

LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

Page 1

Doc #	DocType	Doc Info	Classification	Pages	Date	Restriction
04	memo	Wriggins to Rostow open 8/14/12 [Duplicate of #112, NSF, CF, "India, Vol. 9", Box 132]	S	1	4/4/67	A
05	memo	Wriggins to Rostow open 4/28/15 per NLJ/RAC 12-341	S	2	3/29/67	A
07a	memo	Wriggins to Rostow open 4/28/15 per NLJ/RAC 12-341	S	2	3/17/67	A
18	memo	Wriggins to Rostow open 4/25/17 per NLJ/RAC 12-341	TS	1	5/25/66	A
19	memo	Saunders to Rostow [near dup. #20] open 4/28/15 per NLJ/RAC 12-341	S	1	5/11/66	A
20	memo	Saunders to Wriggins [near dup. #19] open 4/28/15 per NLJ/RAC 12-341	S	1	5/11/66	A
21	memo	Saunders to Rostow open 4/28/15 per NLJ/RAC 12-341	S	1	5/2/66	A
22	memo	Saunders to Rostow open 4/28/15 per NLJ/RAC 12-341 [Near dup. of #28]	C	1	4/13/66	A
23	rpt	"Record of Agreements & Decisions Mtg of 2/14/67" open 5/22/14 per NLJ/RAC 12-342	S	3	4/3/67	A
24	cable	Deptel Rawalpindi 71125	S	10	10/6/66	A
25b	memo	Hare to SecState	S	2	8/19/66	A

Collection Title National Security File, Files of Harold H. Saunders

Folder Title "India Military, 4/1/66-5/1/67"

Box Number 14

Restriction Codes

- (A) Closed by Executive Order 13292 governing access to national security information.
 (B) Closed by statute or by the agency which originated the document.
 (C) Closed in accordance with restrictions contained in the donor's deed of gift.

5/11/2010



Initials

LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

Page 2

Doc #	DocType	Doc Info	Classification	Pages	Date	Restriction
27	airgrm	New Delhi A-1089 exempt 5/22/14 per NLJ/RAC 12-342	S	7	5/17/66	A
28	memo	Near dup. #22 open 4/28/15 per NLJ/RAC 12-341	C	1	4/13/66	A
30	memo	Research Memo, RES-3 open 7/15/14 per NLJ/RAC 12-343	S	23	3/2/66	A

Collection Title National Security File, Files of Harold H. Saunders

Folder Title "India Military, 4/1/66-5/1/67"

Box Number 14

Restriction Codes

- (A) Closed by Executive Order 13292 governing access to national security information.
 (B) Closed by statute or by the agency which originated the document.
 (C) Closed in accordance with restrictions contained in the donor's deed of gift.

5/11/2010

Initials

H Saunders

2) File

1

India arms

x Pak

WALT:

April 15, 1967

Subject: India-Pakistan Arms Supply Policy and the Press

We came out very well in the New York Times and Washington Post, as the attached columns and editorials attest, thanks to careful backgrounders by Doug Heck and Jim Spain together. Because of a speculative article in the Post a day ahead, headlines in India got off to a bad start. And since then Biju has not helped. He has held his own backgrounder, inflating the spare issue in an effort to influence opinion here, thereby inflating the scare headlines at home. (Luke passed a word of disquiet about this tactic to Jha and I shared by real annoyance with Banerjee yesterday).

At least in the US press, we've done well thus far, though we're not out of the woods in India. The Paks are not delighted either, since it is a pretty restrictive approach, a fact the Indians will continue to ignore for some time, depending on how we deal with tanks.

Howard Wriggins

New Arms Policy

The United States has administered strong but vital and efficacious medicine to India and Pakistan by deciding to close out its current military-aid programs. The moves will doubtless cause much tearing of hair and beating of breasts on the subcontinent but, in the end, the Indians and Pakistani ought to feel that the medicine was dispensed out of broad motives and for their own good.

The Indo-Pakistani war over Kashmir in 1965 revealed the full folly of the old American policy of building up the military establishments of the two countries without adequate regard for their fear and hostility toward each other. The freeze of military aid put into effect at that time was fully justified. Its single unfortunate aspect was that it put Pakistan at a considerable disadvantage, since Pakistan had become quite completely dependent on American weapons, while India's arms sources were diversified.

A good part of that imbalance is now corrected by the American decision to resume selling India and Pakistan spare parts for military gear acquired before the 1965 freeze. The thaw on "spares," by extending the lifetime of Pakistan's equipment, should give it a cushion of time in which to reassess its new needs. For India, the thaw on spares will ensure it the full use of the equipment it acquired for defense against China.

The new American policy does not bar future American arms deals on the subcontinent. Rather, it ensures that such deals will reflect current conditions. The trouble with the old arrangement with Pakistan, which resulted in \$1.2 billion of military aid, was that it was premised on militant anticommunism. That premise became thoroughly undermined, generally by the Sino-Soviet split and specifically by Pakistan's interest in better relations with Peking. Moreover, the old agreement allowed Rawalpindi to employ American arms for "legitimate self-defense," a vague provision which was used to justify employment of those arms against India. Any new arms deals

ington Post

THURSDAY, APRIL 13, 1967

PAGE A20

with Pakistan must take into account Pakistan's improved relations with China and, of course, its tense relations with India.

The deal which brought India some \$85 million in American equipment since 1962 specified, with admirable precision, that it should be used "against outright Chinese Communist aggression." India still faces a Chinese threat, and it is clearly in the American interest to make sure the Indian army can meet it.

The great need of the subcontinent remains Indo-Pakistan reconciliation; Kashmir could explode tomorrow. With reconciliation, the two nations could turn far more fully and productively to development. This has long been the rhetoric of the United States, and now it is to be the policy as well. By calibrating arms programs to the very different security needs of India and Pakistan, and also to the imperatives of reconciliation and development, the United States is in a position to make a major contribution to the subcontinent. After the inevitable initial political storms in New Delhi and Rawalpindi have subsided, the American contribution will be recognized as such.

U.S. WON'T RENEW ARMS AID TO INDIA AND TO PAKISTAN

Will Sell Spare Parts Only — Military Advisory Units Will Be Withdrawn

By JOHN W. FINNEY
Special to The New York Times

WASHINGTON, April 12—

The United States, in an attempt to slow the arms race on the Indian subcontinent, removed itself today as a major weapon supplier to Pakistan and India.

The State Department announced that the United States was terminating the sale or grant of weapons to the two countries. In the future, the announcement said, the United States will limit itself to cash sales of spare parts for weapons already possessed by the two countries.

The department confirmed a report in The New York Times today that shipments of spare parts would be resumed but denied that part of the dispatch saying that such sales were expected to be followed by shipments of actual weapons.

The decision not to resume shipments of entire weapons was described by State Department officials as a major change in policy toward the subcontinent, brought about by a concern that the past supply had served to contribute to the arms race between India and Pakistan.

Pakistan Supplied First

Since 1954, the United States has supplied \$750-million worth of arms, largely on a grant basis, to Pakistan as an ally in the Southeast Asia Treaty Organization and a member of the Central Treaty Organization.

The flow of military equipment to neutral India began in 1962 after Chinese Communist border incursions. At the time the United States agreed to provide \$200-million worth of military equipment, half on a grant basis, half on a sales basis. Only \$85-million worth, mostly of transportation and communications equipment, has been delivered.

The United States suspended arms shipments to both countries in September, 1965, during their brief war over the disputed state of Kashmir. A year ago the United States resumed the sale of "nonlethal" military equipment, such as trucks and communications equipment, but continued its weapons embargo.

Air Groups to Leave

After review of the embargo, the State Department said it had been decided that the United States would not resume military assistance on a grant basis to the two countries. The United States is closing its 17-man military assistance advisory group in Pakistan and its 15-man military supply mission in India.

At the same time, the department said, the United States has decided to resume the supply of spare parts for weapons already provided. Requests for spare parts will be considered only case by case and only on

a cash basis.

A department spokesman said, "We do not contemplate selling" complete weapons either nation.

The department's announcement said:

"The United States will continue to keep its military sale policy under careful review to insure that it is not contributing to an arms race between India and Pakistan. We strongly hope that both countries will make progress in resolving the problems and differences that divide them and that they accord an increasing priority in the allocation of their resources to agricultural and industrial development."

Pakistan to Benefit

Pakistan is expected to benefit the most by the United States decision to sell spare parts since its armed forces are equipped primarily with British and Soviet weapons as well as arms produced by Indian industry.

Indian officials expressed fear that the result would be to rehabilitate the Pakistani armed forces, which were damaged in the Kashmir war and have needed spare parts to bring the equipment back into fighting trim.

However, United States officials said that the long-range effects of the curb on weapons might be more serious for Pakistan than for India since the Pakistanis were being cut off from their principal arms source and would have to turn elsewhere.

Pakistan has received some tanks and jet fighters from Communist China. But there were doubts in United States quarters that Pakistan would

U.S. Aid to India and Pakistan

return to China as a major arms source or that China was desirous or capable of supplying large amounts of arms to an ally of the United States.

The decision to remove the United States as a major arms supplier in the Indian subcontinent reflected growing Congressional criticism over the Defense Department's policy of promoting arms sales to foreign countries.

Senator J. W. Fulbright, Democrat of Arkansas, said today at a hearing of the Foreign Relations Committee that the Pentagon's efforts to sell arms seemed inconsistent with the Administration's efforts to achieve arms control and disarmament.

Cyrus R. Vance, Deputy Secretary of Defense, replied that the Pentagon tried to limit its arms sales "very carefully" to the security needs of the individual countries to avoid "undesired diversion" of resources from economic development.

India Sees Peril to Peace

NEW DELHI, April 12—

The Indian Government said today that the United States decision to resume the sale of spare parts for weapons to Pakistan would "imperil peace in the Indo-Pakistan subcontinent."

The Ministry of External Affairs said in a statement that the move would "pose a threat" to India by strengthening "Pakistan's military potential to an extent which may encourage Pakistan in her belligerent attitude towards India."

Ambassador Chester Bowles was called to the ministry by foreign secretary C. S. Jha. Officials said Mr. Jha had conveyed India's "grave concern" at the American decision.

Mr. Bowles is known to have opposed a resumption of spare

parts sales because he felt it would adversely affect Indian-American relations at a crucial stage.

Indian officials dismissed the American contention that both India and Pakistan were being handled in the same way as "a meaningless recourset o technicalities." They noted that American spare parts were virtually worthless to India because India had little American arms and equipment.

The officials regarded the closing of the Military Supply Mission in India along with the Military Assistance Advisory Group in Pakistan as another example of the false "equation" of India and Pakistan in United States policy.

They noted that the military assistance program to India was started in 1962 after Communist China had attacked India and that tension along India's border with China was still continuing.

Pakistan Sees Handicap

KARACHI, Pakistan, April 12—

The decision by the United States to suspend its military assistance programs to India and Pakistan could work to Pakistan's disadvantage, a Pakistani Government spokesman said here today.

The spokesman said Pakistan was more dependent on American military aid than was India, but he added that Pakistan would take all necessary measures to assure its defense needs.

7,000 Windows Planned

CHICAGO (UPI)—Six acres

of glass, enough to cover more than five football fields, will be required for the 7,000 windows of the new First National Bank of Chicago headquarters building now under construction. The 60-story tapered skyscraper is scheduled for early 1969.

New York Times

April 13, 67

1. India mil
2. Pak mil
2

April 6, 1967

WALT -

Here's the documentation in the military supply policy for India and Pakistan. Tab A is the cable describing the package, Tab B is the scenario of specific instructions, and Tab C is Rusk's personal cable to Chet.

Congressional consultations will be completed by 11 o'clock this morning (all clear except that Macomber will touch base with Dirksen at 10:30.

Gene sees Ayub tomorrow morning (midnight tonight our time); therefore this should have highest priority if the President has to clear off on it personally.

Howard Wriggins

~~SECRET~~

April 6, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Military Supply Policy for India and Pakistan

Gene Locke sees Ayub tomorrow morning (midnight tonight our time). Details on the package have been sent to Gene and Chet (Tab A). You will recall our discussions of this with Secretaries Rusk and McNamara and Nick. It includes (a) an offer to sell to both Pakistan and India, on a case-by-case basis, spares for lethal equipment originally provided by the U. S. ; (b) an end to our previous special arrangement with Pakistan, and withdrawal of our MAAG from Pakistan and USMSMI from India; (c) reopening a limited number of training slots here for India and Pakistani officer; (d) reinstating credit sales to both countries of non-lethal items only, using remaining balances for this year and no more than \$75 million for next FY year on a case-by-case basis.

And all these steps to be contingent on progress in limiting arms expenditures.

A scenario (Tab B) has also gone out to confirm details worked out with Gene Locke and to give Chet his detailed instructions on how to approach the Indians in step with Gene's approaches in Pindi. Secretary Rusk has also sent a detailed personal cable to buck up Chet (Tab C).

But no action has yet been authorized, pending Congressional consultations. These are now completed. On the House side, State checked it out with Representatives Ford, Zablocki, Bolton, Adair and Albert, and Morgan's staff assistant. In the Senate, Symington and Senators McCarthy, Sparkman and Cooper met together with State representatives yesterday. They had no trouble with this package and were grateful for the consultations. But they had many questions on arms sales policy generally. Bill Macomber saw Senator Dirksen this morning, and he's on board.

We've all been over this one a number of times, and it's the best package we can come up with. Consultations on the Hill have cleared the way there. I recommend we go ahead. We'll have to send it by six o'clock tonight to get to Gene in time.

DECLASSIFIED

Authority NLS91-394 (#105)
By ebn/ajp, NARA, Date 7-27-05

W. W. Rostow

~~SECRET~~

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

~~SECRET~~

W...
155539
India - Pak
military
3
MAR 31 5 28 PM '67

A

80
Origin
SS
Info:

ACTION: Amembassy NEW DELHI
RAWALPINDI

STATE 166539

EXDIS

FOR AMBASSADOR FROM THE SECRETARY

1. After full consideration of alternatives, we have concluded that the US should follow a policy toward India and Pakistan designed to limit arms acquisition, to restrain military expenditures, to reduce the possibility of military confrontation, and to encourage highest priority allocation of resources to agricultural and economic development. The United States should use all useful leverage at its disposal to further this policy, including its bilateral economic assistance, its participation in the World Bank and in aid consortia, and end-use controls over US military equipment supplied directly or indirectly to third countries.
2. The supply of military equipment by the United States should be governed by this policy. The United Kingdom, the Federal Republic of Germany, France and the Soviet Union should be urged to follow similar restraints in their military supply policies toward India and Pakistan.
3. Initial implementation of this policy should include:
 - A. ~~Withdrawal of~~ MAAG (Pakistan) and USMSMI, making alternative, limited arrangements for providing such military representation, inspection and

Drafted by: NEA:WJHandley:av	3/14/67	Tel. Ext. 3255	Telegraphic transmission and classification approved by: The Secretary
---------------------------------	---------	-------------------	---

Clearances:

~~XXXXXXXXXXXX~~
U - Mr. Katzenbach
White House - Mr. Rostow

S/S - Mr. Walsh

DECLASSIFIED

~~SECRET~~

Authority FRUS, Vol. XXV, #431
By cbm, NARA, Date 7-27-05

~~SECRET~~

supervision of sales and training as may be required; the Joint Chiefs of Staff to be a party to such arrangements.

B. Steps to prevent the sale by third countries to India and Pakistan of military equipment which (a) includes US technology and components, (b) is produced in the US or (c) is co-produced with the US, except when the US has determined that such sales contribute to arms limitation or reduced defense expenditures.

C. Indicating to India and Pakistan that, although the US remains unwilling to contribute to the augmentation of the military establishment of either country through the sale of lethal military equipment, it is willing to consider on a case by case basis the sale of spare parts for previously supplied lethal equipment ~~and~~ ~~through the sale of spare parts for previously supplied lethal equipment~~ when there is a clearly established critical need and when such sales contribute to arms limitation or reduced military expenditures and the maintenance of a reasonable military balance between the two nations. The question is not now before us as to replacing an end item ~~and~~ ~~of US origin should that item be totally destroyed through~~ accidental loss. That contingency will be considered when it arises.

