

Wheat offers come mostly from Canada (126,000) and Australia (150,000). Canada has also offered \$2 million worth of wheat flour. The World Food Plan has come up with 54,000 and the Yugoslavs have agreed to divert our shipments of 30,000. Sweden and Greece--two likely small donors--still haven't answered.

equivalent
to about
42,000 tons
of wheat

Other food offers aren't quantified but include dairy products, dried fruit, dried eggs, dried milk and milk powder, rapeseed, dried peas, baby food.

Other offers include fertilizer, pesticides, porthandling equipment, shipping.

The Soviets initially said their own needs are too great to help. The Indians are going back. Seems to me this could be the best bet because the Soviets could make more Canadian and Australian wheat available simply by agreeing to put off shipment of some of their own orders. The Indians should concentrate on that approach.

amen

HHS

1842
White House - Mr. Komer:

Bill Handley asked me
to send you this compilation
of the responses to date to
India's international appeal
for food aid.


SSober
SOA

1/18, 6:30 pm

JAN 19 1966

1846

CONFIDENTIAL

International Responses to Indian Appeal
(as reported by January 17, 1966)

Argentina

Reaction unknown.

Australia

The Cabinet has decided in principle to provide assistance but has yet to approve a specific program. A gift of 150,000 tons of wheat is being considered. Other commodities to be offered may include dairy products, dried fruit and dried eggs.

Austria

The government has decided to make a \$1 million grant to be used for fertilizer, dry milk and pesticides; it would also be used to pay for shipping these commodities.

Belgium

Reaction unknown.

Canada

Has announced a \$15 million grant for use by March 31 (end of current fiscal year). Will finance 126,000 tons of wheat, 10,000 tons of rapeseed, 4,000 tons of dried peas, ^{possibly} 1,300 tons of whole milk powder, and 3,700 pounds of dried milk. Canada has offered whole wheat flour for the balance of \$2.15 million. In addition, it has offered to allow India to use a substantial sum, from the remaining unallocated portion of its regular aid pledge, for the purchase of port-handling equipment.

Denmark

The government has asked Parliament for an amendment to existing foreign aid legislation, which would have general application but--as stated by the Foreign Minister--would in the first instance enable the government to provide emergency help for India. The government is considering a long-term interest-free credit of Kroner 20-25 million (\$2.85-3.3 million) for purchase of food. Also considering a possible special grant.

France

GOI request is under consideration.

FRG

had previously been
*The government/~~is~~ considering a small emergency grant for dried milk. It may also earmark some additional Consortium pledge funds for fertilizer.

*The FRG Minister for Economic Cooperation, in Delhi for Shastri's funeral, promised CONFIDENTIAL "quick action" to help India in its food crisis.

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 4-29-04

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-2-

Greece

Ambassador Talbot was informed that the possibility of supplying Greek wheat to India would be actively considered.

Iran

Italy
Japan

Reaction unknown to request for diversion of PL 480 wheat.
Considering Indian request.
Considering a credit for fertilizer.

Netherlands

The government has provided an emergency grant of 100,000 guilders (\$28,000) for dried milk and baby food. It is also allocating one million guilders (\$278,000) for an agricultural project in India.

New Zealand

Considering a grant for dried milk.

Norway

Considering a cash grant.

Sweden

The government has allocated Kroner 7 million (\$1.35 million) for the purchase of foodstuffs, probably Swedish wheat and dried milk.

Switzerland

Reaction unknown.

Thailand

Reaction unknown.

United Kingdom

The U.K. has offered as interim assistance--a "first immediate contribution"--a 25-year interest-free loan of £7.5 million (\$21 million), including a reallocation of £6 million against the current Consortium pledge which was previously earmarked for a lagging steel project. Of the £7 million, £1 million is to be used to defray the cost of shipping wheat to India from Commonwealth countries; £1 million for porthandling equipment; £1.5 million for fertilizers, pesticides and dried eggs; and the balance for essential industrial imports from the U.K. A British bulk grain handling expert from the Port of London Authority has joined the USG (Eskildsen) team now touring India.

USSR

Initial Soviet reaction was that USSR is short of wheat, rice and fertilizer and may not be able to help this year. A further GOI approach is planned.

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-3-

Yugoslavia

Considering lending ships to India to carry food. Tentatively agreeable to diversion of 30,000 tons of PL 480 wheat to India provided acceptable arrangements can be made for later reimbursement.

World Food
Program /FAO

Considering an Indian request for \$10 million in wheat. FAO has reportedly agreed to supply 7,300 tons of dry milk provided by the United States. We have also agreed to supply about 54,000 tons of US wheat through the WFP. (The US contributions are the balance of our three-year pledge to the WFP.) WFP has sent a shipping expert from Rome to join the Eskildsen team.

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DEPARTMENT OF STATE REFERENCE SLIP		DATE 1/20/66	
TO: (Name or Title, Org. Symbol, Room No. and Bldg.)		Initials	Date
1. Mr. Robert Komer			
2.			
3.			
4.			
5.			
Approval	Initial for Clearance	Per Conversation	
As Requested	Necessary Action	Prepare Reply	
Comment	Note and Forward	See Me	
<input checked="" type="checkbox"/> For Your Information	Note and Return	Signature	
REMARKS OR ADDITIONAL ROUTING			
<p>I am attaching paper prepared within this Office on some of the intangible factors in the India food problem.</p> <p>We do not propose to issue it more formally or broadly for fear of appearing to distort the main issues, but I thought you might be interested in reading it in this form.</p>			
FROM: (Name and Org. Symbol)		ROOM NO. & BLDG.	PHONE NO.
James W. Spain INR/RNA		7527	3800

FORM

DS-10

CONFIDENTIAL/NO FOREIGN DISSEM attachment

GPO 872-210

JAN 24 1966

~~CONFIDENTIAL/NO FOREIGN DISSEM~~

185a
January 20, 1966
India Food

The Indian Food Problem

This paper is designed to point up a few of the less tangible elements of the Indian food shortage which may affect the larger picture.

Introduction

There is abundant evidence that India faces a grievous food problem this year. However, the dimensions of the shortage, the question whether large-scale deaths directly through famine or through famine-connected epidemic diseases are in the offing, and the ability of the government to deal with the crisis, particularly to administer an effective rationing and distribution program, are still far from clear. The greater material abundance of the industrialized West permits it to implement its humanitarian impulses to a degree that would not be considered possible in India. India, as other lesser developed countries, must view the demands on its limited resources to meet even massive food shortages within a context of conflicting priorities for economic development and defense. Furthermore, the experience of Asian nations in general and of India in particular with recurring food shortages and their accompanying diseases must be seen in an historical context which provides a higher threshold of tolerance for maladministration, suffering, and lack of adequate medical resources than that of the more industrialized West.

GROUP 3
Excluded at 12 year
intervals; not
automatically declassified

~~CONFIDENTIAL/NO FOREIGN DISSEM~~

JAN 24 1966

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By *jc*, NARA, Date 4-29-04

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The Likely Magnitude of the Shortfall

India's impending food crisis has been described by a high official of the Indian Ministry of Food and Agriculture as "possibly the worst for fifty years." The immediate cause of the shortage is a drought that has affected some 80 per cent of India's cultivated areas, with the deficiency in rainfall ranging from 20 to 60 per cent. As a consequence, domestic food grain production is expected in 1965/66 to show a precipitous drop from the all time high of 88.5 million tons produced in 1964/65. Even with a record crop, supplies in the last crop year had to be augmented by the import of some 7.4 million tons of food grains, of which 6.1 million were supplied by the US under PL 480.

At the end of 1965, estimates of the 1965/66 food grain crop range from a low of 70 million tons (on the part of a US Department of Agriculture Staff Economist) through 75.5 - 78.5 million tons (from Dias, the Food Secretary in the Indian Ministry of Food and Agriculture) and 76 million tons (the figure most frequently cited by the American Embassy, New Delhi, and based upon estimates by the Government of India made at the end of November 1965) to a high of "not more than 80 million tons" (according to Indian Food and Agriculture Minister Subramanian as quoted in the New York Times of December 2, 1965). If it is assumed that 1964/65 production and imports which totaled 95.9 million tons satisfied consumption requirements and, according to Dias, still left something more than 2 million tons in the hands of the government, it would mean that, assuming India's population remained static at about 485 million, 1965/66 production and imports would have to provide about 93 million tons in food grains. On the basis of these assumptions, imports would have to range between a high of 23 million tons (if domestic production is as low as 70 million tons) to a low of 13 million tons (if domestic production comes up to the high estimate of 80 million tons). In its representations to the US and the UK, the GOI has cited 10 million tons as the import requirement for 1966, scaling the estimates down to this figure because of port handling problems.

Some Intangibles

The figures given above remain somewhat hypothetical, however, because of a variety of factors. In the first place, India's population, far from being static, has been growing at a rate of between 10 to 11 million persons a year, so that the population to be fed would in 1965/66 probably be close to the 500 million mark. Even if the imports of food grain could be stepped up so as to provide at least for the expected increase in population, several bottlenecks affecting distribution would still remain.

Estimates of Indian port capabilities vary also, the British holding to as low a figure as an average 500,000 tons per month. At best, it appears that the ports have a food grain discharge capability of 874,000 tons per month during the nine dry months and 700,000 tons during the monsoon season, amounting to a total of about 10 million tons a year. Indian officials claim that another million tons could be handled by allocating additional berths to grain ships, mid-stream discharge, added use of evacuators, etc. The US Embassy in New Delhi estimates that perhaps an additional million tons could be squeezed through by various other emergency measures. It thus appears that under optimal conditions a total of 12 million tons in food grain imports

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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By jc, NARA, Date 4-29-01

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could be handled by the Indian ports in a year. This would mean that there would be a shortfall in needed grain imports ranging from one million to eleven million tons, depending on what estimate of domestic production is accepted and not taking into account additional needs created by the population increase.

The grain handling capacity of the ports is not, however, the only aspect of distribution which has to be considered. Of almost equal importance is the capability of Indian road and rail communications to handle the increased tonnage. The management of these communications in India is not of the highest order even under normal conditions, and major bottlenecks are virtually certain to develop, although their likely nature and scope is difficult to predict.

The availability of rail and truck transport for food distribution will also be affected by the Indian's preoccupation with defense matters. In view of the strong public support the Shastri government now enjoys and in view of the military dangers which most Indians still see as threatening from Pakistan and Communist China, public pressure to give all-out priority to the food problem is likely to develop comparatively slowly and only if famine or near-famine conditions become obvious. Even if the food shortage should reach famine proportions, the government would probably refuse to subordinate entirely logistic support for the military to the exigencies of the food problem, since to do so would leave it politically as well as militarily vulnerable should Peiping or Rawalpindi choose to exploit India's troubles by increasing pressures on the border.

A further factor which would affect the distribution of food grains is the general lack of coordination among the various states and between the states and the central government. The Indian system for assuring an equitable distribution of food grains provides for the governments of the states with surpluses to procure those surpluses for contribution to a central pool. The central pool, administered by New Delhi, then reallocates the available items to the deficit states. Such a system assumes that the various states would willingly undertake such procurement at a fixed price and would willingly provide the items for distribution for the less fortunate areas.

Additionally, the general inertia of the India bureaucracy would act to inhibit the effective administration of the national food distribution program. Often preoccupied with bureaucratic niceties and intent upon satisfying bureaucratic rules rather than cutting through red tape to fill emergency needs, the bureaucracy might constitute a considerable obstacle in any national food distribution scheme even if no corruption is involved. Lastly, the Indian proclivity to assume that the mere enunciation of the problem provides a solution for it in some fashion further inhibits the bureaucracy from seeing the urgency of action needed in a food supply emergency.

One of the most important intangibles on the other side of the picture is just how much room for "belt-tightening" there may be in the Indian food consumption pattern. While still living in dire poverty by Western standards,

India's hundred of millions ate relatively well last year by their own standards; there is almost certainly a fair amount (again by Indian peasant standards) of reserve food resources in part of the countryside; and there is probably still at least a little room for a reduced per capita consumption without reaching actual famine conditions. One thing is likely: in its present mood the Government will almost certainly squeeze whatever fat there may be in these areas in its efforts to cope with the food problem.

Death from Famine and Famine-Related Epidemics

In a country like India, with generally low health standards and great population density, particularly in urban slums, epidemics of various diseases have been a frequent occurrence, although modern methods of prevention and treatment have significantly reduced the danger of widespread epidemics. However, famine or near-famine conditions not only are in themselves the cause of death, but also increase the danger of epidemics.

A famine which occurred in India in 1943 and which was particularly serious in Bengal illustrates the relationship between number of deaths in the population and famine conditions. The famine of 1943 was investigated by a Famine Inquiry Commission established by the central government of India. This Commission in its final report cited official statistics to the effect that, in 1943, reported deaths rose 58.1 per cent over the average for the preceding five year period, and in the first six months of 1944 deaths rose 75.5 per cent over the average of the first six months of the preceding five years. The Commission report acknowledged that these figures were unreliable because even in normal times deaths are not fully recorded. Thus the number of deaths recorded for 1943 and the first six months of 1944 is no doubt smaller than the number of deaths which actually occurred.

Nevertheless, the Commission stated that the figure of 3.5 million deaths during the famine (about 2.3 million above the previous five year average), a figure which had received widespread publicity, had been achieved with what the Commission regarded as questionable statistical techniques. A sample survey had been made of the worst famine areas, and it was then assumed that two-thirds of Bengal had been similarly affected. After taking all factors into account, the Commission estimated that the number of deaths due to famine was some 1.5 million. The number of deaths from sheer starvation diminished by the end of 1943 due to new crop arrivals and governmental relief measures. However, the food shortage was still responsible indirectly during 1944 for the increase of deaths from epidemics which had been stimulated by the famine conditions.

There is little doubt that famine conditions would again lead to an increase in deaths in India. However, some progress has been made in controlling and reducing endemic diseases in the country and better health facilities and methods of coping with disease are available than existed during 1943. While there will still be competition for resources between defense and emergency relief requirements, the limitations now are likely to be less than they were in 1943, in the middle of a world war. It is thus likely that the number of deaths caused directly or indirectly by a famine would be, at least in terms of percentage, below the figures of 1943.

Conclusions

The complexity of this picture suggests that both definition of the scope of the Indian food problem and the development of the most effective measures for coping with it are likely to be extremely difficult both for the Government of India and for those foreign countries and agencies which are prepared to help. Past experience indicates that Indian food statistics are often unreliable even during normal times, and that during periods of threatened famine the shortage in any given part of the country may be grossly overrated or underrated. At present, one can only say with confidence that there is a major food problem. Whether or not and how this might result in large scale deaths is still open to question.

In either event, the limitations of the Indian distribution system, continuing military requirements, lack of coordination between and among the central government and the states, as well as the rigid bureaucratic structure, will limit the effective utilization of available supplies. Perhaps even more important will be the government's basic attitude toward the problem. New Delhi's willingness to accept malnutrition -- and even death from starvation in isolated areas -- and also its firm commitment to continued economic growth (especially in industry) and to an improved defense capability may result in a judgement that an all-out diversion of resources to meet the food problem would result in such widespread dislocation that fundamental, long-term objectives would be seriously undercut. The government also feels secure in its popular support, and in order to maintain that support would probably tend to play down any crisis, both internally and internationally. Finally, the Indian government would prefer not to engage in any large scale diversion of resources from security requirements which would leave the country open to pressure from Pakistan and Communist China or to acceptance of a degree of control by Western food suppliers which might compromise Indian conceptions of sovereignty and non-alignment.

January 21, 1966

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: Logistics -- Grain Movement -- India

- I. The United States will make the heaviest shipment of grain overseas in history during the first six months of the current calendar year. Over one billion bushels of grain will move to other countries.
- II. The Indian Purchasing Mission has bought and booked shipping for all grain allotted under P.L. 480, including the 1,500,000 tons the President allotted in December. Shipments are scheduled to leave this country at a rate of 750,000 tons in January, 800,000 tons in February. There will be a small residual carry-over estimated at 75,000 tons.
- III. Arrivals in India are now estimated to be -- January, 530,000 tons; February, 800,000 tons; March, 600,000 tons; April, 150,000 tons.
- IV. As previously reported, India has been booking shipping in advance (an estimated 300,000 tons) beyond the shipping necessary to transport the grain which has been allotted. It is reported to me that the Indian purchasing team has authority to book more shipping, perhaps as much as 900,000 tons more. When they inquire as to whether they should book more shipping, in the absence of any U.S. commitment for more grain, the response is that they must make this decision, that there is no commitment by the United States. Nonetheless, they have booked forward. They recognize that the biggest delay is in booking vessels and that it is essential that they be in the best possible position to ship grain quickly when and if a further commitment is made by the United States.