D. Indicating to India and Pakistan our willingness to reinstitute training in the US for a limited number of key Indian and Pakistani military personnel under MAP.

E. Disbursement of remaining obligated FY-67 credit sales funds only where such expenditures will contribute to US security interests (e.g. Star Sapphire) or to support of the general policy of arms limitation. Credit sales shall be for non-lethal items only.

4. FY-68 credit sales planning for India and Pakistan should be predicated on the preceding paragraphs. The relevant figure in the 1968 budget should be \$75 million with the following provisions:

~~SECRET~~

~~SECRET~~

- A. The figure is to be classified.
 - B. It is to be an absolute ceiling, not a target.
 - C. It should under no circumstances be communicated to the Governments of India and Pakistan without specific approval of the Secretary of State,
 - D. Proposed credits will be reviewed case by case for their contribution to arms limitations.
5. After we have consulted with Congress you will be receiving instructions on implementation of this policy, and timing and manner of presentation. We recognize that situation will differ between New Delhi and Rawalpindi and that certain current problems including NPT may have bearing on timing of presentation in New Delhi.

GP-3

END

~~SECRET~~

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

~~SECRET~~

Wriggins 2c
Sawyer
168709

40
Origin
55
Info

ACTION: Embassy RAWALPINDI
NEW DELHI
INFO: Embassy LONDON
TEHRAN
CINCPACAFSA

IMMEDIATE
IMMEDIATE

03

APR 5 9 14 AM '67

B

STATE
EXDIS
168709

DECLASSIFIED
Authority FRUS, Vol. XXV, #432
By cbm, NARA, Date 7-27-05

REF: State 166539

Subject: Military Supply Policy for India and Pakistan

Following are your instructions covering military supply policy

conveyed by reftel.

1. We desire implement decision as soon as Congressional consultations, ~~now underway, are complete; telegram will inform you of completion. While we recognize Ambassador Bowles will need some elbow room on timing of approach to GOI, there is some urgency for Ambassador Locke to inform GOP. We understand meeting with Ayub now set for April 7; we believe GOI should be informed as soon after that as possible~~

to assure shortest gap possible between presentations, Basic elements of new policy should be communicated as stated reftel, omitting references to internal USG operations.

2. Both posts should emphasize that new policy reflects intensive review over long period time and with involvement highest levels USG.

Drafted by: NEA/PAF: JWSpain; LBLairgen
NEA/INC: DHeck: atr 3/27/67
Tel. Ext.: Telegraphic transmission and classification approved by: The Secretary

Clearances:
NEA - Mr. Handley G/PM - Capt. Coward S/S - Mr. Walsh
DOD - Mr. Hoopes WHITE HOUSE - Mr. Wriggins
AID - Mr. White U - Mr. Katzenbach
H - Mr. MacCloskey
AC
AW
W

~~SECRET~~

Both should also insure it clearly understood we do not under foreseeable circumstances intend return to supply relationship we had prior September 1965.

3. Our new policy recognizes that fundamental historical changes have taken place. Our purpose is to establish a new relationship that takes into account legitimate defense requirements both countries but rests primarily on conviction that basic security and economic well being of both countries depends on their finding way to lessen tensions between them and thus to reduce share of their resources going to military expenditures.

FOR RAWALPINDI: 4. In conveying policy package to Ayub you should say we were encouraged by his response to our representations on arms limitation in November (Rawalpindi's 1751). On assumption that that response remains basis for GOP arms policy, we now prepared do following within context of stated policy (i.e., only when such actions will contribute to arms limitation or reduced defense expenditures):

- (a) entertain specific requests for cash purchase in US of lethal spares on case-by-case basis;
- (b) continue to consider requests for credit purchase of non-lethal end items;
- (c) discuss his other problems of military supply, including requests for purchase from third countries of US-controlled equipment, but only within policy context stated ref tel;
- (d) resume limited grant training program, if GOP so desires;

~~SECRET~~

5. Before we are able to address Pak request for our concurrence in M-47 tank deal with Germans (Rawalpindi's 3489), we need know: (a) effect of prospective purchases of US tank spares on level operational tanks of US origin; (b) how proposed German deal would further affect tank strength levels; (c) number Pak tanks of Chicom origin; and, (d) effects of foregoing tank strengths on overall armed forces structure.

6. In conveying policy package to Ayub we hope you can get across that we are prepared to help him meet his legitimate security requirements but that manner in which GOP deals in coming weeks and months with recent GOI offer begin talks on arms limitation (State 158121) could have decisive impact on way we are able to respond to GOP requests.

FOR NEW DELHI: 7. We recognize difficult task you face in getting Indians to see that their own interests served by our new policy. There are a number of elements in package designed help meet your problem (i.e., permanent MAAG withdrawal, credit sales, training). We believe it would be useful highlight following points:

- (a) This decision terminates grant military assistance to Pakistan and substantially results in the end of a military relationship we have had with Pakistan since 1954.
- (b) the withdrawal of MAAG from Pakistan (and USMSMI from India) symbolizes this new policy.
- (c) need for some degree of flexibility in our sales policy if we are to have any influence on Pak position regarding arms limitation

~~SECRET~~

(d) fact that military supply is only one element of larger USG policy designed contribute to security, integrity, and economic well being of South Asia as a whole; the record speaks for itself as to what we have done and are ready to do for India, a country that is central to our interests in area;

(e) specific benefits for India include (1) \$17 million on 3 per cent and ten year repayment basis for completion of Star Sapphire project. This is a special concessional rate, no longer available elsewhere and is provided in recognition of importance of completing this project;

(2) authority to continue our credit sales program on case-by-case basis (currently on 5-1/2 per cent and 7 year terms); (3) limited grant training program.

8. We believe it would also be useful for you to reiterate in this context our strong satisfaction over recent Chagla letter to Pirzada on arms limitation talks, adding that we continue believe special burden responsibility rests on India as larger power if progress to be made in such talks.

FOR BOTH POSTS: 9. Para 3 C reftel states policy on replacement items, i.e., the question is not now before us as to replacing an end item of US origin should that item be totally destroyed through accidental loss. That contingency will be considered when it arises.

10. Both GOI and GOP should understand that while we are prepared to discuss arrangements for carrying out our new policy, including handling of any public announcements, decisions of timing and tactics will have to be our own,

~~SECRET~~

~~SECRET~~

influenced particularly by Congressional requirements. You should stress most strongly that we intend handle this matter in as low key as possible and will look to both Governments for their cooperation. We would prefer for present to avoid any kind of public announcement or comment on new policy but recognize difficulty doing so for very long. FYI: We believe it preferable to make low key announcement which focuses on MAAG and USMSMI withdrawal instead of reacting to leaks. This announcement would be made as soon as possible after Ambassador Bowles talks to GOI and might be followed up with in Washington backgrounder/with selected journalists, possibly including Indians and Paks who resident here. Will keep you informed. END FYI. Contingency press guidance being prepared.

11. If asked about timing MAAG/USMSMI withdrawal, you should say this still being worked out. FYI: We envisage July 1 as target date. END FYI.

12. FYI: We recognize that conflicting approaches GOI (willingness talk with GOP on all subjects but without recognizing existence dispute on Kashmir) and GOP (willingness talk GOI all subjects but only if Kashmir dispute also discussed) will continue complicate our efforts achieve arms limitation. We believe you should continue take every opportunity urge both sides to moderate their preconditions. Meanwhile, we are prepared for time being to see what we can accomplish bilaterally. END FYI.

13. We intend brief Ambassador Hilaly and Charge Bannerjee as soon as we know approaches made to Governments.

~~SECRET~~

~~SECRET~~

ROR LONDON: 14. As soon as scenario for presentations in Rawalpindi and New Delhi has been worked out, we expect to authorize you to convey new policy to HMG at appropriate level and in closest confidence. In doing so you should say that we will wish consult further on what we might be able to do together to achieve progress toward arms limitation subcontinent.

GP-1

END

RUSK

~~SECRET~~

WH

160100

2d

FOR OC/T USE ONLY

OUTGOING TELEGRAM Department of State

IND DATE: COLLECT
 CHARGE TO

~~SECRET~~

Classification

Origin
Info

ACTION: Amembassy NEW DELHI

NODIS

STATE 166136

PERSONAL FOR AMBASSADOR FROM THE SECRETARY

DECLASSIFIED
Authority NLJ 99-67 (f)(6)
By blw/jes, NARA, Date 7-27-05

1. You and Gene Locke should shortly be receiving a statement on our new policy regarding military supplies to India and Pakistan as well as instructions on how this policy should be implemented. On the instructions of the President, Secretary McNamara, AID Administrator Gaud and I, as well as other key officials have given long, serious and careful consideration to all aspects of this new policy. Your views have been taken into account by all concerned.

2. This has not been an easy decision but I am confident that what we are proposing is the right course for the United States to follow in the months ahead. We do not seek a military buildup in the subcontinent. There is too much of that already and India is far from being without blame. In fact our new policy has just the opposite objective. We believe that, together with our diplomatic, economic and food efforts, it is an essential element in our endeavor to divert Indian and Pakistani energies and substance from the arms race and channel them instead towards economic programs which could within a few years substantially improve prospects for

Drafted by: NEA:WJHandley:eee 3/30/67

Tel. Ext. X.3255

Telegraphic transmission and classification approved by: *DR* The Secretary

Clearances:
NEA - Mr. Battle *WJS*
S/S - Mr. Walsh *WJS*

NEA/INC - Mr. Heck *WJS*
NEA/PAF - Mr. Spain *WJS*

Page 2 of telegram to Amembassy NEW DELHI

~~SECRET~~
Classification

economic and food self-sufficiency. We realize we cannot by our own actions bring this about. We will therefore enlist the help of the Bank, our allies, and, if at all possible, even the Soviet Bloc.

3. We fully agree with you that our objective in all this is an arms agreement between these two countries. Our efforts should be in that direction and we think we will be more influential in this process if our policy is broad enough to give us a wide range of inducements and incentives, especially with the GOP.

4. We all recognize that our new policy could cause us immediate problems in India, but I urge you not to be defensive with the Indians. There is much in the new policy that should appeal to them. For example:

A. We will be terminating grant military assistance to Pakistan and ending a basic military relationship we have had with that country since 1954.

B. The withdrawal of MAAG from Pakistan (and USMSMI from India) will be publicly announced at an appropriate moment.

C. The package will include funds for completion of Star Sapphire on terms far more concessional than we are offering elsewhere at present as well as a substantial credit sales program for non-lethal equipment.

D. We are in fact reverting to a military relationship with both countries similar to the one we had in the fifties with India (when it was on friendly terms with Communist China and the Soviet Union.)

E. By being in a position to sell military spares to Pakistan, we will have an opportunity of slowing down the re-equipping of Pakistani military forces.

Were we to continue to prevent Pakistan from maintaining for the time being its

~~SECRET~~

Classification

American supplied military establishment, we would surely be running the risk of a major, sudden, expensive change-over and modernization process which would almost certainly be detrimental to Indian interests.

The fact is that by this new policy we will be doing no more and indeed less than other suppliers of military equipment to India and Pakistan, i.e. Britain, France, Italy, Germany, Communist China and the Soviet Union. Moreover, we know we will be less forthcoming than other military suppliers because we intend to scrutinize requests more carefully than they do.

5. It seems to me that the GOI should see our new policy in the perspective of our total relationship with India, a relationship in terms of economic, food, political and other support that is clearly based on USG conviction that India is central to our interests in South Asia. Since World War II four US administrations have steadfastly supported the independence of India as well as massive American assistance to India's economic development. In the days immediately ahead we will be moving forward on a number of fronts and these should not be ignored or discounted. They include:

- A. \$25 million total package for voluntary agencies.
- B. A non-project loan of \$132 million.
- C. Project GROMET.
- D. AID level discussions at the Consortium meeting in early April.
- E. Another tranche of PL-480 Title I shortly after the Consortium meeting.
- F. Continued diplomatic efforts to mobilize an international food program

for India.

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

Page 4 of telegram to Amembassy NEW DELHI

~~SECRET~~
Classification

6. In the light of our changed relationship with Pakistan and considering the totality of our relations with India, I am confident that you can explain our new policy in such a way that the Indians will appreciate our objectives and will not forget the advantages that accrue to them through their overall relationships with the United States.

RUSK

1. India mil
2. Pak mil
3

April 5, 1967

WALT -

Subject: India-Pak Supply Package

Handley met with Symington's committee which included McCarthy, Sparkman and Cooper. Carl Marcy and Kay Folger were also present. Handley summarized the proposal. Symington asked many tough questions, not about this specific policy, but about the sale of American military equipment, Iran's new willingness to get equipment from the Soviets, etc.

Kay and Handley are of the view that we should now go ahead.

Macomber, however, wants to wait until he sees Dirksen first thing tomorrow morning. Then, presumably, we will roll.

Symington seemed grateful for this opportunity for consultation, and hoped for more of it in the future.

Howard Wriggins

Saunders

*India
ambition
4*

~~SECRET~~

April 4, 1967

WALT:

SUBJECT: India Pak Supply Package

State has checked with Representatives Ford, Zablocki, Bolton, Adair and Representative Morgan's Staff Assistant. Representative Albert is still to be contacted. All accepted the logic of the Administration's position and some wondered why we hadn't done this sooner!

On the Senate side, Stu Symington's subcommittee will hold a session tomorrow at 2:30 p. m. and Bill Handley and Macomber will put the case. We should then be free to roll.

You have seen Chet's NODIS telegram laying out his view of how best to deal with the matter. His preferred alternative to consult with L. K. Jha before proceeding is out of the question since he can't be contacted for detailed explorations before he gets to Washington April 13, which will be too late. Bowles therefore will have the problem of going ahead with C. S. Jha and Chagla, which is far from ideal, but the best course available.

Howard Wriggins

DECLASSIFIED
E.O. 13526, Sec. 3.4

By *je/lrg* NARA, Date 6-28-72

~~SECRET~~

1. India mil.
2. Pak mil.
5

~~SECRET~~

March 29, 1967

TO: W. W. Rostow

SUBJECT: For your 5 o'clock "Tuesday luncheon" meeting -
Subject: Pak-India Military Package

1. Timing. Here at last are the two key messages on the military supply package: one describing it, the second laying out the tactics of communicating to both governments. Timing is urgent not only because of Gene Locke's withdrawal, but because we have signs -- though still unconfirmed -- that the Paks are about to buy (or have bought) 25 Mirages at over \$2 million apiece. To postpone further will increase the chances such purchase will go through, or that they would feel it necessary to buy even more, which could trigger a new round of escalation.

2. The package. You are familiar with the substance of the proposal. The only decision which is really substantial is the one that has already been made by the President, i. e. to permit Pakistan, on a case-by-case basis, to purchase "spare parts for previously supplied lethal equipment." You should note that the cable as formulated also includes "the sale of replacement items of lethal equipment." Both of these types of sales will only be made "when there is a clearly established critical need and when such sales contribute to arms limitation or reduced military expenditures and the maintenance of a reasonable military balance between the two nations." India has the same right to buy spares but obviously this will in practise apply only to Pakistan.

In addition to the spares, Secretary Rusk recommends the following as part of our over-all effort to limit arms expenditures:

(a) withdraw the MAAG and USMSMI missions in Pakistan and India to dramatize that we are not, repeat not, returning to our earlier relationship with Pakistan. Adequate follow-on supervision could be provided through the military attache's office;

(b) discourage the sale by third countries to India and Pakistan of equipment produced with U.S. technology, co-produced with us, or produced in the U.S.;

(c) re-institute training slots for key Indian and Pakistani military personnel;

~~SECRET~~

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLJ / RAC 12-341

By UUD NARA, Date 03-02-2015

(d) disburse remaining obligated '67 credit sales funds only where these will contribute to U. S. security interests, e. g. for Star Sapphire ground radar in India or to support the general policy on arms limitation;

(e) permit credit sales on non-lethal items for both countries only on a case-by-case basis, depending on progress toward arms limitation, up to but no higher than \$75 million for FY 68, a figure which would be not a target but an absolute ceiling and would not be communicated to either country.

They argue that only if State has such chips to play in both countries will we have a real hope of getting commitments to limit arms. A piecemeal approach won't do; the whole must be available as part of the talk from the beginning.

These added components must go along with the deal on spares, or the position in India will be too severe.

3. The scenario calls for (a) telling Ayub of the package, which is conditioned on progress towards agreed limitations on arms or military expenditures; (b) giving Chet a few days time to inform the GOI; (c) stressing in both capitals the importance of no advance publicity; (d) making a low-key announcement, stressing withdrawal of the MAAG and USMSML, with a press backgrounder here; and (e) making a quiet invitation to both to put in whatever purchase requests they want to make; (f) informing the Brits after our talks in Pakistan and India.

4. Nick thinks the package is saleable on the Hill, though the follow-on non-lethal credits beyond the spares, possibly amounting to \$75 million as an outside figure, will be sticky unless they are clearly part of the strategy for reaching agreed limits on arms.

5. No one believes this is an ideal package. But the spares seem necessary; and the spares alone are intolerable.

Also attached:

1. Feb. 13 memo to you assessing pros and cons of the proposal.
2. A suggested LBJ letter to Chet.
3. A copy of Secretary Rusk's March 17, 1967, recommendation, drafted by Nick, on this subject.

Howard Wriggins

Launders

4

*India
mil +
nuclear*

~~SECRET~~

March 23, 1967

TO: W. W. Rostow
FROM: Howard Wriggins
SUBJECT: NPT and India

Geneva reports that the Russians have agreed we should share the text of the NPT with the Indians in New Delhi and discuss the implications with the GOI in Delhi. The Sovs in Geneva do not yet have authority for a joint U. S. -Soviet approach to the Indians; but they suggest Bowles contact Benediktov in New Delhi before approaching the Indians to see if he has received from Moscow instructions for a joint approach to the Indians.

ACDA and State are getting together to send out de Palma, an ACDA type who has been in Geneva and knows the technical and diplomatic implications. They have consciously decided not to send Foster at this stage, since he would attract too much public attention.

This is substantial progress.

cc: Spurgeon Keeny

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4 (c)(1)(7)
NSC Memo, 1/30/95, State Guidelines
By *cbu/jc*, NARA, Date *7-27-05*

Mr. Saunders

India Military
Pak Military
1

~~SECRET~~

March 17, 1967

Walt -

Subject: Military Supply Policy for
India and Pakistan

Attached are the following items which I hope you will scan before the President and Gene Locke discuss military supply policy for South Asia:

- ✓ 1. Summary of your problem at Guam as I see it and suggested scenario.
- ✓ 2. Draft ^{*Presidential*} ~~procedural~~ letter to Chet.
- ✓ 3. My covering Memo to the President of March 16, summarizing Secretary Rusk's package.
- ✓ 4. Secretary Rusk's package.

Good flying!

Howard Wriggins

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By *cbm/ly* NARA, Date 2.12.10

~~SECRET~~

March 17, 1967

TO: W. W. Rostow

FROM: Howard Wriggins

SUBJECT: Discussions at Guam on Military Supply Policy
to South Asia

1. The biggest risk to our South Asian policy in Guam is that the President's understandable concern to reassure Ayub after pulling out Locke will lead to an insufficiently balanced approach to Indo-Pak problems.
2. Spares for Pakistan to meet our obligation to Ayub are necessary. But spares alone for Pakistan would put an intolerable burden on our relationship with India. The military supply package recommended by Secretary Rusk has been carefully worked out and forms a coherent and balanced whole.
3. I therefore hope you will push hard for its acceptance as a complete package.
4. Should the whole package be accepted, I envisage the following scenario:
 - (a) As soon as we know the President approves the package, Katzenbach and Macomber would touch base with key Congressional leaders. If Gene Locke returned to Washington briefly, he could help on the Hill. (Another reason for his not returning immediately to Pindi is that he will be under great pressure in Pindi to see Ayub immediately. But he should be spared that until we have completed our Congressional consultations, which cannot take long because of the Congressional Easter recess.)
 - (b) After Congressional consultation, Gene returns to Pindi and reports confidentially to Ayub.
 - (c) Simultaneously, Chet discusses the whole package with key Indian leaders.
 - (d) When that is done, we could have a press backgrounder here emphasizing the withdrawal of MAAG from Pakistan, our

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLJ 12341

By LLLD NARA, Date 03-03-2015

~~SECRET~~

~~SECRET~~

- 2 -

concern for arms limitation, our desire to normalize our supply policy with both countries (except for the spares), by selling limited amounts of non-lethal equipment on a case-by-case basis, with a close eye on their action to limit arms expenditures.

~~SECRET~~

~~SECRET~~
DRAFT

3/17/67

7b

Suggested Presidential Letter to Ambassador Bowles
to be cabled immediately after State communicates
the military policy paper.

Dear Chet:

You will have heard by now from Dean that the combined DoD/State recommendations on arms policy for India and Pakistan have finally been approved. This has not been an easy decision for us; and I know from your messages that this will cause you considerable distress.

We held off until after the Indian elections, as you advised; but I have now felt compelled to proceed to meet my minimum understandings with President Ayub. My need to reassign Gene so soon to Vietnam has made it all the more imperative.

I know of no one who is better equipped for dealing with the Indians on this difficult matter than yourself. The total package does have substantial returns for the Indians if their Government wants to make the most of these in dealing with whatever public difficulties these decisions may temporarily create. We here assume that in discussing this with the Indian authorities, if you can make the most of all aspects of this package and the other things we are doing with the Indians, they will be able to see these decisions in the broader context of our total relationship. The recent Congressional action on behalf of food for India should be helpful. We also assume

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By *clm/s*, NARA, Date 2.12.10

~~SECRET~~

- 2 -

they could make much out of the fact that we are removing our MAAG mission from Pakistan, that we are going ahead with "Star Sapphire", and that a substantial line of credit has been opened for Indian non-lethal military purchases. And the most important point of all, this step represents the end of our grant military assistance to Pakistan which has caused the Indians so much anguish. It would seem to me that they would be able fully to appreciate its significance.

We are hoping that by re-opening on a modest scale our dialogue with the military leadership of both countries, we may more successfully press them forward to reach some understanding on the size and cost of their military establishments.

Having had myself like you considerable experience in politics, I can imagine what it may be like for you for a period. But you can make a good case, I am confident; and I know you will do the best you can.

Best wishes to you both.

Sincerely,

LBJ

~~SECRET~~

70

SECRET

March 16, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Military Supply Policy for Pakistan and India

As a follow-up to our "Tuesday luncheon" of Monday, March 13, Nick and Secretary Rusk would like to send out the attached telegram explaining the full military supply package for both India and Pakistan. It is their understanding that on Monday the total package was agreed to. It is my recollection, however, that you agreed only to the spares for Pakistan, because of Gene Locke's change of plans.

Proceeding with spares for Pakistan is necessary to fulfill our understandings with Ayub. But the South Asia specialists, as well as the Secretary, believe that to do something only for Pakistan at this time would be a mistake. We must balance this with meaningful steps in India particularly when we're also working on the Indians to sign the NPT. Secretary Rusk believes the total package should be approved and acted on, though the exact timing of each component should be left to the discretion of those closest to the problems on the subcontinent, depending upon progress made toward arms limitation.

In addition to the spares for Pakistan, Secretary Rusk recommends the following as part of our overall effort to limit arms expenditures on the subcontinent:

- (a) withdraw the MAAG and USMSMI missions in Pakistan and India to dramatize that we are not, repeat not, returning to our earlier relationship with Pakistan. Adequate follow-on supervision could be provided through the military attache's office;
- (b) discourage the sale by third countries to India and Pakistan of equipment produced with U. S. technology, co-produced with us, or produced in the U. S.;
- (c) re-institute training slots for key Indian and Pakistani military personnel;
- (d) ~~disperse~~ remaining obligated '67 credit sales funds only where these will contribute to U. S. security interests, e. g. for Star Sapphire ground radar in India or to support the general policy on arms limitation;

SECRET

DECLASSIFIED
Authority NLJ 91-51 (1/20)
By obm/asp, NARA, Date 7-27-05

(e) permit credit sales on non-lethal items for both countries only on a case-by-case basis, depending on progress toward arms limitation, up to but no higher than \$75 million for FY 68, a figure which would be not a target but an absolute ceiling and would not be communicated to either country.

They argue that only if State has such chips to play in both countries will we have a real hope of getting commitments to limit arms. A piece-meal approach won't do; the whole must be available as part of the talk from the beginning.

State and DoD agree on this balanced package. But Tom Hughes in INR, like Chet, worries about the Indian reaction and Dave Linebaugh in S/P thinks we are counting on getting too much from the Pakistanis for what is too small and too late.

Nick is confident that the problem on the Hill is entirely manageable, although there have not been advance soundings because of the classification problem.

In my view, we are not likely to get a more balanced or carefully thought-out package. As Secretary Rusk says in the attached recommendation to you, "I believe the problem was thoroughly reviewed, taking into account all the relevant points of view held within the Government." I think we should go ahead.

WWR
W. W. Rostow

Approve whole package _____

See me _____

Attachments:

1. March 9, 1967, memorandum from Secretary Rusk to you.
2. Draft EXDIS cable to New Delhi and Rawalpindi

* given you letter & aynab. this should ideally never
forward my son
WWR

7d

March 17, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Military Supply Policy Toward India
and Pakistan

I am endorsing and sending forward for your consideration the recommendation of the Senior Interdepartmental Group concerning our military supply policy toward India and Pakistan. I believe the problem was thoroughly reviewed, taking into consideration all the relevant points of view held within the government.

Dean Rusk

Dean Rusk

Attachment - SECRET - EXDIS

DECLASSIFIED (471)
Authority *State ltr 10-10-78*
By *ctm/ijp*, NARA, Date *7-27-05*

~~SECRET~~

7e

~~SECRET-EXDIS~~

SIG Proposal:

After full consideration of alternatives, the Senior Interdepartmental Group concluded that the United States should follow a policy toward India and Pakistan designed to limit arms acquisition, to restrain military expenditures, to reduce the possibility of military confrontation, and to encourage highest priority allocation of resources to agricultural and economic development. The United States should use all useful leverage at its disposal to further this policy, including its bilateral economic assistance, its participation in the World Bank and in aid consortia, and end-use controls over U.S. military equipment supplied directly or indirectly to third countries.

The supply of military equipment by the United States should be governed by this policy. The United Kingdom, the Federal Republic of Germany, France and the Soviet Union should be urged to follow similar restraints in their military supply policies toward India and Pakistan.

Initial implementation of this policy should include:

1) Withdraw MAAG (Pakistan) and USMSMI, making alternative, limited arrangements for providing such military representation, inspection and supervision of sales and training as may be required; the Joint Chiefs of Staff to be a party to such arrangements.

2) Steps to prevent the sale by third countries to India and Pakistan of military equipment which (a) includes U.S. technology and components, (b) is produced in the United States or (c) is co-produced with the United States, except when the United States has determined that such sales contribute to arms limitation or reduced defense expenditures.

DECLASSIFIED
Authority NLJ 04-99 (#71a)
By cbm/ics, NARA, Date 7-27-05

~~SECRET-EXDIS~~

3) Indicating to India and Pakistan that, although the United States remains unwilling to contribute to the augmentation of the military establishment of either country through the sale of lethal military equipment, it is willing to consider on a case by case basis the sale of spare parts for previously supplied lethal equipment and the sale of replacement items of lethal equipment when there is a clearly established critical need and when such sales contribute to arms limitation or reduced military expenditures and the maintenance of a reasonable military balance between the two nations.

4) Indicating to India and Pakistan our willingness to reinstitute training in the United States for a limited number of key Indian and Pakistani military personnel under MAP.

5) Disbursement of remaining obligated FY-67 credit sales funds only where such expenditures will contribute to United States security interests (e.g. Star Sapphire) or to support of the general policy of arms limitation. Credit sales shall be for non-lethal items only.

FY-68 credit sales planning for India and Pakistan should be predicated on the preceding paragraphs. The relevant figure in the 1968 budget should be \$75 million with the following provisions:

- 1) The figure is to be classified.
- 2) It is to be an absolute ceiling, not a target.
- 3) It should under no circumstances be communicated to the Governments of India and Pakistan without specific approval of the Secretary of State.
- 4) Proposed credits will be reviewed case by case for their contribution to arms limitations.

Background:

To add as full a perspective as possible to the discussions of proposed alternatives, your conversation with President Ayub on December 15, 1965 was taken as a basic guideline. The report of Ambassadors Dean and Bunker of August 17, 1966, as well as the current positions of Ambassadors Locke and Bowles, were considered.

At the meeting of the SIG, the members agreed that our overall military policy toward Pakistan and India required revision as a consequence of the Indo-Pak war of 1965. The members believed that we should make every effort to limit arms acquisition by the two countries beyond the absolute minimum required. Addressing the question of whether to sell any arms, lethal or non-lethal, to India and Pakistan, the members of the SIG came to the conclusion that such sales can be justified only if there is a proven critical need and if such sales contribute to arms limitation, and do not weaken agricultural and economic priorities.

In recognition of the fact that an attempt to achieve arms limitation would not succeed if other major arms suppliers failed to do so as well, the SIG recommended that we urge the U.K., France, Germany and the USSR to work towards a similar policy of arms limitation.

It was the consensus that the first priority in India and Pakistan was agricultural and economic development, and that we should use all our useful leverage to maintain that priority. Congressional attitudes towards possible arms sales to India and Pakistan were carefully considered, as were our basic security and strategic considerations.

Major Alternatives Considered:

While the SIG members, over a period of several weeks, considered a whole range of possible alternatives, at the formal meeting of the SIG on February 14, two main alternative proposals were reviewed.

1) The principal alternative view put forward was that we should consider on a case by case basis selling both lethal and non-lethal military equipment to India and Pakistan and allow our allies to do so as well. Such a policy would still aim for Indo-Pak arms limitations and the lessening of tensions as major objectives, but these objectives should not be absolute conditions for sales or credits. The main point made was that such a policy would give us maximum flexibility in promoting the whole range of our interests in India and Pakistan, e.g., protection of the Peshawar communications station, the strengthening of Ayub's hand within Pakistan, and the limitation of Indian and Pakistani relations with the USSR and the Chinese Communists.

2) A second argument maintained that, in the absence of meaningful progress with respect to arms limitation, any military assistance on the part of the United States would be to increase the prospects for an arms race and facilitate the maintenance of uneconomic and oversized military establishments in both India and Pakistan. The second alternative also asserted that any arms sales to India and Pakistan would trigger serious adverse reactions in Congress which would endanger economic programs for India and Pakistan and AID programs elsewhere in the world.

AID, who put forward this point of view, specifically recommended that there be no change in our military supply policy at this time and maintained that there should be no sale of lethal items or a regularization of credit sales. If credit sales were to be made at all, they should be held to a \$15-20 million for FY-68. AID's main argument was that the most pressing needs of India and Pakistan were in the fields of agriculture and economic development and that we should do everything possible to channel Indian and Pakistani resources into this first priority essential to the stability of both countries.

In the view of the SIG, neither of the alternatives proposed presented a policy placed in the context of our overall interests. The final SIG recommendation was written to achieve that perspective.

~~SECRET~~

1. Pak
mil
2. India
mil

March 16, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Military Supply Policy for Pakistan and India

As a follow-up to our "Tuesday luncheon" of Monday, March 13, Nick and Secretary Rusk would like to send out the attached telegram explaining the full military supply package for both India and Pakistan. It is their understanding that on Monday the total package was agreed to. It is my recollection, however, that you agreed only to the spares for Pakistan, because of Gene Locke's change of plans.