The likelihood is that they will continue to book forward even though it involves relatively heavy financial commitments.

2--The President

- V. We are making every possible preparation here in the U. S. Department of Agriculture so we can move grain swiftly when and if the President makes a decision.

The heavy pressure on internal transportation of record exports, compounded by the boxcar shortage, continues to build up. As a result the amount of lead time necessary to move grain smoothly and efficiently matching the arrival of the grain with the availability of the vessel is growing. It is now three to four weeks. We are taking extraordinary measures to cut this lead time as much as possible.

We are positioning grain on the West Coast and the East Coast rather than at the Gulf Ports which are currently clogged. We are impressing upon Indian Purchasing Missions that it would be wise for them to schedule any advance ship bookings for West or East Coasts rather than Gulf Ports. Initially they have resisted this because of higher costs, but I believe they are beginning to get the idea.

I cannot report firmly at this time as to how much we can cut three weeks to a month lead time. However, I do think that by taking strong measures we can cut it substantially.

I will give you a firm report on this some time next week.

- VI. The following firm commitments for wheat to India have now been verified:

Canada	126,000 tons
UN/FAO (WFP)	54,000 tons
U.K.	40,000 tons
Australia	150,000 tons

Another 10-15 countries have indicated their willingness to make available small amounts of food or supply. Many of these could, and I think in due course will, increase their donation. We are continuing to push hard so the Indians will redouble their efforts. We are also trying to get UN/FAO World Food Program and possibly OECD into the act to assist the Indians to get help from other sources.

FROM NEA:SOA

India Food 187

Cy-Ev Mr. Komer

187a

DEPARTMENT OF STATE

ASSISTANT SECRETARY

CONFIDENTIAL

TO : The Secretary

THROUGH: M - Mr. Mann
S/S

FROM : NEA - Raymond A. Hare

SUBJECT: India's International Effort on Food Aid - INFORMATION MEMORANDUM

January 20, 1965

The Government of India has been moving with unusual vigor to enlist international support in its current food crisis. Doubtless this vigor is, at least in large part, a reaction to prodding by the President, yourself and Secretary Freeman during Food and Agriculture Minister Subramaniam's visit here last month, as well as to the almost continuous efforts of the Department and Embassy Delhi. Be that as it may, we believe the Indian effort is off to a good start, and the returns to date indicate the chances are good for a reasonably broad international program of emergency aid.

Bilateral Approaches. Thus far the Indians have approached the following countries for help:

Argentina	FRG	Norway
Australia	Greece	Sweden
Austria	Iran	Switzerland
Belgium	Italy	Thailand
Canada	Japan	United Kingdom
Denmark	Netherlands	USSR
France	New Zealand	Yugoslavia

The Indians have asked for grain, other foods, fertilizer and shipping in kind or in money. The approach to Iran was limited to a request for diversion of PL 480 wheat en route to Iran. The Indian Embassy has taken soundings in Moscow, but no formal request has yet been made to the USSR.

In addition, the GOI has asked the FAO/World Food Program and the Vatican for help.

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

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JAN 21 1966

DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 4-29-04

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-2-

Subramaniam has sent one of his deputies to a number of European capitals, and another will be leaving shortly for the Far East, to support India's case for emergency aid.

A rundown of responses to date by those approached, as we have it from the GOI, our own Embassies abroad and various Embassies in Washington, is attached. The most significant third-country response thus far is from Canada, which has promised an emergency grant of \$15 million in wheat and some other foods, for shipment by March 31 (the end of the current Canadian fiscal year). As a first step, the British have offered a long-term loan of £7.5 million, of which £6 million would be reallocated from a proposed steel-mill project under London's Consortium pledge, for shipping, porthandling equipment, fertilizer and miscellaneous industrial goods; the British have also sent a port expert to join the USDA-AID-Maritime Administration team now in India to review the food/port problem. The Swedes, the Austrians, and the Dutch have also promised help. Various other countries have reacted positively to the Indian appeal, and are considering how to help. Some substantial assistance is hoped for from Australia.

International Coordination. We have suggested to Subramaniam that he set up a coordinating committee, in Delhi, of potential donor countries and international agencies (including FAO and World Bank). He has expressed some reservations on the need for an international mechanism, but seems likely to go ahead if further soundings among the embassies in Delhi convince him that a regular working committee would serve a useful purpose. Subramaniam has also been considering a possible special appeal through the FAO/World Food Program.

USG Role. The discussion the Vice President and you had with Subramaniam in Delhi last week should spur the GOI to maintain its pressure on third countries for emergency help. In the past two weeks I have met twice with local embassy representatives of those countries which the Indians have asked formally for help. In these meetings we discussed the Indian situation and the need for emergency aid on a broad international scale, backing up your statement to Subramaniam that we would support the Indians' effort after they did the initial bulldozing. At our request our own embassies in these same countries have also been backing us (and the Indians) up.

Attachment:

International Responses to Indian Appeal

NEA:SOA:SSoer/mg 1/19/66

Clearance:

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M/FFP - Mr. Ruter (subs)

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International Responses to Indian Appeal
(as reported by January 19, 1966)

Argentina

Reaction unknown.

Australia

The Cabinet has decided in principle to provide assistance but has yet to approve a specific program. A gift of possibly as much as 150,000 tons of wheat is being considered. Other commodities to be offered may include dairy products, dried fruit, dried eggs and pesticides.

Austria

The government has decided to make a \$1 million grant to be used for fertilizer, dry milk and pesticides; it could also be used to pay for shipping these commodities.

Belgium

Reaction unknown.

Canada

Has announced a \$15 million grant for use by March 31 (end of current fiscal year). Will finance 126,000 tons of wheat, 10,000 tons of rapeseed, 4,000 tons of dried peas, and 3,700 pounds of dried milk. Has offered whole wheat flour and more dried milk for the balance of about \$3 million. In addition, it has offered to allow India to use a substantial sum, from the remaining unallocated portion of its regular aid pledge, for the purchase of porthandling equipment.

Denmark

The government has asked Parliament for an amendment to existing foreign aid legislation, which would have general application but--as stated by the Foreign Minister--would in the first instance enable the government to provide emergency help for India. The government is considering a long-term interest-free credit of Kroner 20-25 million (\$2.83-3.3 million) for purchase of food. Also considering a possible special grant.

France

GOI request is under consideration. French representative at the FAO has stated France might make available 10,000 tons of non-fat dried milk.

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E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 4-29-01

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- 2 -

FRG The FRG Minister for Economic Cooperation, in Delhi for Shastri's funeral, promised "quick action" to help India in its food crisis. The government had been considering a small emergency grant for dried milk. It may also earmark some additional Consortium pledge funds for fertilizer.

Greece Ambassador Talbot was informed that the possibility of supplying Greek wheat to India would be actively considered.

Iran Reaction unknown to request for diversion of PL 480 wheat.

Italy Considering how to respond to Indian appeal, in absence of existing statutory authority to extend grants or even soft loans for other than equipment.

Japan Seeking additional information on Indian need. Has been considering a possible credit for fertilizer.

Netherlands The government has provided an emergency grant of 100,000 guilders (\$28,000) for dried milk and baby food. It is also allocating one million guilders (\$278,000) for an agricultural project in India.

New Zealand Considering a grant for dried milk.

Norway Considering a cash grant.

Sweden The government has offered a grant of Kronor 7 million (\$1.4 million) for the purchase of foodstuffs, mainly 4,000 tons of dried milk and perhaps some wheat. Has also offered a long-term low-interest loan of \$2.4 million for an agricultural project.

Switzerland Seeking additional information. May wish to contribute through UNICEF or some other collective effort.

Thailand Reaction unknown.

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~~CONFIDENTIAL~~

- 3 -

United Kingdom

The U.K. has offered an interim assistance--a "first immediate contribution"--a 25-year interest-free loan of £7.5 million (\$21 million), including a reallocation of £ 6 million against the current Consortium pledge which was previously earmarked for a lagging steel project. Of the £ 7 million, £ 1 million is to be used to defray the cost of shipping wheat to India from Commonwealth countries; £ 1 million for porthandling equipment; £ 1.5 million for fertilizers, pesticides and dried eggs; and the balance for essential industrial imports from the U.K. A British bulk grain handling expert from the Port of London Authority has joined the USG (Eskildsen) team now touring India.

USSR

Initial Soviet reaction was that USSR is short of wheat, rice and fertilizer and may not be able to help this year. A further GOI approach is planned.