Proceeding with spares for Pakistan is necessary to fulfill our understandings with Ayub. But the South Asia specialists, as well as the Secretary, believe that to do something only for Pakistan at this time would be a mistake. We must balance this with meaningful steps in India particularly when we're also working on the Indians to sign the NPT. Secretary Rusk believes the total package should be approved and acted on, though the exact timing of each component should be left to the discretion of those closest to the problems on the subcontinent, depending upon progress made toward arms limitation.

In addition to the spares for Pakistan, Secretary Rusk recommends the following as part of our overall effort to limit arms expenditures on the subcontinent:

- (a) withdraw the MAAG and USMSMI missions in Pakistan and India to dramatize that we are not, repeat not, returning to our earlier relationship with Pakistan. Adequate follow-on supervision could be provided through the military attache's office;
- (b) discourage the sale by third countries to India and Pakistan of equipment produced with U. S. technology, co-produced with us, or produced in the U. S.;
- (c) re-institute training slots for key Indian and Pakistani military personnel;
- (d) disperse remaining obligated '67 credit sales funds only where these will contribute to U. S. security interests, e. g. for Star Sapphire ground radar in India or to support the general policy on arms limitation;

DECLASSIFIED

Authority NLS91-51 (#120)
By cbu/jip NARA, Date 7-27-05

~~SECRET~~

~~SECRET~~

- 2 -

(c) permit credit sales on non-lethal items for both countries only on a case-by-case basis, depending on progress toward arms limitation, up to but no higher than \$75 million for FY 68, a figure which would be not a target but an absolute ceiling and would not be communicated to either country.

They argue that only if State has such chips to play in both countries will we have a real hope of getting commitments to limit arms. A piecemeal approach won't do; the whole must be available as part of the talk from the beginning.

State and DoD agree on this balanced package. But Tom Hughes in INR, like Chet, worries about the Indian reaction and Dave Linebaugh in S/P thinks we are counting on getting too much from the Pakistanis for what is too small and too late.

Nick is confident that the problem on the Hill is entirely manageable, although there have not been advance soundings because of the classification problem.

In my view, we are not likely to get a more balanced or carefully thought-out package. As Secretary Rusk says in the attached recommendation to you, "I believe the problem was thoroughly reviewed, taking into account all the relevant points of view held within the Government." I think we should go ahead.

W. W. Rostow

Approve whole package _____

See me _____

Attachments:

1. March 9, 1967, memorandum from Secretary Rusk to you.
2. Draft EXDIS cable to New Delhi and Rawalpindi

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By cbm/s, NARA, Date 2-12-10

Mr. Saunders
1. Pak mil.
2. India mil.
9

~~SECRET~~

Walt -

March 15, 1967

A note on the SIG recommendation regarding military policy toward India and Pakistan.

You will have seen that the SIG discussed two alternatives, apart from the main recommendation. One was simply to go ahead on spares to Pakistan to meet the President's private understanding with President Ayub. But, as the SIG paper points out, this ignores interests we have in India and could be a precipitant of a new arms escalation. The second was to stay where we are, which suits AID and avoids possible adverse noises on the Hill, but leaves out of account our interests in Pakistan and our desire to participate in a worthwhile dialogue with both countries on arms limitation.

The package finally recommended is the best available, designed (a) to promote a conservative Pakistani response to her arms problem by providing access to spares for US supplied equipment and (b) to provide some worthwhile assets to us in dealing with the Indian half of the game, permitting credit sales of non-lethal items to both countries. Removing the MAAG's and USMSMI will dramatize to the Indians that we are not returning to our old relationship with Pakistan. Reopening some training slots will keep us in touch with key military figures each year (at present we have practically no working association with any of them and Moscow is close).

The \$75 million classified credit sales figure for non-lethal items may cause some trouble, but State and Defense believe the figure can remain classified. We don't need to commit all that money and neither country need know it as a committed figure. But we need to have some cards to improve our chances of sustaining a dialogue on arms limitation.

We should not expect too much from this package. But remaining as we were is not good enough in Pakistan, and spares alone for Pakistan does not take account of our interests in India. The Indians will not like it, but most Indian specialists, apart from Ambassador Bowles, believe the boise will be brief and not too intense.

But timing will be important. We don't want to hit the Indians with this in such a way as to jeopardize the NPT. NPT discussions with the Indians should precede communication of this decision to the Indians, if at all possible.

Howard Wriggins

~~SECRET~~
THE SECRETARY OF STATE
WASHINGTON

*Fr M.S.
files
↓*

4348

9a

March 9, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Military Supply Policy Toward India
and Pakistan

I am endorsing and sending forward for your consideration the recommendation of the Senior Interdepartmental Group concerning our military supply policy toward India and Pakistan. I believe the problem was thoroughly reviewed, taking into consideration all the relevant points of view held within the government.

Dean Rusk

Attachment - SECRET - EXDIS

~~SECRET~~

DECLASSIFIED (#1207)
Authority State OLC 10-10-78
By *com/ep*, NARA, Date 7-27-05

96

SECRET-EXDIS

SIG Proposal:

After full consideration of alternatives, the Senior Interdepartmental Group concluded that the United States should follow a policy toward India and Pakistan designed to limit arms acquisition, to restrain military expenditures, to reduce the possibility of military confrontation, and to encourage highest priority allocation of resources to agricultural and economic development. The United States should use all useful leverage at its disposal to further this policy, including its bilateral economic assistance, its participation in the World Bank and in aid consortia, and end-use controls over U.S. military equipment supplied directly or indirectly to third countries.

The supply of military equipment by the United States should be governed by this policy. The United Kingdom, the Federal Republic of Germany, France and the Soviet Union should be urged to follow similar restraints in their military supply policies toward India and Pakistan.

Initial implementation of this policy should include:

✓ 1) Withdraw MAAG (Pakistan) and USMSMI, making alternative, limited arrangements for providing such military representation, inspection and supervision of sales and training as may be required; the Joint Chiefs of Staff to be a party to such arrangements.

✓ 2) Steps to prevent the sale by third countries to India and Pakistan of military equipment which (a) includes U.S. technology and components, (b) is produced in the United States or (c) is co-produced with the United States, except when the United States has determined that such sales contribute to arms limitation or reduced defense expenditures.

DECLASSIFIED

Authority NLJ 04-99 (#1200)
By *cm/jcs*, NARA, Date 7-27-00

SECRET-EXDIS

3) Indicating to India and Pakistan that, although the United States remains unwilling to contribute to the augmentation of the military establishment of either country through the sale of lethal military equipment, it is willing to consider on a case by case basis the sale of spare parts for previously supplied lethal equipment and the sale of replacement items of lethal equipment when there is a clearly established critical need and when such sales contribute to arms limitation or reduced military expenditures and the maintenance of a reasonable military balance between the two nations.

4) Indicating to India and Pakistan our willingness to reinstitute training in the United States for a limited number of key Indian and Pakistani military personnel under MAP.

5) Disbursement of remaining obligated FY-67 credit sales funds only where such expenditures will contribute to United States security interests (e.g. Star Sapphire) or to support of the general policy of arms limitation. Credit sales shall be for non-lethal items only.

FY-68 credit sales planning for India and Pakistan should be predicated on the preceding paragraphs. The relevant figure in the 1968 budget should be \$75 million with the following provisions:

- 1) The figure is to be classified.
- 2) It is to be an absolute ceiling, not a target.
- 3) It should under no circumstances be communicated to the Governments of India and Pakistan without specific approval of the Secretary of State.
- 4) Proposed credits will be reviewed case by case for their contribution to arms limitations.

Background:

To add as full a perspective as possible to the discussions of proposed alternatives, your conversation with President Ayub on December 15, 1965 was taken as a basic guideline. The report of Ambassadors Dean and Bunker of August 17, 1966, as well as the current positions of Ambassadors Locke and Bowles, were considered.

At the meeting of the SIG, the members agreed that our overall military policy toward Pakistan and India required revision as a consequence of the Indo-Pak war of 1965. The members believed that we should make every effort to limit arms acquisition by the two countries beyond the absolute minimum required. Addressing the question of whether to sell any arms, lethal or non-lethal, to India and Pakistan, the members of the SIG came to the conclusion that such sales can be justified only if there is a proven critical need and if such sales contribute to arms limitation, and do not weaken agricultural and economic priorities.

In recognition of the fact that an attempt to achieve arms limitation would not succeed if other major arms suppliers failed to do so as well, the SIG recommended that we urge the U.K., France, Germany and the USSR to work towards a similar policy of arms limitation.

It was the consensus that the first priority in India and Pakistan was agricultural and economic development, and that we should use all our useful leverage to maintain that priority. Congressional attitudes towards possible arms sales to India and Pakistan were carefully considered, as were our basic security and strategic considerations.

Major Alternatives Considered:

While the SIG members, over a period of several weeks, considered a whole range of possible alternatives, at the formal meeting of the SIG on February 14, two main alternative proposals were reviewed.

1) The principal alternative view put forward was that we should consider on a case by case basis selling both lethal and non-lethal military equipment to India and Pakistan and allow our allies to do so as well. Such a policy would still aim for Indo-Pak arms limitations and the lessening of tensions as major objectives, but these objectives should not be absolute conditions for sales or credits. The main point made was that such a policy would give us maximum flexibility in promoting the whole range of our interests in India and Pakistan, e.g., protection of the Peshawar communications station, the strengthening of Ayub's hand within Pakistan, and the limitation of Indian and Pakistani relations with the USSR and the Chinese Communists.

2) A second argument maintained that, in the absence of meaningful progress with respect to arms limitation, any military assistance on the part of the United States would be to increase the prospects for an arms race and facilitate the maintenance of uneconomic and oversized military establishments in both India and Pakistan. The second alternative also asserted that any arms sales to India and Pakistan would trigger serious adverse reactions in Congress which would endanger economic programs for India and Pakistan and AID programs elsewhere in the world.

~~SECRET-EXDIS~~

- 5 -

AID, who put forward this point of view, specifically recommended that there be no change in our military supply policy at this time and maintained that there should be no sale of lethal items or a regularization of credit sales. If credit sales were to be made at all, they should be held to a \$15-20 million for FY-68. AID's main argument was that the most pressing needs of India and Pakistan were in the fields of agriculture and economic development and that we should do everything possible to channel Indian and Pakistani resources into this first priority essential to the stability of both countries.

In the view of the SIG, neither of the alternatives proposed presented a policy placed in the context of our overall interests. The final SIG recommendation was written to achieve that perspective.

~~SECRET-EXDIS~~

Sounders

March 14, 1967

1. Pakc mil.
2. India mil.
10

MEMORANDUM FOR THE FILES

SUBJECT: India/Pakistan Assistance Package

At the Tuesday luncheon held on Monday, March 13, Secretary Rusk brought over the revised SIG recommendation on India/Pakistan military supply policy.

It was decided to go forward with the spares for Pakistan, but the other elements of the package were not discussed; there was some dislike of the proposal for credit sales to both countries but beyond that it appears there was little discussion of other issues.

Ambassador Locke was informed promptly by special channels of the decision, and instructions through the State Department will be following subsequently.

Howard Wriggins

1. Pak military
2. India military

March 7, 1967

~~SECRET~~ - LIMDIS

INFORMAL MEMORANDUM FOR: Under Secretary Katzenbach
Department of State

FROM: Howard Wriggins

SUBJECT: Questions regarding the Indo-Pakistan Military Package

As we prepare to review for the President the military package for India and Pakistan, we want to be sure he has had an opportunity to look at options, even if already discarded, and to reflect on the answers to a number of questions. To this end, would you please see that the staff material includes brief analyses answering the following questions:

1. Why not limit our actions simply to permitting the sale of spares for items originally acquired in the U. S. ?
2. Why not raise Pakistan's economic assistance by an equivalent amount to permit Pakistan to acquire spares wherever it wants without involving a specific U. S. decision?
3. If we permit the acquisition of spares for present equipment, how long do we expect this to deter the Pakistanis from a new round of modernization?
4. If we continue our present policy, what do we expect the Pakistanis to do within six months? Within a year?
5. What are the advantages of resuming our credit sales program to both India and Pakistan which are likely to outweigh probable Congressional and public opposition to again helping India and Pakistan equip themselves militarily.

By asking these questions we do not intend to reopen the substance of the SIG recommendation, but we want to be sure the President has all the necessary arguments before him.

cc: W. Rostow
Saunders

DECLASSIFIED
E.O. 13292, Sec. 3.4
By *cbm/s*, NARA, Date *2-12-10*

~~SECRET~~ - LIMDIS

~~SECRET/EXDIS~~

February 21, 1967

TO: Nicholas Katzenbach
Under Secretary of State

FROM: Howard Wriggins

SUBJECT: Record of Action of SIG Meeting, February 14, 1967

The draft minute at the SIG meeting is deficient in two respects.

1. Its definition of "overall" U. S. interest is too narrow. In addition to our desire to reduce the chances of a military confrontation between India and Pakistan, reduce military expenditures, and to promote development, we also have a broader Asian interest in an India better able, than it was in 1962, to deal with a future Chinese venture, however unlikely this seems today as China is in a classic succession crisis.

I therefore suggest the paper begin as follows:

"The Senior Interdepartmental Group concluded at its meeting of the should follow a policy February 14 that ~~ever-all~~ United States ~~interests in the Asian-sub-continent~~ ~~require a policy~~ toward India and Pakistan designed to limit arms acquisition, to restrain military expenditures, to reduce the possibility of military confrontation, and to encourage highest priority allocation consistent with U. S. interests in the security and political viability of the two of recourses to agricultural and economic development, / The United countries States should use all ^{useful} leverage at its disposal to further this policy, including its bilateral economic assistance, its participation in the World Bank, and in aid consortia, and end-use controls over US military equipment supplied directly or indirectly to third countries."

Such language does not degrade the importance we attach to the specific objectives defined in your draft, but it does give a more accurate formulation of our over-all interest in the sub=continent.

~~SECRET/EXDIS~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By *cbm/ly* NARA, Date 2.12.10

1. Pakz min
2. India min

Saunders
12

SECRET/EXDIS

- 2 -

2. Paragraph 5 is also too narrowly defined. Instead of "will contribute to projects of direct U.S. security interest to the United States (e. g. Star Sapphire) . . . etc.", it should read: "will contribute to U.S. security interests (e. g. Star Sapphire). . . etc."

SECRET/EXDIS

~~SECRET~~

September 6, 1966

*India mil
+ Pak mil
13*

MEMORANDUM FOR WWR:

Defense is getting restless now over Secretary Rusk's continued delay of the Pak-Indian military spares decision. Hoopes is suggesting that McNamara send Rusk a memo on his latest thinking to break something loose. NEA is reluctant to broach any new ideas until the Secretary reacts to what they have already given him.

I think maybe we have let enough time pass now--it's been two weeks today since the Secretary and President initially discussed calling Bowles back. If you want to prod, you could do so gently by just letting the Secretary know that the President keeps asking you about this.

Hal Saunders

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By *clm/ly*, NARA, Date 2-12-10

1. India ^{military}
 2. Pak ^{military}

14

~~SECRET~~

August 24, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Bunker/Dean Advice on Arms Policy to India and Pakistan

A. They accept the general terms laid out in the State/Defense paper of August 1st. However, they argue for some change of emphasis, because:

- (1) the arms race has become an issue of public controversy between India and Pakistan, and we have been dragged in by our press and by the Government of India;
- (2) Mrs. Gandhi's political position has deteriorated;
- (3) the problem of trust of U. S. intentions on both sides has become crucial; in Pakistan -- are we keeping faith with earlier conversations with Ayub? In India -- is our discussion of military sales the prelude to another massive military aid program to Pakistan?

B. Recommendations:

In Pakistan Ambassador Locke should be authorized to encourage Ayub to buy spares where he can, with the understanding that we will help where spares are not otherwise available. However, he should set these conditions: "The extent to which (we will help) would depend on Pakistan's willingness to engage in really meaningful discussions with India on arms limitation and peaceful relations between the two countries and to limit its supply and political relations with the Chicoms."

In India Mrs. Gandhi would be informed that U. S. relations with Pakistan depend on our doing something in the security field for Pakistan, especially in view of India's purchases of military equipment. Only thus could we have influence in order to minimize Chinese inroads and to increase our ability to induce Pakistan to take meaningful steps toward arms limitation. No new or additional offensive weapons will be supplied to Pakistan; this does not represent a return to massive supplies.

Indian sensitivities on this issue are acute and Mrs. Gandhi's political position before her election is so exposed that she will have

~~SECRET~~

DECLASSIFIED
 E.O. 13292, Sec. 3.4 (#15)
 NSC Memo, 1/30/95, State Guidelines
 By cbu/jr, NARA, Date 7-27-05

~~SECRET~~

- 2 -

to direct some public criticism against us. As Dean and Bunker point out, "We therefore have no choice but to accept for the short run some setback to our relations with India in return for achieving longer range objectives."

To promote the mechanics of talks in both capitals, our men would suggest that Mrs. Gandhi and Ayub should appoint an individual of competence and trust to meet privately outside the subcontinent to discuss arms limitation and other outstanding problems, including Kashmir.

Howard Wriggins

~~SECRET~~

Saunders

15

*India
militarism*

~~SECRET~~

August 23, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Ambassador Bowles' latest cable (Delhi 2839)

Essentially he repeats his position that spares for Pakistan would be a major mistake and argues that we cannot expect fruitful talks now in any event.

The overriding factor affecting India's approach to Pakistan is Mrs. Gandhi's political weakness preceding her first national election. She cannot possibly take on such an emotional problem as concessions on Kashmir now.

Another factor would be a U. S. decision to sell spares. This will further sharpen tensions, strengthen the Left attack and force Mrs. Gandhi to abandon her moderate position.

The British doubt the wisdom of talks under present circumstances.

If Paks would abandon the demand for advance commitment for change in Kashmir, many issues -- including military ratios -- could be dealt with and tensions be reduced.

India is not ready to budge on Kashmir, particularly after beating the Paks in the war last fall. But some relaxation of tensions is possible if Pakistan will ease off the pressure for immediate change in Kashmir.

Howard Wiggins

~~SECRET~~

DECLASSIFIED (E-99)

Authority: State 5-15-78, NSC 11-22-78
By: *cbm/jip*, NARA, Date: 7-28-05

India - Pakistan
16

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

August 23, 1966

SUBJECT: Two cables to you from Ambassadors Bowles (New Delhi 2673) and Locke (Rawalpindi 601)

The attached two cables addressed to you from Ambassadors Locke and Bowles dramatize our difficulties on the subcontinent.

Bowles says to provide spares to reactivate F-104s and B-52s "would have a devastating long-term effect" on US-India and Indo-Pak relations. Indians are convinced that any military equipment we provide Pakistan will be used against India and they fear with F-86's the Paks are procuring from Germany, the reactivation of US-supplied planes will tip the military balance against India--unless the Paks come off this Chicom kick. Bowles argues that the only condition for proceeding is for Pakistan to publicly renounce (a) use of force on sub-continent and (b) its relationship with China. /Since India is four times larger, Pakistan obviously will not do that. /

Gene Locke's message strongly supports Ayub's low key request to you for the sale of spares. He believes that Pakistan now looks on our decision on this issue as a test of whether we are really choosing India as against Pakistan. We are "at the crossroads and to stall Ayub until the Indian elections" would be a serious mistake that could endanger our future in the subcontinent.

Howard Wriggins

DECLASSIFIED (#48)
Authority Note 5-15-78; NSC 11-22-78
By cbm/jp, NARA, Date 7-28-05

~~SECRET~~

*India
mil. 17*

~~SECRET~~

July 22, 1966

TO: W. W. R.

FROM: Howard Wriggins

SUBJECT: Systems Analysis of Minimum Defense Establishment
for India and Pakistan

This morning I attended a meeting in ISA to discuss a systems analysis-type study designed to define a minimum but adequate defense establishment for India and Pakistan. This would be roughly analogous to a study done last year on Greece and Turkey, which has formed the intellectual base for our current MAP programs to those two countries.

A political assessment will first be done, and State's Country Directors -- Laise and Spain -- will be in on it. Representatives of the two MAAGs will be brought to town in the last week of August to help. The full study should be ready by mid-September.

It could be one basis for discussions of arms limitation between the two countries.

cc: Amb. Locke

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4 (18)
NSC Memo, 1/30/95, State Guidelines
By cbu/je, NARA, Date 7-27-05

~~TOP SECRET~~

May 25, 1966

x 1. Pak - military + intell.
 2. India

TO: W. W. Rostow

FROM: Howard Wriggins

SUBJECT: Facilities

1. Jim Spain reports that the need for minor facilities in Pakistan is substantially less, even, than the 5% registered earlier. He agrees with SOA, that the Pakistani negotiating offer can be the basis for further conversations, however restrictive it may be. The rationale is on its way from State.
2. State will query us to see if, from the White House point of view, they should proceed on this basis.
3. If we approve, the ground will then be cleared for considering (a) the new disruptive activities on the Indo-Pak border, and (b) our reaction to the aid aide memoire.
4. Spain also reports that negotiations for new facilities in India have been successfully completed, with Indira's personal okay. This is one -- though only one -- of the reasons these small facilities have been further downgraded below 5% value.

~~TOP SECRET~~

DECLASSIFIED
 E.O. 13526, Sec. 3.5
 NLJ/Pac 12-341
 By LKH NAR, Date 07-25-2016

~~SECRET~~

*India Military
x Pak Military*

file

19

May 11, 1966

WWR:

Glancing over Hoopes' memo (attached) will give you the flavor of the State-Defense debate over resuming military aid to India and Pakistan. But here's the gist.

Our chief reason for resuming military aid to India and Pakistan is fear that Ayub will turn wholly to China if we don't. If he does, we can't justify a Pak economic aid program. Theoretically, we could let Ayub go. But the President has already decided to make a play for him because we think any alternative would be worse than Ayub. In India, we have a secondary purpose of not leaving the field to the USSR.

So the problem is how to give Ayub a Free World source of supply without jeopardizing our greater interests in India.

State would fight a delaying action by resuming sale of spare parts while telling the Indians they must accept this as the only realistic course.

Defense says selling spares alone won't entice Ayub away from China unless we later resume full-scale military aid. We can't do that. But we can provide an alternative Free World source by offering to subsidize via economic aid arms purchases at higher prices from other Free World suppliers. By not resuming any US sales, we would avoid antagonizing India.

Our choices: (1) Curb Ayub's Chicom ties by limited military sales-- at the cost of strong Indian reaction. (2) Avoid Indian reaction by refusing to resume--at the cost of an indirect subsidy to underwrite arms purchases elsewhere.

I believe that Defense is working from a wrong assumption and State is closer to the right one. Defense seems to assume that we must rely on spares and for economic aid to win Ayub's consent to curb relations with China. I believe the President has settled this with Ayub and that what is crucial now is a series of steps demonstrating that Ayub can depend on the President. (The President told you he feels obligated to supply spares.) If I am right, the big question is to be sure the President fully understands the consequences in India. Howard and I feel Bowles and Hoopes overstate them and believe we could counter them. Indeed, the President may already have laid the groundwork with Mrs. Gandhi. But the President at least ought to consider.

HHS

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLJ 12AC 12-341

~~SECRET~~

By UCLB NARA, Date 03-02-2015

file
20

India Military
x Pak Military

May 11, 1966

~~SECRET~~

HW:

Our chief reason for resuming military aid to India and Pakistan is fear that Ayub will turn wholly to China if we don't. If he does, we can't justify a Pak economic aid program. Theoretically, we could let Ayub go. But the President has already decided to make a play for him.

So the problem is how to give Ayub a Free World source of supply without jeopardizing our greater interests in India.

State would fight a delaying action by resuming sale of spare parts while telling the Indians they must accept this as the only realistic course.

Defense says selling spares alone won't entice Ayub away from China unless we later resume full-scale military aid. We can't do that. But we can provide an alternative Free World source by offering to subsidize via economic aid arms purchases at higher prices from other Free World supplier. By not resuming any US sales, we would avoid antagonizing India.

Our choices: (1) Curb Ayub's Chicom ties by limited military sales--at the cost of strong Indian reaction. (2) Avoid Indian reaction by refusing to resume--at the cost of an indirect subsidy to underwrite arms purchases elsewhere.

I believe that Defense is working from a wrong assumption and State is closer to the right one. Defense seems to assume that we must rely on spares and for economic aid to win Ayub's consent to curb relations with China. I believe the President has settled this with Ayub and that what is crucial now is a series of steps demonstrating that Ayub can depend on the President. (The President told WWR he feels obligated to supply spares.) If I am right, the big question is to be sure the President fully understands the consequences in India. (He may already have told Mrs. Gandhi he might have to resume military aid to Pakistan.)

HHS

~~SECRET~~

DECLASSIFIED
E.O. 13526, Sec. 3.5

NLJ/12AC 12-341

NARA, Date 03-02-2015

By UCLB

~~SECRET~~

May 2, 1966

*India military file
x Pac military*

21

WWR:

The attached cable is the first of several we may get asking the White House to approve minor exceptions to the freeze on grant military aid for India and Pakistan.

These all fall into the category of small non-lethal projects we profit from. When IRG/NEA discussed the broader question of India-Pak military aid a few weeks ago, we concluded tentatively that the one area where we might eventually resume grants is for projects in which we have an almost greater interest than the Indians and Paks--projects where the grant incentive might be crucial to keep them going for our own purposes.

Projects now in this category include training (India \$1 million, Pakistan \$0.5 million); radar (India \$240,000, Pakistan \$4.5 million); Indian-Nepali cooperation on Nepal's East West Highway (12 tractors, 4 trucks \$180,000); US-Indian cartographic cooperation along Chicom borders (about \$1.4 million). State and Defense also regard the spare parts for Pak aircraft (about \$1 million) as falling into this category, but I feel that stands by itself because it is lethal and clearly requires the President's OK.

The main procedural question for us is whether you sign off on these small self-serving non-lethal programs without bothering the President. In one way, it would be neater to wrap them up in a larger paper on the whole military aid issue. However, most of these are peanut programs which were innocent victims of the aid freeze and are hardly worth bothering the President about. Moreover, the President has already approved case-by-case commercial and credit sales of non-lethal military equipment, and this category--even though grant--seems to me to fall within the spirit of that decision.

The cartographic exchange described in the attached cable is more an intelligence exchange than a MAP program. It got into the MAP account largely for convenience (we supply some technical help to improve the quality of the maps). Since we benefit from this and it does not involve even non-lethal equipment, I suggest we clear this cable without bothering the President. However, if you would rather, I can do a little memo wrapping all these up for his OK.

DECLASSIFIED
E.O. 13526, Sec. 3.5

By UCLD NLJ/RAC 12-341
NARA, Date 03-02-2015

Hal Saunders

~~SECRET~~

Att: Read to Rostow Memo, 4/28/66, att. tel to New Delhi, Subj: Provision of Equipment and Cooperative Cartographic Project (WH-1157)

India Military

22

~~CONFIDENTIAL~~

WWR:

April 13, 1966

Tim Hoopes is over a barrel and is asking for a little help in getting off. He'd like to make a \$50,000 technical exception to our present freeze on grant military aid to the subcontinent to fly some radios to India.

In order to persuade the Indians to give up to the Marine Corps their place on the production line for some field radios they're buying, DOD promised we'd airlift their first shipment as soon as it came off the line. The Marines promised to absorb the cost because it needed the radios in Vietnam. The Indians agreed as a quietly helpful gesture on Vietnam. Now the Marines say they can't legally pay, and Hoopes-- to meet Defense's commitment--would like to take it out of already programmed MAP funds. Meeting the commitment is the issue now--not just getting the radios to India.

I'd say go ahead since this is largely DOD business. I wouldn't have made the commitment in the first place, but that's water over the dam. If you say OK, I would be sure Defense either tells Congress or uses funds we're not committed to consult about. (When we suspended grant aid last fall, we promised Congress to consult before resuming.) This is a ridiculously small item, but we want to keep the record clean.

Bob

- 1. Don't believe Marine Corps
- 2. Supplemental
- 3. MAP Vietnam

Hal Saunders

This is aid to Vietnam, other forces, & related costs.

OK

Talk to me _____

Action completed.

DECLASSIFIED
E.O. 13526, Sec. 3.5

NLJ/12AC 12-341

By UCR NARA, Date 03-02-2015

~~CONFIDENTIAL~~

SECRET/EXDIS

DEPARTMENT OF STATE
Senior Interdepartmental Group

April 3, 1967

Record of Agreements and Decisions
Meeting of February 14, 1967

Present:

The Under Secretary of State (Chairman)
The Deputy Secretary of Defense
The Chairman, JCS
The Director, USIA
The Administrator, AID
The Deputy Under Secretary of State for Political Affairs
Vice Admiral Taylor for Mr. Helms
Mr. Howard Wriggins for Mr. Walt Rostow
The Staff Director

Mr. William Handley, Acting Assistant Secretary of State for NEA
Mr. Joseph Barr, Treasury
Mr. Adrian Fisher, ACDA

The policy which was the subject of the Senior Interdepartmental Group meeting of February 14, 1967 has now been approved by the Secretary of State and the President as set forth below:

After full consideration of alternatives, the Senior Interdepartmental Group concluded that the United States should follow a policy toward India and Pakistan designed to limit arms acquisition, to restrain military confrontation, and to encourage highest priority allocation of resources to agricultural and economic development. The United States should use all useful leverage at its disposal to further this policy, including its bilateral economic assistance, its participation in the World Bank and in aid consortia, and end-use controls over U.S. military equipment supplied directly or indirectly to third countries.

SECRET/EXDIS

DOC. CONTROL
SIG/RA #16

DECLASSIFIED
E.O. 13526, Sec. 3.5
By 440 NLJ/RAC 12-342; ULJ-0342-014.117
NARA Date 04-23-2014

① Mr. Wriggins
Mr. Saunders
② SIG 23
India Military
x Pak Military

The supply of military equipment by the United States should be governed by this policy. The United Kingdom, the Federal Republic of Germany, France and the Soviet Union should be urged to follow similar restraints in their military supply policies toward India and Pakistan.

Initial implementation of this policy should include:

1) Withdraw MAAG (Pakistan) and USMSMI, making alternative, limited arrangements for providing such military representation, inspection and supervision of sales and training as may be required; the Joint Chiefs of Staff to be a party to such arrangements.

2) Steps to prevent the sale by third countries to India and Pakistan of military equipment which (a) includes U.S. technology and components, (b) is produced in the United States or (c) is co-produced with the United States, except when the United States has determined that such sales contribute to arms limitation or reduced defense expenditures.

3) Indicating to India and Pakistan that, although the United States remains unwilling to contribute to the augmentation of the military establishment of either country through the sale of lethal military equipment, it is willing to consider on a case basis the sale of spare parts for previously supplied lethal equipment when there is a clearly established critical need and when such sales contribute to arms limitation or reduced military expenditures and the maintenance of a reasonable military balance between the two nations. The question is not now before us as to replacing an end item of U.S. origin should that item be totally destroyed through accidental loss. That contingency will be considered when it arises.

4) Indicating to India and Pakistan our willingness to reinstitute training in the United States for a limited number of key Indian and Pakistani military personnel under MAP.

5) Disbursement of remaining obligated FY-67 credit sales funds only where such expenditures will contribute to United States security interests (e.g. Star Sapphire) or in support of the general policy of arms limitation. Credit sales shall be for non-lethal items only.

FY-68 credit sales planning for India and Pakistan should be predicated on the preceding paragraphs. The relevant figure in the 1968 budget should be \$75 million with the following provisions:

- 1) The figure is to be classified.
- 2) It is to be an absolute ceiling, not a target.
- 3) It should under no circumstances be communicated to the Governments of India and Pakistan without specific approval of the Secretary of State.
- 4) Proposed credits will be reviewed case by case for their contribution to arms limitations.