Yugoslavia

Has agreed to divert 30,000 tons of PL 480 wheat to India. Also considering chartering shipping to carry food to India, and possible supply of some foodstuffs.

World Food
Program/FAO

FAO meeting January 17 in Rome on the world dried skim milk supply situation focused on critical Indian needs. FAO/WFP team is going to India next week to assess the need for milk products.. FAO may supply 7,300 tons of dried milk provided by the United States.

WFP is considering an Indian request for \$10 million in wheat. We have agreed to supply about 54,000 tons of US wheat through the WFP, from the balance of our pledge to the WFP. WFP has also sent a shipping expert from Rome to join the US (Eskildsen) team.

~~CONFIDENTIAL~~

PRESERVATION COPY

January 18, 1966

~~Administratively Confidential~~MEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: Participation of other nations in meeting 1966 India
Food Crisis

*Aug D Bundy Memo
w/ Rat 1/20/66
J. Edgar Hoover*

1. It is the President's policy to accomplish maximum contribution by other nations in meeting the current Indian food crisis.
2. As reported by my memorandum dated January 18, 1966, India has contacted some 25 countries for help but only Canada has made more than a nominal response.
3. January 18, 1966 I represented the United States at the U.N.-F.A.O. World Food Program pledging conference. I did so in order to dramatize the magnitude of the United States' contribution authorized by the President. I also had in mind the possibility of emphasizing the President's policy that other countries should join the U.S. in helping to meet the 1966 India food crisis.
4. The opportunity to hammer home the need for other countries to make a contribution to India presented itself at a luncheon hosted by the new Canadian Minister of Agriculture, attended by Secretary General U. Thant and World Food Program Executive Director Boerma.
 - A. U Thant opened the discussion by expressing deep concern about the India situation. He questioned me directly about it.
 - B. Speaking in a personal capacity I outlined the situation as we understood it and expressed concern that countries other than the United States and Canada had been so limited in their response to India's request for help. I suggested that vigorous action by the U.N.-F.A.O., the World Food Program or OECD to get other countries to help out would be useful and might

1/19/66

2--The President

help the U.S. to strengthen its participation. I pointed out that if food supplies were limited in other nations, items such as fertilizer would be very useful. I made the point that a crisis often gave the opportunity to dramatize and get action that "business as usual" does not permit. U Thant was most interested. Boerma, Director of the World Food Program, moved in aggressively urging that the Canadians make their contribution through the World Food Program. He suggested that the U.S. would more than match what other countries might contribute through the World Food Program. Emphasizing that I was speaking as an individual and not officially I commented that this was certainly possible. As I made my departure I suggested to U Thant and Boerma that action on their part to assist India to get cooperation from countries in addition to the U.S. offered a real opportunity for their organizations to help India and potentially to take the lead in furthering agricultural development in India and other Less Developed Countries as well.

4. It is of course uncertain what if anything U Thant and Boerma will be able and willing to do to get other countries to help India. However, anything they see fit to do will be consistent with the President's objective of maximizing the assistance by other countries. The President might want to consider contacting U Thant to inform him that the U.S. will match the offers of other countries to help India in a ratio of 2 or 3 to 1. As matters now stand if it is our policy to try to prevent famine in India such an offer rather than costing the U.S. anything would cut the demand on us and improve our domestic position. I don't see how we can other than gain.
5. The essence of my luncheon conversation has been communicated to Ambassador Goldberg, and Dean Rusk.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

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MEMORANDUM FOR: The President

FROM: Orville L. Freeman
Secretary of Agriculture

SUBJECT: India

*See Law & D
Pres 1/18/66*

SUMMARY

The attached memorandum:

1. Summarizes and updates recent reports to you on the India food crisis and on actions they are taking with other countries and within India to meet their short and long term food problems.

2. Examines the merits of introducing two new elements into our strategy (a) to arbitrarily increase the proportion of feed grains (sorghum) in our shipments; (b) to increase our insistence that other developed countries make contributions consistent with their capability and India's need.

3. Examines alternatives with regard to the timing and the amount of the next allotment of grain for India.

4. Recommends:

- (a) that 1.5 million tons be announced with the food aid message early in February;
- (b) that 1/5 of it be feed grains;
- (c) that we place a substantial part of this burden on other countries;
- (d) that I be authorized to reimburse the Indian government later for dollar purchases now to keep the pipeline full until the next allotment.

Attachment

16/66

PRESERVATION COPY

January 18, 1966

Administratively ConfidentialMEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: India

1. The death of Shastri calls for a reexamination of our timing in connection with India's immediate food crisis and long-range agricultural plans.
2. The following earlier reports to you indicated:
 - A. The technical team has been sent to India pursuant to your instructions and will be returning in a week to 10 days with a detailed analysis of port and transportation capacity.
 - B. The Humphrey-Rusk mission to India reports that the acting Prime Minister Nanda, Agricultural Minister Subramaniam, President Radhakrishnan, Mrs. Gandhi, and lesser Indian officials all emphasize that the agreements which had been reached with the United States in connection with food and agricultural policies and programs would be carried out by their new government. Subramaniam firmly made the point that the new policy is not only a Cabinet decision, but one that has received full Parliamentary sanction and will be carried forward.
 - C. It would appear from the reports reaching us directly from India as well as other sources that the Indian Government has taken action as we requested to get help from other countries in meeting the current famine threat. They report contact with 15 countries, and small commitments from about half of them. We continue to press them hard to get all possible assistance from other countries. They have two senior officials on tour now calling on other countries around the world.

2--The President

- D. Iran and Yugoslavia have been approached for diversion of 8 vessels carrying 127,000 tons of grain to be replaced later.
 - E. The Indian Government has booked shipping for 200,000 tons of grain beyond the commitments made by the United States. They understood clearly when they did this that no commitment beyond the last 1.5 million tons had been made but nonetheless chose to arrange for this shipping so that every possible preparation they could make to reach the 1 million ton March arrival figure would have been carried out. From these actions plus independent reports I got it appears that the Indian Government is meeting the commitments made at Rome and during Subramaniam's visit to the United States both as to the immediate food crisis and long range plans.
3. The President planned the Shastri visit to get the necessary political and agricultural commitments from India so that the United States could carry forward a sensible policy in the far East. Now we face a delay and will be dealing with a new Prime Minister. However our twin goals remain: (A) To keep the pressure on India to develop her agriculture and make necessary international political adjustments in her policies. (B) To do everything we can to help India avoid immediate famine.

Our dilemma in carrying forward these twin objectives is now deepened because a conference with the Indian Prime Minister may not be possible until April or May. If we delay another grain allotment until then we will fall seriously behind the tentative schedule of 1 million tons of grain arrivals a month. This will threaten objective (B) of preventing famine in India. On the other hand, another allotment made before a review of the basic issues by the President of the United States and the Prime Minister of India might erode the bargaining position of the United States.

I have given much thought to how this dilemma might be bridged. Some new tools, some new elements in our strategy are needed. Two possibilities come to mind: One way to put pressure on the Government of India to improve its agriculture, while avoiding the charge of being inhuman, is to steadily increase the share of feed grains in our shipments to India. Feed grains, whether they be grain sorghums, corn or barley, are just as effective in avoiding famine as food grains, wheat or rice. They are not, however,

3--The President

so popular with consumers. The consumer's disenchantment with feed grains, which can be expressed in political terms, may generate more pressure in India to improve agriculture than all other means at our disposal. The United States supply of feed grains is greater than of wheat.

Secondly, you might insist upon a more significant response to India's food crisis than has thus far been made by countries other than the United States. At a time when India faces a minimum grain import deficit of 10 million tons, which will cost approximately \$750 million, an offer such as the \$25,000 offered by the Netherlands, to cite an example, is hardly a meaningful commitment. Some of the other key countries have been only slightly more generous.

At this point Canada may be the only country making a meaningful commitment. The Canadians have offered \$15 million worth of wheat and other commodities above their previous aid commitment.

To make this second element in our strategy more meaningful, the President might set some sort of requirement for total participation by other countries. For instance, he might insist that all other countries combined contribute say, as much as one-fifth of India's total requirements. For every million tons of grain the United States provides, the President might declare that he expects other countries to provide the equivalent of a quarter million tons of grain. (As a practical matter this might be higher than other countries are likely to come up with in time to prevent famine.) Contributions of other countries could be in food or the equivalent value in fertilizer, shipping, assistance with family planning or some other kind of immediate assistance.