Harry H. Schwartz
Staff Director, SIG

... should be
... relevant figure in the
... following provisions:

...
... target.
... be communicated to the
... specific approval of the

... reviewed case by case for their
... limitations.

Saunders
1. India military
2. Pak
25

~~SECRET~~

August 23, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Military Policy toward India and Pakistan

We are coming down to the wire on military supply policy toward Pakistan and India. The Bunker/Dean report is now in, and the meeting with Secretary Rusk and McNamara will be for the purpose of reviewing their findings.

In sum, they recommend that we undertake a limited and carefully phased program of sale of spares to Pakistan, on rather clear conditions, with carefully phased interpretative initiatives in India.

They propose that in Pakistan Gene Locke enter into very private and exploratory talks with Ayub to see how far he will be willing to go in (a) limiting his relationship with China, and (b) undertaking serious and forthcoming discussions with India on outstanding issues, particularly arms limitation. As we become reassured on these points, we would assist him in finding sources of spares in western markets for his aircraft and other U. S. supplied equipment. Those parts he could not find there we would sell to him directly. The extent and duration of such a policy would depend upon his continued reasonable approach to India, his determination in seeking arms limitation and willingness to limit his supply and political relations with China.

In India, we would make clear that we were examining with Ayub ways to explore arms limitation, his relations with China, and other matters of interest to India. We would also, however, indicate that a small program of the sale of spares was in question. We would reassure the Indians that this did not mean a return to our earlier policy of massive assistance to Pakistan, but represented an effort to retain some influence in Pakistan to improve the chances of a reasonable Pakistan policy toward India and limit China's penetration into the subcontinent.

If the proposed policy works, in six months we should find that pressures in Pakistan toward a closer Chinese relationship will have been reduced; with considerable luck and a good deal of careful but inconspicuous management, direct and private talks between India and Pakistan will have led to a halt in the arms race and perhaps even a down turn in defense expenditures. The chances that this will be

DECLASSIFIED

~~SECRET~~

Authority FRUS Vol. XXV #570
By cbm, NARA, Date 7-28-05

possible are perhaps less than even; but if they succeed, it will be very much to our interest.

On the other hand, we will have become the object of considerable political antagonism in India as Mrs. Gandhi's opponents on the Left and the Hindu Right both attack her for allowing their Muslim neighbor to receive military supplies from the United States. And we can expect Mrs. Gandhi herself to have to criticize us directly if she is to hold her own in the political scramble. This will adversely affect Congressional attitudes toward aid to India and will make Ambassador Bowles' position more difficult, but we cannot tell for how long.

There are risks in this policy. The Pakistanis could accept our spares and then resume their earlier adventurist policies toward India -- though this is generally conceded to be highly unlikely; our enemies in either India or Pakistan can surface confidential conversations before they have come to fruition, precipitating greater hostility of both against us. Both sides may enter talks and emerge more bitter than ever. The Indian political opposition can so distort our intentions and our actions as to make Mrs. Gandhi's position more difficult.

But no action also has its obvious costs: Postponing this approach to Ayub until after the Indian election would avoid difficulties for us -- and for Mrs. Gandhi -- in India. But it would lead Pakistanis to believe we had succumbed to Indian efforts to veto our policy toward them, would weaken Ayub, strengthen the hand of the more extreme Generals and Airforce Colonels, and generally encourage a more intransigent policy toward India and closer ties with China. It will also make Gene Locke's problems as a new Ambassador more difficult.

Your Ambassadors differ sharply on what should be done. Ambassador Locke believes he can gain substantial advantages from a policy which is more forthcoming toward Pakistan's desires than the Dean/Bunker approach; but this will provoke even more difficulties in India than the course proposed. A Personal message to you from your Ambassador and Ayub are attached. Most of the Pakistani specialists in town feel Ambassador Locke overstates the advantages to be gained if we follow this course and the somewhat overstates the costs if we do not.

In New Delhi, Mr. Bowles argues that any such course will be bound to create the most profound difficulties for us in India. He believes the political backlash will be virtually impossible to contain.

~~SECRET~~

- 3 -

In a number of personal communications, he has strongly expressed his dire fears. India specialists in Washington believe he substantially overstates the liabilities of the proposed course -- and also the advantages of choosing India instead of attempting to work with both India and Pakistan, as this proposal seeks to do.

Thus, the policy being recommended by the Department has built-in contention. No one is enthusiastic, except perhaps Ambassador Locke, but it appears to be the least costly policy we can design.

I therefore recommend that you accept the Department's proposals as set forth in the attached memorandum. I would urge the following caveats:

- (1) the talks in Pindi should not be started until after the present session of the Indian legislature closes in early September;
- (2) Secretary Rusk should be charged with a particular responsibility to monitor these negotiations with especial care to ensure that both Ambassadors follow their delicate instructions with precision.

Howard Wriggins

~~SECRET~~

FORM DS-20
4-1-53

DEPARTMENT OF STATE
REFERENCE SLIP

DATE
Aug. 20, 1966

259

TC:	NAME OR TITLE	ORGAN. SYMBOL	ROOM NO.	BLDG.	INITIALS	DATE						
1.	Mr. Howard Wiggins	Exec. Office Building	Rm. 372									
2.												
3.	<i>Handley on</i>											
4.							<i>Dean/Bunker</i>					
5.												

<input type="checkbox"/>	APPROVAL	NOTE AND FORWARD
<input checked="" type="checkbox"/>	AS REQUESTED	NOTE AND RETURN
<input type="checkbox"/>	COMMENT	PER CONVERSATION
<input type="checkbox"/>	FOR YOUR INFORMATION	PREPARE REPLY
<input type="checkbox"/>	INITIAL FOR CLEARANCE	SEE ME
<input type="checkbox"/>	NECESSARY ACTION	SIGNATURE

REMARKS OR ADDITIONAL ROUTING GPO 874556

Handley is Handley's memo to the Secretary forwarded to ~~Bunker~~ Bunker/Dean memorandum

Handley

FROM (NAME AND ORGANIZATION)	ROOM NO. AND BLDG.
NEA - WJHandley	Rm. 6242 NS
SIGNATURE	PHONE NO.
<i>W. J. Handley (enc)</i>	C. 182 x. 3255

Return to ~~Wiggins~~
Saunders
1. India mil
2. Pak mil. 26

~~SECRET~~

MEMORANDUM

TO : The Acting Secretary
THROUGH: S/S
FROM : Ambassador Ellsworth Bunker and Mr. Arthur H. Dean
SUBJECT: Memorandum for the President Attached to Memorandum to the Secretary from NEA - Raymond A. Hare dated August 1, 1966 - Military Supply Policy for India and Pakistan

I. The primary United States objectives on the subcontinent of Asia are:

1. Economic and political stability of both India and Pakistan.
2. Economic growth of each country as it contributes to achievement of 1, above.
3. Limitation of both USSR and Chinese Communist influence in both India and Pakistan and of the USSR as a major source of supply to Pakistan.

Despite Tashkent, the developing armaments race and acrimonious disputes between India and Pakistan are a matter of concern because of their effect on United States objectives in the subcontinent of Asia.

1. Adverse effect of arms escalation of each country on their basic security and on their respective economic development.
2. Adverse effect on aid programs, diversion of foreign exchange--effect on Consortium.
3. Adverse effect on World Bank and adverse effect on Congressional and newspaper opinion.

II. If the United States is forced to choose between the two countries, there is no doubt it would have to come down clearly on the side of India because of its location, size, and actual and potential influence in Asia.

~~SECRET~~

DECLASSIFIED
E.O. 13292, Sec. 3.4
By Cbm/ly NARA, Date 2.12.10

1. Strategic situation.
2. Population.
3. Military strength and potential.
4. Resources.
5. Effect on trade sea and air routes if under Communist influence.

III. It is vitally important for United States interests that it not be forced to choose between the two countries.

1. Efforts, therefore, must be made to persuade India and Pakistan to come to grips promptly and effectively with their problems.

- (a) India should exhibit real willingness to talk, compromise, make concessions on basic problems such as arms control and Kashmir, and each side should endeavor not to get bogged down in questions of detail, protocol, pique, etc.

- (b) United States actions to maintain a moderating influence in Pakistan.

- (c) Importance to India of the United States trying to avert Pakistan's becoming an ally south of the Himalayas with Communist China.

IV. Joint State/Defense message of August 1, 1966.

1. Provided reasonable and logical basis for approach to both India and Pakistan for above objectives.

2. Message, however, has been overtaken by developments since it was drafted.

- (a) Arms build-up by two countries has become matter of public controversy between India and Pakistan in which possible role of United States has been injected.

(b) The political situation in India has deteriorated, and the position of the government has been seriously challenged not only by the Communists and leftists and the right-wing Hindus but also by forces within the Congress Party because of the measures taken at the insistence of the World Bank and the United States, shortage of food, interference with sovereignty, etc. The position of Mrs. Gandhi within her own party has become increasingly difficult, and current opinion is moody and can be inflamed by relatively minor matters.

(c) The problem of trust of United States intentions has become crucial; namely, whether the restoration of sales of lethal spares will not become the beginning of a United States military aid program to Pakistan, which it is not. In Pakistan, failure promptly to restore military spare parts may incline younger Army officers to the Chicoms who have been understanding and generous in supplying equipment. While the Paks violated the agreement not to use against India, we induced them to take our airplanes as members of SEATO and CENTO; and it is ironic that the planes are not now operable because of our refusal to supply spare parts.

V. Conversation of the President with President Ayub.

1. While there was no Presidential promise to President Ayub that he would receive the spare parts, it was indicated that if he cooperated on peaceful relations with India this matter could be worked out.

2. To give Pakistan all of this equipment and not to let it become operable by withholding about \$8 million of spare parts gives the Chicoms and all those in Pakistan not favorable to the United States an argument against us and good relations with the Paks.

VI. That it be suggested that the procedure outlined in Joint State/Defense message of August 1, 1966 not be followed at present, but as an alternative the following steps be taken:

1. Ambassador Locke should be instructed to engage in meaningful talks with President Ayub in order to explore his precise relations with Peiping and supply relationship with the

Chicom and the USSR. We should restate our friendship but make it clear that Pakistan's problems with India must be solved on a peaceful and constructive basis and that the arms race must not be renewed.

2. President Ayub should be informed that spares for United States furnished equipment should be secured by them from other sources and to the extent not so available the United States would endeavor to aid. The extent to which this is done and the practice continued would depend on Pakistan's willingness to engage in really meaningful discussions with India on arms limitation and peaceful relations between the two countries and to limit its supply and political relations with the Chicom.

The record clearly shows that if, in some manner, we do not make it feasible for Pakistan to acquire spares for U.S. equipment, we shall not be keeping faith with them.

3. Mrs. Gandhi, therefore should be informed that U.S. relations with Pakistan, in order to minimize the importance of Chinese influence and to increase our ability to influence Pakistan to take meaningful steps towards arms limitation, depend on our doing something in the security field with Pakistan, especially in view of the Indians' purchases of military equipment. She should also be informed that no new or additional offensive weapons will be supplied to Pakistan. Rather than this being a threat to Indian security, we believe that these objectives are important to India. We believe that the best way to accomplish these objectives is to make it possible for Pakistan to use for defensive purposes only the United States furnished equipment it already has.

FYI. In view of the strong public position taken by the GOI to date (that spares to Pakistan would be a very serious threat to Indian security under present conditions) without any serious discussion of the options open to us, it may be that Mrs. Gandhi will feel that it is politically impossible for her to accept this action without some public criticism, and indeed she may take in public a position critical of the United States. We, therefore, have no choice but to accept for the short run some setback to our relations with India in return for achieving longer-range objectives. END FYI.

~~SECRET~~

5

4. That it be suggested that both India and Pakistan would each appoint an individual who has the confidence and trust respectively of President Ayub and Mrs. Gandhi to explore in non-public discussions the question of arms limitation and other outstanding problems, including Kashmir, preferably at a place outside the two countries.

VII. That the matter be explored with Prime Minister Wilson before the Prime Ministers Conference in September.

COAS:EBunker/NEA:AHDean:lab
8/17/66

~~SECRET~~

India 28 /
military

~~CONFIDENTIAL~~

S WWR:

April 13, 1966

Tim Hoopes is over a barrel and is asking for a little help in getting off. He'd like to make a \$50,000 technical exception to our present freeze on grant military aid to the subcontinent to fly some radios to India.

In order to persuade the Indians to give up to the Marine Corps their place on the production line for some field radios they're buying, DOD promised we'd airlift their first shipment as soon as it came off the line. The Marines promised to absorb the cost because it needed the radios in Vietnam. The Indians agreed as a quietly helpful gesture on Vietnam. Now the Marines say they can't legally pay, and Hoopes--to meet Defense's commitment--would like to take it out of already programmed MAP funds. Meeting the commitment is the issue now--not just getting the radios to India.

I'd say go ahead since this is largely DOD business. I wouldn't have made the commitment in the first place, but that's water over the dam. If you say OK, I would be sure Defense either tells Congress or uses funds we're not committed to consult about. (When we suspended grant aid last fall, we promised Congress to consult before resuming.) This is a ridiculously small item, but we want to keep the record clean.

H.S.

Hal Saunders

OK ✓ BKS

Talk to me _____

Told Hoopes:
1. We'd prefer to see him use Vietnam money. BOB says this covered by Vietnam supplemental.
2. If he has to use Indian MAP money, he must tell key people on Hill to keep our record clean.
H.S.

DECLASSIFIED
E.O. 13526, Sec. 3.5
By LLD NLJ/RAC 12-341
NARA, Date 03-02-2015

~~CONFIDENTIAL~~

29

MEMORANDUM OF CALL

Date 8/4/ Time 2:20

TO- H/S

YOU WERE CALLED BY- YOU WERE VISITED BY-

Mr. Keeny

TELEPHONE: Number or code Extension 22386

- PLEASE CALL WAITING TO SEE YOU
- WILL CALL AGAIN WISHES AN APPOINTMENT
- RETURNING YOUR CALL
- IS REFERRED TO YOU BY:

LEFT THIS MESSAGE: Re: attached

correspondence I believe.

File

Received By-

292

April 1, 1966

Mr. Saunders -

Jean Barker, Mr. Keeny's secretary, says that Mr. Keeny still has this piece of mail--that he says that Alexis Johnson handled the matter verbally with the Congressman, and it should be returned to WH Files. However, she is trying to get him to put some kind of a notation to that effect on the correspondence to indicate what action has been taken. He says he will do after he has talked to Alexis Johnson the next time he goes over to State or sees him-- which may be some time yet. She assures us that the material will be returned to WH Files (where it came from in the first place) by that office.

So - do we leave it in their hands and file this cy in our files?

Yes

T.

April 4, 1966

Was advised by Mr. Keeny's secretary, Jean Barker, that Mr. Keeny had written a Memo for Record indicating that the matter had been handled orally by Mr. Alexis Johnson, and that all papers had been sent to WH Files.

T.

Should we follow up
with Keamy on this?

or
Leave for him to handle

or
Do you think he has dealt
directly with Park?

296
Could you just
ask Keamy's
secretary
whether he
took care of
this?

India milit
nuclear

Sp. Keary

290

THE WHITE HOUSE
WASHINGTON

1/18/66

RWK:

Can you and Spurge suggest a further interim answer? H. won't sit still forever.

McG B.

Spurg - You're more familiar with this than I. As you take first crack, and let me see. Why not say inter alia we (a) don't think Indians all that eager; (b) have other leverage; (c) are intensively studying problem, including ideas he suggests, but they're very tricky
R.W.K.

THE WHITE HOUSE
WASHINGTON

January 14, 1966

TO: McGeorge Bundy

FROM: Henry Wilson

RWK:
can you + Spurg suggest a further interim answer. H. won't sit forever (my)

29d

THE WHITE HOUSE
WASHINGTON

January 14, 1966

MEMORANDUM FOR HENRY WILSON

FROM: David Bunn

In the course of my conversation with Holifield, he mentioned a letter he wrote to the President on October 26, 1965, with copies to Secretary Rusk and McGeorge Bundy.