This could be implemented by making any further United States commitment contingent on the Indians having a list of contributions from other countries meeting the formula by the end of the next month, the next three months, or whatever the time span of a new allowance might be. Imposing such a requirement might serve the collateral purpose of getting other countries to support the United States in demanding agricultural progress in India. If other western industrial countries become deeply involved in trying to meet India's growing food needs, they too would likely demand agricultural progress in India. Other policy problems such as the failure of India to give their family planning program the priority and the urgency it deserves would fall into this same category.

4--The President

If the President decided that the course of action outlined above has merit the next question becomes when such an announcement should be made.

Should the President wait for a new request from the new Indian Prime Minister?

Or, would it be in the best interest of the United States to act at the time the new Prime Minister is elected?

Or, could a new allotment be a part of the President's International Food and Agriculture Message to Congress scheduled early in February.

A further question is how much?

Should another allotment cover one month's shipment?

Two months' shipment?

Or, until a visit with the new Prime Minister is likely which would probably require about 4 million tons. What share should be feed grains? Is 20 percent unreasonably high?

A number of alternative courses of action might be followed by the President.

My recommendation at this time is:

1. Another 1.5 million ton allotment to be announced in the President's Message to Congress if it comes no later than the first week in February.
2. That one-fifth of that 1.5 million tons be grain sorghum or other coarse grains.
3. That the President announce in the Message our willingness to consider further help to India to meet the famine threat this year if other countries make a meaningful response. This would require all other countries together to contribute the equivalent of one-fourth of the United States' donation either in food or some other form of emergency assistance.

5--The President

4. To keep the pipelines full between now and the next announcement, the President should authorize the Secretary of Agriculture to go ahead with the reimbursement procedure, assuring the Indians that limited dollar purchases of U.S. food now will be covered later on by Title I shipments. (This involves a letter from the United States Secretary of Agriculture to the Indian Minister of Agriculture.) If this could be done, real transactions would take place soon and the very complicated process of coordinating supplies with ships (the Indians have already booked 200,000 tons of shipping ahead) could be avoided.

Recommended Action:

1. Proceed as you have recommended above, including the announcement of a new 1.5 million ton agreement in the Message to Congress _____
2. Announce a 1.5 million ton allotment at the time the new Indian Prime Minister is selected _____
3. Prepare an appropriate statement to be used with either of the above alternatives announcing our conditioning of any future allotments on other countries actions _____
4. Discuss with me further before any action _____

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THE INSTITUTE FOR ADVANCED STUDY
PRINCETON, NEW JERSEY 08540

SCHOOL OF HISTORICAL STUDIES

January 17, 1966

Indira Gandhi

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

Dear Bob,

I attach a letter from an old naval friend of mine who is now involved in port and transport planning for the Indian Planning Commission. I have no knowledge of the merit of his points; but I send his demarche along to you as the maharajah of Indian affairs.

I also have with me ^{his} a long report which was too heavy to bring down from Cambridge. Let me know if you want to see it and I will have it sent down to you.

The tranquility of life in Princeton is marvelous.

Yours ever,

Arthur

Arthur Schlesinger, jr.

AS:sl
Enc.

JAN 18 1966

JOHN TYNAN

190a
PHONE : 619604

1, RATENDONE ROAD,
(ANNEXE)

NEW DELHI - 11

New Delhi
Jan. 4 , 1966

Prof. Arthur M. Schlesinger, Jr.,
Faculty , Arts and Sciences
Harvard University
Cambridge 38, Mass.

Dear Art -

This note occasioned by the attached piece in U.S. NEWS and WORLD REPORT , sent on to me. The news item quite correctly states the elements of the problem, which is a really serious one. I have a quite fair knowledge of certain aspects of it - port discharge; the distribution of grains, and the transport situation because of my work in the Planning Commission for your friend , Tarlok Singh, (now member for Administration and Transportation). The reasons for writing you directly on the matter are as follows :

- 1) The President will be discussing these matters with Shastri next month and will have to deal with them.
- 2) The Ambassador and AID Director here (John Lewis) both are rather sympathetic to the Indian Government and don't "lay it on the line"; and I doubt if effective (e.g. rather Draconian) measures necessary will be put forward.

So this is a private effort to ensure that this information is made available. I leave it altogether to your knowledge and discretion on whether to pass it on , and if so, how best to do it.

1) Port discharge

A study of grain handling in Bombay, which handles 37% of all sea traffic, was made by a high-level and experienced group last year. It is known as the Marsden Report, and details the foul-up in grain handling very well - broken-down mechanical devices, rigged Potemkin-village style, but not operative; labor union reluctance to accept mechanization ; number of berths used, etc. I attach also a portion of my report on Shipping Corporation of India , (done under our AID contract) which relates to Bombay port conditions; so you can see the situation is as screwed up as

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2.

ever. Nothing has really been done, as there are political implications which the government does not wish to face. The talk is of improvements in the Fourth and Fifth Plans, etc. The ports cannot handle the increased grain shipments, unless organization and port changes are made immediately. This costs our government greatly increased transportation bills ;because of port delays. Every ship day of delay costs about \$ 2500-3000, and with 10,000 tons per ship, at 7,200,000 tons a year, 720 voyages a year are involved. My study indicates that Indian port delay days cost about 10% in efficiency for Indian ships ; so you can see how much money is involved. Even more important is that the wheat will stay in the ships and at the ports, while the people are starving.

2) Storage and Distribution

The Government has done almost nothing in the matter of reducing the loss to rodents and insects, which in fact is estimated as at least 1/6 of all that is harvested or shipped in. A proposal of Union Carbide/Dow Chemical to build a \$100 million chemical complex for pesticide plants (inter alia) has been languishing in the ministries for months, and no effective government program to correct this difficulty is in existence.

The present distribution system is inefficient and corrupt, and large quantities of grains get into the black market. If you were to examine " Who's related to who" in the wholesale grain and milling business, you would find that relatives of government and Lok Sabha officials are rather definitely in evidence. This is why little has been done, except widely publicized ration schemes, which immediately on publication cause grain to " disappear " from the Government stores. My cook tried to get his own ration the other day; was pummeled and his card not returned , when he tried to get it. I can take action in his case; consider the situation of those who lack an amicus in curia. Thus, even if the food is off-loaded in the quantities indicated, I much doubt if it will get to the people who need it.

3) Action

Having delineated the problems, it seems useful to indicate what might be done about them. You can count out any capabilities

JOHN TYNAN

PHONE : 619604

1, RATENDONE ROAD,
(ANNEXE)

NEW DELHI - 11

3.

of the Indians to correct the above deficiencies on their own. I expect to see the tanks around the Lok Sabha any day and the topi and dhoti Congress politicians sent off to their villages, Cromwell-style ("Begone! ye have sat too long,"etc.) It might at least ensure more honesty and efficiency. However, this drastic solution can hardly be counted on in time to do good.

This means that we have to enforce changes, or handle our wheat deliveries differently, if our assistance is to be any good. The following are possibilities:

- a) A US Army port battalion set-up, to handle the off-loading and port terminal operations for imported wheat. They would hire stevedores, terminal personnel, etc., bring their own fork lifts, gear, et al, as needed. They would be required at Bombay, Calcutta, Madras, and possibly at Cochin.
- b) A US-Indian team to investigate storage and distribution, and then empowered to take over and have charge of the supplies, Hoover/Belgian Relief style, if necessary. Or a U.N.-Indian group, if we do not want involvement with what is going to be a considerable catastrophe, regardless of what is done.

These of course are short-term measures, but God almighty, working 7 days a week on two shifts, could not solve all the Indian problems, even if he left all the rest of us to fend for ourselves. You no doubt know Murphy's law (" If something can go wrong, it will."); Murphy was an Indian, my boy.

In any case, will you please at least see that LBJ is briefed on the Marsden report, or talks to Marsden; and is made aware of the incompetence on the part of this government to deal with the problems. Also kindly treat me as an anonymous adviser; I have to keep my head on my shoulders ! Jim Lanigan, however, would give you about the same estimate, I'm sure, if he were let.

My best to you. My God, Art, Henry Luce has ended up loving you! (Time, Dec. 17). Nunc dimittis, Domine

Jack

PRESERVATION COPY

ANOTHER CALAMITY: FAMINE IN INDIA

India gets a sixth of all wheat grown in U. S., and a drive is under way for still more. Even if U. S. wheat shipments were doubled, India still would face disaster. Why? Here's the story of what threatens to be the worst famine of modern times.

NEW DELHI

A natural calamity almost unprecedented in modern times is facing this nation.

That calamity is famine on a massive scale, which can be averted only by aid from the U. S. in large amounts.

The trouble is due to drought—the failure of the monsoon rains to provide enough moisture for crop growth. Rainfall in many regions has been only 40 to 50 per cent of normal.

A few facts show what this means:

India's 1965 production of grain is estimated at 88 million tons. Another 7 million tons came from other nations, almost all from the United States.

That made 95 million tons of grain available to provide a subsistence diet. Even so, there was food rationing.

Yet in 1966, there will be 11 million more mouths to feed—nearly 500 million in all. To maintain that low-level diet for these people will take 97 million tons of grain.

Still, it appears now that the grain harvest in India in 1966 will be no more than 78 million tons. It may be less than that.

Subtract 78 million tons from the 97 million needed to provide a subsistence diet, and you can see the size of the problem. The shortage promises to be 19 million tons, or nearly 20 per cent.

Without help—misery. Widespread famine, of a kind not seen in the world in this generation, is expected as the inevitable consequence unless outside aid can come.

In 1943, with only a 6 per cent shortage of grain in the State of Bengal, about 1.5 million people died of ailments related to malnutrition and starvation.

The whole problem is complicated by the fact that, along with feeding human beings, grain is helping feed 226 million "sacred" cows and buffaloes, half of

which are useless economically. Then there are the millions of "monkey gods" to be fed, and huge numbers of rats that swarm through India's cities devouring all they find.

Ruinous drought. The impact of drought is being felt through the entire economy.

Nongrain crops are affected. Oil-seed output is down 20 per cent. Cotton and jute production are affected seriously. This, in turn, is hurting employment and exchange earnings.

Low water in reservoirs is resulting in a cut in electric supply—another blow to the economy.

It is this accounting of woe that Lal Bahadur Shastri, India's Prime Minister, will bring with him to Washington when he meets President Johnson in February.

The U. S., in the last 10 years, has supplied India with 33 million tons of food—sold to New Delhi at low cost. The idea back of these shipments was to stabilize food prices and build reserves while India built up its own production to keep pace with the needs of a growing population.

India's food production has increased, but 80 per cent of the cultivated land is still dependent on rainfall instead of wells or irrigation. Because of a lag in building of fertilizer factories, India can produce only one third of the 1.2 million tons of fertilizer being used—and that tonnage, in itself, is considered far below what is needed.

Pending talks on a new aid agreement, in abeyance since the India-Pakistani shooting last September, the U. S. has been shipping 500,000 tons of grain to India each month. A new agreement provides for shipping 1.5 million tons within the next three months, as fast as India can unload it.

India's needs, however, are much larger than this, and Mr. Shastri is expected to press for food shipments on an unparalleled scale.

Food in time? Even if the President agreed to this, however, it is far from certain that enough food can reach starving people in time to avert disaster in some degree.

The war in Vietnam is tying up much U. S. shipping. More serious is the lack of port facilities in India for unloading ships swiftly.

In 1965, Indian ports were able to



—Magnum Photo

unload only 7 million tons—and even then ships were lined up in harbors for days, awaiting their turn. Only by resorting to extreme measures, such as an airlift or unloading grain onto barges for floating upriver, could India handle much more than 10 million tons in a year's time and provide a reasonable chance to avert famine, experts believe.

India's transport, furthermore, is already a bottleneck in the economy, and many doubt that highways and rail lines could get the foodstuffs to every place where they are needed.

Distribution ready? Beyond these problems is worry over whether India's bureaucracy is equipped to carry out a "crash" program to feed hundreds of millions threatened by food shortages.

It is being recalled that, in the 1943 famine, people died because the machinery of distribution broke down. Where food was brought in, people died on the doorsteps of granaries because they lacked the strength to open the doors, and the bureaucracy lacked interest.

The Government has drawn up emergency plans, and Calcutta and Delhi

THE FAMINE INDIA FACES IN 1966

Figures for grains of all kinds, in millions of metric tons

WHAT HAPPENED IN 1965:

Grain used in India	95
Grain produced in India	88
Deficit	7
Imports:	
From U.S. (aid shipments)	6
From other countries	1

RESULT: a balance—widespread famine averted.

WHAT'S EXPECTED IN 1966:

Grain needed in India	97
Grain to be produced in India	78
Deficit	19
Imports, if 1965 rate is repeated in 1966	7

LEAVING: a shortage of 12 million tons, which must be supplied from somewhere if starvation is to be prevented.



PROSPECT: India's big hope is increased aid from U.S. However, if U.S. shipments continue to be largely wheat, any increase will be limited, as U.S. reserves now are only moderately above the level officially desired. Even if large amounts of other grains were included, U.S. shipments still would be far from enough to avert famine. Also, India's port facilities are not adequate for the huge imports that will be needed. It all adds up to a prospect of widespread suffering in India.

Basic data: U.S. Dept. of Agriculture

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have instituted rationing. But other States are reluctant to introduce rationing unless they have reserves large enough to prevent panic buying of grain on the black market.

Two thirds of India's population is in rural areas where earnings average less than 20 cents a day, mostly in kind.

These people, without money with which to buy food, may be forced to fend for themselves. There is concern that hungry people from the countryside may raid the cities, where black-market supplies tend to concentrate.

Prolonged crisis? What India is coming up against now, however, is only the beginning of a food crisis that could stretch into the indefinite future.

Over the years, U. S. economists and some Indian experts have been pressing the Government to cut back on some of its "showcase" projects in industry, such as steel mills, and to give more attention to improving agriculture.

In the past, these pleas fell on deaf ears, despite warnings on the ever-growing problem of a population explosion.

Now the babies born in the late 1940s

and early 1950s have adult food requirements, and are beginning to produce children of their own to feed.

This situation finds India's agriculture only slightly further along than it was at the time of independence in 1947.

Starting up a fertilizer factory, a process which might take 18 months in the U. S., takes five to nine years in India. And even the few fertilizer factories now producing in India are operating far below capacity.

Similarly, little has been done to upgrade farm methods in other ways. There is some feeling that India's planners may have relied too long on American imports as a crutch, enabling them to pay relatively little attention to raising farm production here.

Now, Western experts say, India may be running out of time—even as the planners belatedly map big drives to raise food output. One American said: "Once India had centuries to solve its food problems. Then decades. Now it's a matter of years, or months."

Even if emergency measures alleviate the present crisis, Indians are beginning

to sense that the food problem soon will be moving beyond the capacity of even America's overflowing granaries to solve.

Already, India is soaking up one sixth of U. S. wheat production. If America should double its shipments over a 12-month period to meet the famine threat, India would be consuming about one third of U. S. wheat production—nearly as much as Americans themselves consume. Never in the history of the world has one nation taken on such a responsibility for the feeding of another.

Rising death rate. There is a note of increasing desperation as officials survey prospects over the next few months.

Health experts believe that malnutrition is strongly on the increase. Some districts report a rise in death rates, from 20 per 1,000 annually to 80 or so. Much of this is attributed to lowered resistance among poor people, especially children, getting too little to eat.

If things get worse, officials see a threat of what one American warns could be a "massive international disaster" rare—if not unprecedented—in modern times.

JOHN TYNAN

1900

PHONE : 619604

1, RATENDONE ROAD,
(ANNEXE)

NEW DELHI - 11

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III 27-30

January 14, 1966

191
India Food

WHEAT SUPPLY
July 1965 - June 1966
In the Four Major Producers Other Than US
(Million Metric tons)

	<u>Canada</u>	<u>France</u>	<u>Argentina</u>	<u>Australia</u>	<u>Total</u>
Total supply for export or carryover	28.2	7.4	8.7	7.9	52.2
Minus exports already planned or committed:					
To Communist countries	(8.6)	(2.0)	(4.5)	(2.6)	(17.7)
To Free World markets	(7.7 ^a)	(2.5)	(2.6)	(3.5 ^a)	(16.3)
Total	16.3	4.5	7.1	6.1	34.0
Minus desirable stocks as of 1 July 1966	<u>8.2</u>	<u>2.0</u>	<u>1.6</u>	<u>1.8</u>	<u>13.6</u>
Balance theoretically available for additional shipments	3.7 ^b	.9	0	0	4.6

a. Estimate includes 0.2 from Canada and 0.1 from Australia for India under Colombo Plan.

b. Canadian rail and port facilities cannot move much (if any) more than the 16.3 million tons already planned for export.