He would like to hear further on this letter, since all he has received is an acknowledgement.

JAN 18 1966

November 13, 1965

EXECUTIVE

I-13

C0121

29e

Checked by Dear Chet:

I have now had a chance to read your letter of October 26, and I want you to know that I greatly value your comments on this most important and difficult set of issues. The specific proposal which you make is one which deserves very careful thought. It happens that we are engaged in a careful review of our policy toward India right now, and I have given instructions that your proposal be carefully considered in that review.

Sincerely,

LBJ

Honorable Chet ^XHolifield
House of Representatives
Washington, D. C.

RECEIVED
NOV 17 1965
CENTRAL FILES

LBJ:McB:gt

EXECUTIVE

IT 13

CO 141

ND 21-1

F09

F05

MC/CO 121

CO 121

⑤

Handwritten initials

October 30, 1965

CONGRESSIONAL

Dear Mr. Holifield:

The President has asked me to acknowledge with thanks your thoughtful letter of October 26, with its comments on the IAEA meeting and your visit to Bombay. Your suggestions for dealing with the problem of security in the non-nuclear nations will be very carefully considered -- and we are grateful to you for writing them down.

With warm personal regards,

Sincerely,

McGeorge Bundy

Honorable Chet^X Holifield
House of Representatives
Washington, D. C.

RECEIVED
NOV 4 1965
CENTRAL FILES

COMMITTEE ON
GOVERNMENT OPERATIONS

CHAIRMAN: SUBCOMMITTEE
ON MILITARY OPERATIONS

JOINT COMMITTEE ON
ATOMIC ENERGY
CHAIRMAN

CHET HOLIFIELD
19TH DISTRICT, CALIFORNIA

Congress of the United States
House of Representatives
Washington, D.C.
October 26, 1965

DISTRICT OFFICE:
HAROLD W. LANE,
FIELD REPRESENTATIVE
FLORENCE M. ODEMAR
9125 EAST WHITTIER BOULEVARD
PICO RIVERA, CALIFORNIA
PHONES: RAYMOND 3-6561
OXFORD 2-2242

WASHINGTON OFFICE:
DOROTHY DUNN MORRISON,
ADMINISTRATIVE ASSISTANT
LILIAN M. PHILLIPS
2489 RAYBURN HOUSE OFFICE BUILDING
PHONE: 225-3976

CARDED
NOV 1 1965

Dear Mr. President:

In late September, I attended the Ninth International Conference on Atomic Energy in Tokyo, Japan and stopped in Bombay, India October 2 - 5. While in India, I spent about a day and a half visiting the Tarapur Reactor site and the atomic laboratory at Trombey. I spent some time with Dr. Baba and other top Indian atomic scientists.

Dr. Baba and his friends were careful not to state their position in regard to making an atomic weapon. I do believe, however, Dr. Baba is a very ambitious man who realizes his personal fame would be greatly increased if he were authorized to make such a weapon. There is no doubt in my mind that these people in Dr. Baba's group believe they must offset Red China's weapon with one of their own. Of course, they will have to persuade Shastri and other top Government officials this policy and expense is justified. I cannot predict Shastri's attitude.

During our conversations they asked me what the attitude of the United States would be in regard to their (India) making an atomic bomb. I am sure they thought I would immediately urge them to abstain from an atomic effort in line with our policy of non-proliferation. I decided to play it on a low key, however, and said, "Of course, this is a question for India to answer. If they think it necessary and wise to divert from their domestic needs the capital it would take to make even the first crude bomb, then I suppose they will do it. There is no doubt Dr. Baba and his colleagues have high scientific capability and certain facilities which might insure success in the project".

But I pointed out, "...it was a race they could never win. Always they would lag behind Red China, further behind France, far behind the Soviets, and much farther behind the United States". I assured them they would never catch up, but left it up to them to make their own decision. They seemed to be somewhat impressed by my reasoning on their question.

I doubt if our present policy of non-proliferation will prevent India, Israel, or any other capable nation which may arise, from doing just what France and Red China have done. If their

national interests indicates such an effort, I believe they will make it unless the nuclear umbrella can be extended to protect them against nuclear attack.

I wonder if it would be worthwhile for you to take the initiative and propose that the United States would be willing to extend nuclear protection to India against a nuclear attack by any other nation, providing the Soviets would extend the same type of protection? Admittedly, this would put the Soviets on the spot and drive the wedge deeper between them and Red China, if they agreed. If they would not agree, would it not be a plus for the United States and a minus for the Soviets in their relations with India?

A further thought: Would it be wise for the President to advance the idea of the four western world nuclear nations to join in a compact agreement offering nuclear protection to any non-nuclear nation against a nuclear attack? Would this not be

- (1) A constructive move toward removing the national pressure of Nth nation development of nuclear weapons, if the present four nuclear powers in Europe and America really want to stop proliferation?
- (2) If the Soviets or the French refuse (as one or both very well may) would not our position for peace and non-proliferation be stronger in world opinion and would not the nuclear nation refusing to join in the effort to stop proliferation be weaker?

In my opinion, there is a common interest in the four nuclear nations having a policy of stopping additional Nth nations from developing their own atomic-hydrogen weapons. I do not believe the Soviets, any more than the United States, want to aid or assist non-nuclear nations into the club. Certainly France and the United Kingdom are not thinking about aiding other nations in an atomic-hydrogen weapons development project.

Could this common selfish interest be used as a cement to join the four nations together in the following:

- (1) Joining the forces of the Western World (U.S. and Europe including U.S.S.R.) in a multi-nuclear-weapon-owning nation compact. A nuclear weapon compact that would stop proliferation on the basis of eliminating the need for nationally owned nuclear weapons.
- (2) Would it not isolate Red China and remove from India and other non-nuclear nations the fear of nuclear attack by Red China?

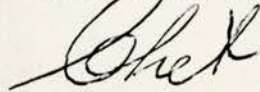
One might say, "We offered the Baruch plan and there were no takers". True, but was it not a noble offer in the eyes of the world? What do we have to lose in the eyes of the world, if another attempt is made to stop proliferation of the present more powerful and more dangerous weapons?

Mr. President, I know you have many brilliant advisors and it is with some trepidation I write this letter. As a member of the Joint Committee on Atomic Energy during its entire life of nineteen years, I have worked to make our Nation strong in atomic weapon capability and deliverability. We are strong, but so are and will be other nations.

If there is any way to join together the destructive capability of the four western world nuclear nations so their collective atomic strength can serve to develop, not a Pax Romano but a Pax Atomica for the presevation of peace in the world, we should find that way.

May God bless you and give you strength to achieve His purpose.

Most sincerely yours,



Chet Holifield

The President of the United States,
The White House,
Washington, D.C.

cc to:

Secretary of State Rusk
Mr. McGeorge Bundy

No release to the press.

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

Research Memorandum ^{30/}

RES-3, March 2, 1966

RECEIVED
MAR 4 9 27 AM '66
N.S.C.
SMITH
BATOR
BOWDLER
BOWMAN
COOPER
JESSUP
JOHNSON
KELSO
KUMLER
MOODY

To : The Secretary
Through: S/S
From : INR - Thomas L. Hughes *Thomas L. Hughes*
Subject: Potential of India's Military Production Capability

India mil

In view of forthcoming Presidential discussions with Mrs. Gandhi, this paper discusses long-range aspects of India's military production capability.

ABSTRACT

1. Indian military forces, particularly the Air Force and the Navy, have only small amounts of equipment, much of it obsolete and of doubtful combat effectiveness. Moreover, present stocks of weapons and equipment would melt away quickly under prolonged fighting.
2. India's present indigenous production meets its defense needs only for more simple weapons, e.g. small arms, ammo, mortars, and light and medium artillery. Although India has a small but expanding capacity to produce some of the components for aircraft, motor vehicles, and communications equipment, its armed forces still depend on a wide variety of foreign sources for most of its heavy or technically sophisticated items.
3. The improvement, however, in Indian defense production since the end of 1962 has been considerable when appraised in terms of a relatively slim industrial base and the country's limited numbers of technically

GROUP 1

Excluded from automatic
downgrading and declassification

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLJ/RAC 12-343

NARA, Date 07-09-2014

By 448

trained managers. Nevertheless, Indian deficiencies in defense production remain serious and can be overcome only if sizeable aid from abroad joins with a special production drive at home.

4. The general level of Indian defense output can advance not so much by stepping up the production of simple equipment but by increasing that of complex items--a task placing a heavy call on its narrow industrial base and limited technical and organizational proficiency.

5. Even if home output of military hardware expands rapidly India will need to obtain abroad increasing amounts of raw materials, technical services, components, and machinery. Not the size so much as the composition of its imports will change if the indigenous output of end products is expanded vigorously. India's military forces are thus bound to remain dependent on foreign sources of supply.

6. The foreign exchange shortage will be an ever-present constraint upon India's ability to expand munitions output. This shortage will be as acute over the next five years as it is now, if not more so. India's success in improving the equipment of its armed forces thus remains tied to the amplitude of foreign aid.

Table of Contents

	<u>Page</u>
I. Military Equipment.....	1
A. General Features.....	1
B. Ground Forces.....	2
C. Naval Forces.....	5
D. Air Forces.....	5
II. Military Production Facilities.....	6
A. Ground Forces.....	7
1. Military Explosives.....	10
2. Arms and Ammunition.....	10
3. Military Vehicles.....	10
4. Miscellaneous.....	11
a. Optical and photographic equipment.....	11
b. Telecommunications and electronic equipment.....	11
c. Chemical Products.....	12
d. Military engineering equipment.....	12
B. Naval Forces.....	12
C. Air Forces.....	13
III. Expansion of Production Facilities.....	14
A. Past Expansion.....	14
B. Future Expansion.....	15
1. Raw Materials.....	16
2. Components.....	16
3. Capital.....	17
4. Manpower.....	17
5. Summary.....	18
C. Foreign Exchange.....	18

Tables

Table 1. Ground Forces of India: Inventory of Arms and Equipment, August 1, 1965.....	3
Table 2. Indian Output of Army Material, Major Items, 1963-65.....	8

I. MILITARY EQUIPMENT

A. General Features

India's supply of weapons and equipment was seriously inadequate and becoming increasingly obsolete in the period before the Chinese attack of October 1962. Weapons on hand were mostly pre-World War II types left behind by the British upon India's independence in 1947. Equipment imports were small and home production of arms and ammunition negligible.

The Indian Government became aware of the Chinese threat in the late 1950's, but not until 1962 did it seek to equip adequately the rapidly expanding military forces. Home output was stepped up and a growing list of supplies was obtained from abroad, notably the Commonwealth, the US and the USSR. The GOI entered into a whole series of sale, grant, and lend-lease contracts under which equipment deliveries are still being made.

The present inventory of military items shows in fact a great reliance upon a varied foreign supply. The weaponry that India has may be almost as much a reflection of the vagaries of foreign supply as of a careful calculation of needs. The non-aligned foreign policy of India is of course one factor in the unusual multiplicity of national origin of their military equipment.

Foreign supply has been especially important in regard to weaponry of intermediate and advanced complexity-aircraft for example. The Indians acquired what they could lay their hands on in negotiations with outside countries that were timed for political convenience as well as to meet the needs of the military forces. The speed of deliveries was of course outside Indian control. This situation is better with respect to simpler weapons, which are largely produced at home, but even here the outside provision of many components and the availability of foreign exchange for buying raw materials has also affected heavily the speed of the buildup of equipment stocks after 1962.

Even if information existed, there would be no value in estimating the exact point of obsolescence of different classes of equipment. They will not be discarded after their combat utility falls below a certain technical level, but rather when they can be replaced by home or foreign supply. A fresh supply being slow and erratic, the average age of equipment in inventory will doubtless remain high and so contribute to an almost insurmountable maintenance problem.

Particularly lacking has been a balance in the equipment held by the three military services. How can there be anything like balance with outside supply so vital and with so many forces, political and others, affecting this supply? A new imbalance resulted from the equipment losses suffered in

hostilities with Pakistan last September; moderately heavy losses occurred in some types of materiel (armor and aircraft), light in others, and stocks of even some common items almost disappeared, though some are now being replenished from home factories. Moreover, the post-September suspension of fresh supplies of military hardware from the US and Commonwealth countries is seriously retarding reequipment and restocking of all items due from abroad--another factor outside India's control that reveals the catch-as-catch-can character of its equipment.

The following three sections are based upon information obtained from DIA.

B. Ground Forces

Table 1 carries information on all infantry equipment on hand, save simpler weapons, as of August 1, 1965. Both combat losses and new accretions since that date are excluded.

Four facts stand out. The first is the small quantity of equipment available to an army of more than 900,000 men having responsibilities in theaters of operation markedly different in terrain, climate and other relevant circumstances. Even divisions favored with equipment must be seriously short. Prolonged fighting engaging large numbers would wear down some supplies to the vanishing point.

Almost every type of military equipment is scarce. There are only 18,000 motorcycles and no more than 51 flame throwers. Mortars of different kinds do not total more than 8,024; and so on throughout almost the entire range of the infantry weapons listed in the table.

The second fact is that home plants produce as of today only few of the less simple items used in the ground forces. The table shows, for example, that of 15 classes of artillery only four are supplied from India, and in each case only in association with equipment provided by one or more foreign countries. Only one type of armored vehicle of the 12 listed is Indian and only one such vehicle (still experimental) is in Army hands; and so on.

The indigenous element in Army weapons supply is even smaller if three points, discussed later, are kept in mind: Indian products are largely modeled on Western designs; they contain many components supplied from abroad; and imports of raw material for their home manufacture are important.

Table 1. Ground Forces of India: Inventory of Arms and Equipment, August 1, 1965

Item	Quantity
Mortars:	
2-inch, Mks 2 through 8 (UK & India)	5,650
3-inch, Mks 1 through 5 (UK)	1,133
3-inch on armed carrier, Ford, Mks 1 and 2 (US)	18
81-mm (US & India)	527
4.2-inch, Mks 1 and 2 (UK)	303
120-mm, Brandt & Tampella (France, W. Germany)	393
Flame Throwers:	
M2A1 (US)	50
Armd carrier, Wasp, Mk 1 (US)	1
Rkt & Rcl:	
57-mm, Rcl Rifle, M18A1 (US & India)	297
3.5-inch, Rkt Lehr, M20 (US & India)	2,394
106-mm, Rcl Rifle, M40A1 (US & India)	668
Artillery:	
75-mm, Pack How, M1A1 (US & India)	164
76-mm, Mt Gun (Yugoslavia)	2
25-pdr, Gun How, Mks 1 through 5 (UK, Canada, & India)	917
3.7-inch, How, Mks 1 and 2 (UK & India)	415
105-mm, Pack How, L10A1 (Italy)	19
130-mm, Gun How (USSR)	8 ^a
5.5-inch, Gun How, Mk 2 (UK)	148
7.2-inch, How, Mk 6 (UK)	18
6-pdr, AT, Mks 2 through 4 (UK)	1,073
17-pdr, AT, SP, Valentine, Mks 1 and 2 (UK)	47
25-pdr, AT, SP, Sexton (US/UK modified)	66
40-mm, AA, Bantam (Canada)	58
40-mm, AA, Bofors (UK, Canada, & India)	1,152
40-mm, AA, SP (UK)	148
3.7-inch, AA, Mk 1 (UK)	253
Armor:	
Scout Cars (including Ferret, Mks 2 & 3 (UK)	188
Armd Cars (including Daimler, Mks 1 & 2; Humber, Mk4; GMI Fox 1; and Ford Lynx, Mk 3 (UK)	612
Armd Carriers (including Universal, Ford, T-15, Mk 1 (US)	4,300
Lt Tk, Stuart, M3A3 and M5A1; Walker Bulldog, M41; and AMX-13 (US, UK, and France)	746

Table 1. Ground Forces of India: Inventory of Arms and Equipment, August 1, 1965
(continued)

	Lt Tk, Amph, PT-76 (USSR)	67 ^{b/}
	Med Tk, Sherman, M4 series, and Centurion, Mk 7 (US & UK)	1,405
	Med Tk, Churchill, Mks 7 and 10 (UK)	442
	Med Tk, Vijayanta (India)	1
	Med Tk, Sherman, Bulldozer, Mks 5 and 8 (US)	37
	Med Tk, Sherman, Crab, Mk 5 (US)	14
	Med Tk, Churchill, Bridgelayer, Mk 4 (UK)	7
	Med Tk, Valentine, Bridgelayer, Mks 2 and 3 (UK)	11
	Tk Recovery, M32 (US)	34
Military	Motorcycles	18,000
Transport:	$\frac{1}{4}$ -ton Trk (jeep-type) (various)	30,000
	1-ton Trk (various)	30,000
	3-ton Trk (US, UK, W. Germany, & India)	45,000
	Tk Transports (US)	337
	Trailers (various)	19,920

SOURCE: DOD/DIA, Order of Battle Summary, India, 1 August 1965, p.8,9.