Available from Minor Producers

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

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

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Basis
1-7-66
1:10 pm

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THE WHITE HOUSE
WASHINGTON

Fri., Jan 7, 1966 - 1 PM

MR. PRESIDENT

I had a talk with Orville this morning after my conversation with you, and this memorandum is the result. I hope you may find it more nearly what you want from him. At the bottom of the second page, he requests instructions.

McG. B.
McG. B.

Told Warren
Thurs
6 PM 1/7/66
ab

JAN 10 1966



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

192a
January 7, 1966

Administratively Confidential

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: India - Technical Team Visit

Indica Food

1. McGeorge Bundy has relayed to me your instructions. The technical team will not leave as scheduled.
2. The team will stand by for further instructions. Bundy informs me that it is not your intention to cancel the team but rather to delay it until the Pakistan India Tashkent conversations have concluded.
3. It is important that we keep as much pressure on Shastri in particular and the Indian Government in general as possible. To date they have conformed to our wishes in general terms. Public announcements implementing your expressions in your conference with Subramaniam and the Rome agreement have been made and a number of actions have been taken and instructions issued in New Delhi. However, that does not mean that the Indian Bureaucracy and the Indian States are acting. To the extent that we can measure the real commitment of the Indian Government and the Indian people by actions taken as well as announced, this should be done prior to the Shastri visit. We can make such judgments only from detailed information verified on the spot, not from generalizations. Hence the importance of getting the team to India and back as quickly as possible. They have been instructed not only to review and survey the Indian capacity for handling various volumes of grain (no commitments implied), but also to check thoroughly plans for the 1967 crop and how the long term Indian agricultural program is moving.

The team will be headed by Clarence Eskildsen, the Deputy Administrator of the Foreign Agricultural Service. He is a highly competent, experienced man. His rank is such that the team is clearly on a professional technical not a policy mission and there will be no basis for reading any commitment into it.

4. The Indians have been following up the possibility you suggested to Subramaniam that I might visit India before the Shastri visit. They have sent a number of inquiries this week about my plans. I expect I owe them a response one way or the other fairly soon.

2--The President

Advantages

- (1) Obviously I would be able to advise the President more solidly after following up the technical team's conclusions personally on the ground.
- (2) Attention will be focused world-wide on the generosity of President Johnson and the U.S.A. where India's food needs are concerned.
- (3) It may be that I could put more pressure on the Indians to take actions we might think are necessary prior to the Shastri visit rather than after. Commitments we may conclude are necessary which I could not get the President might require from Shastri at the time of the visit.

Disadvantage

An appearance by a Member of the President's Cabinet might well be interpreted as an overall commitment of the United States to provide whatever food is necessary in India in 1966. As you are well aware there has been considerable speculation to this effect already. We have done our best to prevent such speculation and to make clear that there is no commitment. Yet the very process of planning the logistics for the future (which we cannot afford to postpone) tends to stimulate speculative stories of U.S. commitment no matter how cautiously we proceed.

Recommendation

On balance I would recommend my visit to India wait until after the Shastri visit.

Additional pressure that we might be able to build up by a pre-Shastri visit would on balance, I think, be negated by the inevitable publicity which would carry an implication of a far-reaching commitment by the United States Government should I visit India this month. On the basis then that we will keep the most pressure on the Indian Government by withholding my visit until after the Shastri visit I would so recommend.

Action

- ① Postpone your visit until following Shastri.
2. Plan to go prior to the Shastri visit.
3. Discuss this with me further.
- ④ Send the technical team as soon as the Tashkent Conference concludes.
5. Talk to me further before you send the technical team.

UNITED STATES GOVERNMENT

Memorandum

Pass directly to Komer D-17 ✓

193

TO : Dr. Donald F. Hornig

FROM : Dean F. Peterson *D.F.P.*

SUBJECT: Underground Water Resources Survey

DATE: January 6, 1966

India Food

Rather than offering to assist in developing groundwater investigation and planning capability, I should think a Presidential offer ought to center around assistance on

- (a) The overall problem of food production, or
- (b) The total problem of water management, including ground water.

In India (b) places very serious constraints on (a) and (a), if taken, should certainly include (b).

Orderly development of groundwater would be a "by-no-means" insignificant matter, but it should be approached in terms of the larger problem. There are tremendous Indian groundwater resources relatively unutilized. Basic or supplemental irrigation is desirable in most parts of India. Of 326 million acres under cultivation 52 million were irrigated (14.7 million from open wells) in 1951. There appears to be an additional 30-odd million acres under development since including 3 million now under tube wells. Allocations of surface water are short and may frequently be the limiting factor in agricultural production especially in Uttar Pradesh and Punjab. Groundwater should be used to supplement these supplies.

Tubewells have been used, mostly in Uttar Pradesh, for some time. State-owned wells have increased from about 2,500 to 8,000; about 700 of these through AID funds. The Indians want more assistance on well construction and have approached AID from time to time. Additional requests to AID have not been funded, I understand, because of inadequate management and very poor utilization of wells already installed due to poor institutional management, pricing, and service arrangements. In the 10 years ending in 1963 the operating deficit exceeds Rs. 45,000,000 (more than \$9,500,000). Power



JAN 10 1966
5010-108

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✓

is a real problem. There is a proposal for 800 wells now pending in the International Bank for R and D, but, I understand the Bank is taking a very critical look.

There have been several proposals to furnish assistance in groundwater evaluation and management. TCA (AID) and the U. S. Geological Survey made a proposal in 1952. UN special fund made a proposal in 1963 followed by a Western European group in 1964. These have bogged down apparently due to lack of Indian interest or bureaucratic inertia.

While a groundwater survey and management plan would be a very good thing this: (1) is only part of a very complex and interwoven problem; and (2) there would appear to be complicating problems due to its relationship with other programs.

I should think a presidential statement might be concerned with the larger problem. I would hesitate to recommend the Komer-Ensminger idea without checking with AID, in any case.

cc: Dr. MacLeod
Mr. Margolies

DFPeterson:paw

January 6, 1966.

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: January 5, 1966

SUBJECT: India Drought Relief

PARTICIPANTS: Robert W. Komer, Deputy Special Asst. to the President

Richard W. Reuter, Special Asst. to the Secretary (M/FFP)

COPIES TO:

Some 91 districts in 7 states of India have been identified as areas where crop harvest may drop to 25-40% of normal. Twelve million people live in these areas, out of a 7-state population total of 111 million. (Punjab and Uttar Pradesh not included, although parts of these two states later may also have to be added to the list of seriously affected drought areas).

Despite Indian, U.S. and world efforts there will be severe food shortages. The President and Minister Subramaniam emphasized the importance of minimizing the impact of this on children, nursing mothers, and particularly vulnerable elements of the population. Title II emergency grants of food for disaster relief are the best way to assure protection to this group and, like the Title III voluntary agency programs, are clearly visible U. S. humanitarian efforts.

The Indian Government has submitted an ambitious emergency plan primarily for child feeding and work relief projects with some free distribution in the "areas of acute scarcity" (summary attached). The total proposal would cost approximately \$544 million (U.S. CCC cost basis, including freight). Next week an AID-USDA-Food For Peaceteam will visit India to review the proposal and available resources of personnel and equipment. However, time is running out:

--- setting

JAN 6 1966

LIMITED OFFICIAL USE

-2-

- setting up the distributive mechanism requires time and the assurance of supplies;
- ports now not used to capacity may in the spring be less efficient and seriously more costly;
- for children the need is now.

Mr. Komer pointed out that we do face contradictory factors in the India food problem. An emergency Sec. 201 grant now of perhaps 10% of the Indian request would gain us valuable time. The assurance of supplies en route would allow us to divert some Title III commodities so relief feeding could be started as soon as possible after the special task force review of the Indian program. Such a relief distribution to women and children now may allow us to make use of these months for necessary food movement but not get out so far ahead of the G.O.I. and the world that they do not really come to grips with the total Indian food problem.

In answer to Mr. Komer's query, Mr. Reuter stated that under this proposal we might now provide:

180,000 tons of wheat

100,000 tons of processed foods comprised of flour, rolled wheat, bulgur and cornmeal

2,000 tons of oil

8,000 tons of milk powder and/or soymeal products

However, in order to differentiate clearly from our Title I program, Mr. Reuter suggested we use the dollar value figures (estimated at \$54,160,000) rather than commodity tonnage (290,000 tons). We also would want to keep some flexibility in commodity composition to encourage to a maximum degree Indian and third country contributions to these free delivery plans.

(Mr. Reuter was out of the city when the coordinating committee met on Tuesday, Jan. 4, but it is his understanding that they tended to favor the Title I route at the moment. Since the discussion outlined in this memorandum, Mr. Reuter has not checked the concerned agencies).

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194a

SUMMARY OF INDIAN RELIEF REQUESTS
(PER TOAID 844)

To be supplied under PL 480 - Title II - Section 201

Wheat (For laborers on work relief and in relief camps in "acute scarcity areas" - 1 Kg per day for 270 days for 6 million workers aged 15 - 59)	1.6 million tons
Wheat (Free to young, old and infirm - $\frac{1}{2}$ Kg per day for 270 days for 6 million people - in "acute shortage areas")	.8 million tons
Wheat (To support rural works outside "acute shortage areas")	.15 million tons
Wheat - TOTAL	2.55 million tons
Milk (Free to mothers and children - 2 oz per day for 270 days for 6 million people in "area of acute scarcity")	92 thousand tons
Vegetable Oil (Free to nursing mothers - $1\frac{1}{2}$ oz per day for 270 days for 1 million people in "area of acute scarcity")	12 thousand tons
To Be Financed by A.I.D. or P.L. 480	
Cattle fodder	486 thousand tons
Heavy construction machinery and equipment for public works program	\$350,000
Multivitamin tablets	2.1 billion pieces

Areas of Acute Scarcity

91 Districts have been tentatively identified in 7 states where crop may be 23 - 40% of normal, 12 million people in these areas out of 111 million total in seven states.

Above districts do not include Punjab and U.P., parts of which may be added.

Cost

Frank Ellis has costed the proposed Title II programs

c.c.c. Cost	\$460 million
Freight	84
	<hr/>
Total	\$544 million

NESA/SA:
WCFurst:thp 12/23/65

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

January 4, 1966

Administratively Confidential

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman *[Signature]*
Secretary of Agriculture *[Signature]*

Subject: Follow up on Indian Food and Agricultural Situation

1. Your conference with Subramaniam was persuasive and effective. Since December 20, 1965 the Indian Government has taken a number of steps consistent with the course of action you outlined.
 - A. The India Supply Mission acting promptly and efficiently completed on December 29, 1965 purchase of the entire 1 1/2 million tons of wheat allocated by your direction. Shipping has been booked.
 - B. Assistance has been requested from other countries. We don't have detailed and exact information but it is reliably reported that Canada has made a commitment of \$15 million to supply commodities. New Zealand has made a token offer of dry milk solid. Sweden will make available 3,500 tons of milk powder. The Netherlands has promised 100,000 guilders to be used to purchase milk powder and baby food. India is pressing Moscow to help. The U.K. has indicated their willingness to make some shipping available. Germany has been approached. Subramaniam informs me that he has called to Shastri's attention that an appeal might be made to the U.N. He had some preliminary discussions with U Thant who promised his help when Subramaniam was in New York.
 - C. Prime Minister Shastri continues to give Subramaniam firm support as he carries forward commitments made in Rome and in his visit with you. Although other factors apparently entered into the picture, the allocation of foreign exchange for fertilizer which we had insisted must be made apparently caused the final breach leading to the acceptance by Shastri of Finance Minister Krishnamachari's resignation. Until very recently the Prime Minister would not have stood fast under such pressure. The fact he has done so verifies the wisdom of your insistence that the Indian Government take specific strong steps to improve their agriculture.

1/4/66

2--The President

D. The working check list to be used to monitor long term agricultural development has been placed in the hands of the Indian Government. The check list itself is being refined and improved by a Subcommittee of the NSA Committee. This check list procedure promises to be a workable system of measuring progress and making certain that long term general agreements are carried out in practice. The willing acceptance by the Indian Government of this kind of cooperative surveillance is promising.

2. Crop short fall estimates are unchanged since my memorandum to you dated December 23, 1965. To avoid mass starvation India must import 10 to 15 million tons of grain according to these estimates. As previously reported, we do have the availabilities and the capacity to move that amount of grain but the ability of the Indians to receive and distribute it remains to be verified.

I would call to your attention at this point certain physical facts in connection with the problem which lies before us.

1. The famine threat will be greatest from May until the crop begins to come in in late October.
2. The port capacity in India will diminish approximately 250,000 tons a month when the monsoon begins late in May.
3. Arrival in India of the 1 1/2 million ton allocation which has been purchased and booked will not reach the 1 million ton a month level which we had hoped would test Indian port capacity.
4. In the absence of further action there will be a gap in arrivals during April until whatever amount of grain the President sees fit to make available following Shastri's visit has been dispatched and reaches India. The length of the gap will depend on how long it takes to book the ships and load them following any new commitment as a result of the Shastri visit.

The physical facts set down above add up to a gap in the pipeline and a sharp short fall during the first 4 months of 1966 from the 1 million ton a month target. So far as January and February are concerned, little can be done to reach the 1 million ton level. There are, however, several possibilities that might make it possible to reach the 1 million ton a month figure in March and carry it forward without a gap in the pipeline.

3--The President

- a. The Indian Government could contract now for shipping the first week in February. Then if the President decided to allot additional grain to India it can move immediately. India has reported to us that she is now booking shipping for 200,000 tons of grain beyond the 1.5 million ton allocation already made. A recent report indicates that authorization has been issued to book an additional 900,000 tons ahead. This will be done carefully and selectively so as not to cause price rises. I discussed this with Subramaniam when he was here and while I told him I thought he ought to book ahead in this fashion I made it crystal clear there was no commitment by the President for any additional amount of wheat.
- b. An international emergency effort could be put together and announced in the near future which would include contributions by other countries of food grain, other foodstuff shipping supplies and services. The United States as its contribution to such a disaster effort could make up the difference under Title II the disaster section of P.L. 480 between what other countries made available and the estimated 250,000 to 500,000 tons needed to fill the pipeline and test India's port capacity in March. Such an effort might be announced as an emergency humanitarian international effort distinct from our bilateral arrangements with India under Title I.
- c. The Indian Government can take immediate steps to try and divert ships currently at sea so that they will reach Indian ports in January, February and March. The volume so diverted would be replaced from the 1 1/2 million tons already allocated or whatever amount the President might subsequently agree to make available. My experts estimate that a maximum of only 150,000 tons at very considerable cost to the Indian Government could be added in this way. This is difficult and expensive to do but we continue to push the Indians hard to do it.
- d. Any short fall of arrivals from the 1 million ton a month schedule in the early months of 1966 might be made up by extraordinary efforts at minor ports later in the year. Planning currently under way to develop means to handle 5 million tons in addition to the current 10 million ton target is being expanded to 7 million tons.

4--The President

3. The NSA Committee has met and has the following recommendations to make:

- A. That a team of specialists be sent to India as quickly as possible. Such a team would be headed by Clarence Eskildsen, the Deputy Administrator of the Foreign Agricultural Service, who has had service in India and is a competent and experienced executive in foreign agricultural matters. There will be representatives from AID and the Maritime Administration on the team. It is of critical importance that we have more solid information on the crop short fall, and on port facilities, planned improvements and internal transportation and distribution plans. Ben Heineman, Chairman of the Board of the Chicago and Great Western, with whom I have consulted reports to me that internal distribution situation is not in as good shape as reported by the Indians. I want to check this out carefully.

Several weeks ago you authorized me to dispatch such a team. They are now scheduled to leave Thursday night.

- B. The NSA Committee considered at some length whether a team headed by the Secretary of Agriculture to include prominent Congressmen and possibly representatives of other countries, i.e., Canada, Argentina and Australia, might follow the team of specialists in several weeks. No firm conclusion was reached. The Committee will meet again this week. A number of questions were raised for exploration.

- (1) Would such a visit help set the stage for the Shastri visit? Would it be useful to the President to have the information from both the specialists and the higher level group when he meets with Shastri?
- (2) Would such a trip be interpreted as checking on India? As underwriting India's need? Could it be played as an international effort? Might attention be directed to overall agricultural needs in the less developed countries in general by visiting a country other than India -- perhaps Pakistan?
- (3) Would a prominent team so dramatize the United States' interest and contribution that if next summer it is widely reported that Indians are starving (which is likely no matter what we do) the United States would be insulated

5--The President

from the charge both at home and abroad that we failed to act promptly despite the fact we had heavy reserves of wheat on hand.

- (4) Would such a team be more useful following up on the Shastri visit rather than preceding it.

These and other questions will be considered by the Committee and a report made later in the week.