^{a/} Total of 170 guns contracted for in February 1965; 16 additional guns to be delivered in July-September 1965, 20 in October-December 1965, and remainder in 1966-67.

^{b/} Total of 176 purchased to date; remainder to be delivered by May, 1966.

The third fact is the great diversity of foreign supply. This diversity must present severe problems of training and must also complicate life for commanders who must match men and equipment in moving them from one unit to another.

It must be a serious logistical problem to try to keep in operating order the equipment, now largely obsolescent, that comes from so many foreign countries. Indian maintenance capability has nevertheless improved the last few years, especially in simpler equipment, the more so if home-produced.

The fourth fact is the antiquity of some of the equipment. Dates of production are not known but the type of equipment often shows its age; the presence of Sherman tanks is one example. Almost all Indian armored units are in fact obsolescent.

C. Naval Forces

The Navy is a small fleet of over-aged ships, manned by a well-trained officer corps, and lacking radar warning and other ancillary equipment. It has no submarines, and the aircraft for its one carrier are becoming obsolete. Port and drydock facilities are very limited and concentrated primarily at Bombay. There is also a motley collection of survey vessels, tugs, supply ships, motor launches, and harbor defense vessels.

Virtually all existing Indian Navy ships were built to standard British designs, and were taken over either from the former Royal Indian Navy or subsequently ordered or purchased from the UK. The few exceptions include a tanker and six patrol craft built and purchased in Italy.

Although three submarine chasers and a net-laying ship have recently been constructed in Indian shipyards, they too are basically of British design. Most of the smaller combat ships belong to postwar classes of British antisubmarine, escort, and mine warfare types. The remaining ships of the Navy are of prewar design and construction. The combat efficiency of most of the vessels is not free of doubt.

The UK is assisting in the construction of three LEANDER-class destroyers and the USSR has contracted to provide four submarines, one depot ship, five PCE's, two LST's, and five police patrol boats, as well as naval ammunition and spares. The delivery of these vessels will bring down the unusually high average age of naval equipment.

D. Air Forces

There were 1,522 planes in inventory at the outbreak of the September hostilities with Pakistan. Only 1,185 were tactically assigned, however, which suggests much less combat serviceability than the larger figure indicates.

The distribution of the full inventory was as follows:

Fighter	335
Fighter/Bomber	264
Light bomber	54
Reconnaissance	16
Transport	245
Helicopters	69
Trainers	452
Utility transport	84
Total	1,522

The large number of trainers is to be noted, as is also that of transports and utility transports. The small number of bombers also attracts attention. Jet-engined planes came to 810 of the total and prop types to 712.

The IAF consists of an unwieldy assembly of 37 types derived from six countries. Many squadrons are being phased out and the process would be speeded up were new arrivals in sight. The long-pending request to the US for advanced aircraft is important in any modernization program for the Indian Air Force.

There are no official Indian figures on aircraft losses during the September fighting, but the estimate of US intelligence comes to 61, including 20 Hunter F-56 fighters and 12 Vampire FB-52's. New output, especially of Gnats, has added to the inventory, as has also deliveries from abroad, notably MiG-21's, of which the USSR has so far delivered 12 of the 50 pledged.

The majority of the planes are old and supported by a thin line of spare parts. Sizeable quantities of almost all maintenance spares were cannibalized last September, and the combat serviceability, especially in sustained fighting, of all types is not assured.

Most planes are foreign-produced and even those of home manufacture, such as the Gnat, depend heavily on foreign components.

II. MILITARY PRODUCTION FACILITIES

World War II witnessed the industrial transformation of India, which became one of the major bases for quartermaster-type supplies for Great Britain and her allies. Of arms and equipment, however, local production was slight, limited largely to light infantry weapons, and heavily dependent on foreign parts and materials. It was the Chinese attack of October 1962 that shocked India into a serious effort to advance the home production of arms, which has since expanded vigorously despite tooling-up and other difficulties yet to be overcome.

The bulk of present-day production is of small arms, mortars, light and medium artillery and communications and optical equipment. It takes place in the 17 ordnance plants inherited from the British and the eight more built since independence. Several additional factories are under construction and dockyards, aircraft manufacturing and electronics and communications assembly and manufacturing facilities are also beginning to contribute to the expanding flow of military goods.

This section reviews the principal aspects of India's military equipment industries. The August 1965 draft of the National Intelligence Survey on Manufacturing and Construction (Section 64), supplemented chiefly by the FAMPAF of the DIA, is the leading source.

A. Ground Forces

Table 2 shows the estimated production for the last three years of the leading items of Army materiel. They include in particular small arms, mortars, and light artillery; hand grenades, bombs, and land mines; and ammunition for weapons up to and including medium artillery.

The only output in quantity is of light infantry weapons and ammunition. Home supply is basic for meeting Army need of these items. The production of selected items of artillery, on the other hand, is small; although India has produced artillery up to and including 5.5-inch gun-howitzers, recent production has been restricted to light artillery, including the AA gun, 40-mm, Bofors L-70 and the pack howitzer, 75-mm. There are also plans for the production of a 105-mm howitzer and a 155-mm field gun.

FAMPAF gives a detailed rundown of the essential facts on each munitions plant serving the Army in India. It need not be repeated here, but some general characteristics may be pointed out, especially as they are also typical of the productive facilities serving the naval and air forces, upon which less data exist.

Machinery is obsolete in many cases. The Gun and Shell factory at Cassipore was established in 1801. Some of the machinery at the ammunition factory of Kirkee dates back to 1915. The rifle plant at Ichapur started in 1850. And yet the newest and most up-to-date machinery is also entering individual plants, some alongside worn-out equipment and some supporting entirely new operations. New machinery purchased from France was recently installed in the 1942 ordnance plant at Khamaria. All the arms producing machinery set up at Varangaon is brand new. The ordnance cable factory at Chanligarh is also entirely new.

The origin of war-manufacturing machinery is very diverse. The tools and equipment of the High Explosive Factory at Kirkee are British and those of Indian Detonators entirely Hungarian. The rifle factory at Ichapur contains equipment

Table 2. Indian Output of Army Materiel, Major Items, 1963-65

Item	1963	1964	1965
Infantry weapons			
Submachinegun, 9-mm, Sterling	0	50	7,000
Rifle, .303 Lee-Enfield	40,000	0	0
Rifle, 7.62-mm, Lee-Enfield	0	20,000	85,000
Rifle, 7.62-mm, Ichapur	3,000	30,000	46,500
Machinegun, 7.62-mm, Bren	0	10	1,000
Mortar, 81-mm	0	2	17
Recoilless rifle, 57-mm	0	0	70
Recoilless rifle, 106-mm	150	150	150
Artillery			
Gun, 40-mm, Bofors L-70 AA	0	2	20
Pack howitzer, 75-mm	0	10	20
Mortar, 120-mm, Brandt	0	60	120
Ammunition			
Small arms	250,000,000	130,000,000	155,000,000
Mortar	2,500,000	1,000,000	1,250,000
Artillery	1,500,000	1,500,000	1,720,000
Military transport vehicles			
Truck, $\frac{1}{4}$ -ton (jeep-type)	4,000	4,800	4,800
Truck, 1-ton	4,800	8,600	8,800
Truck, 3- to 5-ton	4,100	6,200	8,500
Armored vehicles			
Tank, medium, Vickers	0	1	1

SOURCE: DOD/DIA, FAMPAP, India, November 1965, p. II-1.

from India and four countries abroad. India and nine foreign countries have supplied the production equipment of the Avadi plant for tanks.

Collaboration with foreign firms is common. It covers capital supply, managerial and technical assistance, use of designs, and the assembly of parts. Imperial Chemical Industries is in Indian Explosives and Montecatini in Dharamsi Morarji Chemical and Explosives. Premier Automobiles is tied to both Fiat and Chrysler. Vickers supplies parts, designs, and technical assistance to Avadi. The National Instruments Factory produces cameras and binoculars with the collaboration of Nippon Kogaku. Bharat Electronics is unusual in having collaboration agreements with firms in seven foreign countries.

Subcontracting among indigenous firms is rare in contrast to the widespread assembly in India of parts supplied from all corners of the industrialized world. The Jubbulpore plant assembles weapons from Cassipore and other ordnance units. Small privately-owned shops serve Ichapur, while Kirkee is supplied by various plants of the ordnance complex.

Production often falls short of capacity even during the recent period of expanding demand. Cassipore turns out 17 81-mm mortars with an annual capacity of 180. Jubbulpore could turn out almost double the current output of carriages for the 75-mm pack howitzer. The output of artillery ammunition of Kirkee does not reach a third of capacity. The Cordite factory at Aravankadu is exceptional in operating at full capacity.

Specialization is rare; in general, the older the plant, the wider its range of products. Cassipore produces rifles, ammunition components and crawler-type tractors. The output of Jubbulpore includes mortars as well as trucks. Nevertheless, few civilian products come from the plants engaged in defense output; the chief exception is the industry producing armed vehicles and military trucks. The fact that almost all the firms producing military items are state-owned and were set up for that type of production alone helps explain their disinterest in civilian goods; the vehicles industry is again the chief exception.

The labor force in the typical plant is small. No more than 10,000 work at Cassipore and the same number at Ichapur, both at two 10-hour shifts, six days a week. The manpower complement of Jubbulpore is large at 12,000. Varangson is more typical with a work force of only 2,000. The small shop, of course, goes with small capitalization. The next section brings out the implications of these facts for the expansion of India's facilities.

1. Military Explosives

The output of military explosives (initiators and intermediates) by three government plants is insufficient to satisfy present requirements. The domestic shortage of explosives has limited the production of ammunition and will continue to do so for the immediate future.

Moreover, India is totally dependent upon imports for 12 items of the 40 raw materials needed to produce the required high explosives and propellants. There are also imports of four items to supplement indigenous supply. The "import content" of even this common type of military item is therefore not small.

Plans made in 1963 called for the establishment of three new ordnance factories, but the government soon decided that imports of explosives would cost less than building and equipping new plants. The Ministry of Defense has therefore been relying on imports of both finished products and raw materials to help satisfy requirements. The gap still covered by outside supply is large both for propellants and high explosives.

2. Arms and Ammunition

The armed forces' program of reequipment after October 1962 was designed to replace almost the full inventory of arms and equipment. Not only were imports of arms and ammunition sharply increased, through purchases and grant aid, but steps were also taken to step up inadequate domestic output and move vigorously toward weapons standardization. Yet although output has increased in recent years, the arms and ammunition industry is not yet capable of satisfying India's full requirements.

Manufacturing of arms and ammo is concentrated in nine government-owned plants, while five additional publicly-owned plants produce ammunition components. Private industry is limited to the manufacture of components for small arms and light artillery, but plans are reportedly under way to procure small arms components from thirty small manufacturing shops.

There is no significant geographic concentration of the arms and ammunition industry. Much of the equipment in use in the government plants is antiquated, an estimated 80 percent being of pre-World War II vintage. Raw material requirements, especially for copper, zinc, and lead, are met in part from imports, though steel production satisfies present-day needs.

3. Military Vehicles

A light tank of British design will be produced at the Avadi Ordnance Factory. Output is expected to be at an annual rate of 75 light tanks beginning in 1967. A prototype model has already been produced. The manufacture of a

modified version of the British Centurion medium tank is also scheduled for early manufacture, hopefully reaching an annual rate of 100 units in 1966, but now set back with the suspension of UK military aid. Indian capability to mass-produce these two types of tanks, however, is not yet assured.

The medium tanks will initially be assembled from imported and domestically-produced components, but by 1968 all components are scheduled to be made in India. The tank, weighing 37 tons and mounting a 105-mm gun, will come from a new plant, the Heavy Vehicle factory in Avadi, completed in 1964 with assistance from Vickers Armstrong of the UK.

Otherwise, India has a small motor vehicle industry that manufactures models of foreign passenger cars, jeeps, buses, and trucks up to 5-tons. The industry is still dependent upon vital imported components, amounting to 20 to 50 percent of the assembled items, although a wide and increasing range of parts is produced at home. Present-day military needs for general-purpose vehicles up to 5-ton trucks are met by domestic firms.

4. Miscellaneous

(a) Optical and photographic equipment

India produces a limited supply of optical and photographic equipment for military use. A number of rapidly-expanding scientific facilities manufactures instruments of high quality. These firms could doubtless provide a substantial part of the military need for less complex devices in case of a stepped-up military demand.

Defense requirements for raw film are supplied by the Hindustan Photo Film Company. Beginning in 1965 this plant will produce 140 million linear feet of raw film with the collaboration of Ets. Cie Bauchet of France. Imports of raw film amounted to almost 77 million linear feet in 1963, of which East Germany accounted for 64 percent.

A wide range of photographic and optical equipment, such as range finders, telescopic sights, aerial cameras and telephoto lenses, are supplied through imports.

(b) Telecommunications and electronic equipment

India produces field telephones and switchboards, teleprinters, and military telecom field wire, but not enough to meet military requirements. Two small plants have recently started to manufacture teleprinters and military field wire under license from foreign companies.

The supply of radiocommunications equipment used by the military and by

other government ministries and departments is only partially met by local production. Mobile transmitters, receivers, and transreceivers have been purchased from West Germany and the Netherlands, while military assistance from the US and UK has included other classes of radio equipment.

The only radar under production is a target-acquisition type assembled at Bharat Electronics under contract with a Swiss firm. The UK and the US have supplied early-warning radar units while the USSR is putting up fixed radar installations for surface-to-air missiles.

(c) Chemical Products

India does not produce chemical, biological, or radiological warfare agents, or protection and detection materiel. Indian Army tactical planning does not envisage offensive employment of lethal or non-lethal CW-BW agents.

Limited quantities of smoke and incendiary munitions are manufactured in the Indian ordnance system. Incendiary bombs, smoke shells of various caliber, and smoke grenades, bombs, and candles are filled at the Khamaria Factory while smoke mortars of various caliber are filled at the ammunition factory at Kirkee.

(d) Military engineering equipment

All bridging and stream-crossing equipment presently in use in the Indian Army has been imported. However, the Bailey Bridge Class 40, presently in use, will be manufactured in India under an agreement with Thomas Storey, Ltd., of the United Kingdom. Production is expected of six units by 1969. The Krupp-Mann Class 60 bridge is also scheduled for domestic production of 12 units yearly to reach an annual total of 60 by 1969.

There is also limited output of tractors and bulldozers, road rollers, power shovels, towed and motorized scrapers, excavators, and cranes, which are supplemented by purchases in Japan, the US, and the UK.

B. Naval Forces

The principal combat ships of the Indian Navy were built in the United Kingdom, but India does have the capability to build each year about one small auxiliary naval ship and several light naval craft. Production over the past few years has been limited, however, to only a few coastal minesweepers and seaward defense boats, in addition to a 2,800-ton survey vessel, started in 1957 and recently completed. Ancillary shipbuilding industries are poorly developed, and nearly all components, including much of the ships' steel, are imported.

Of the few naval ships built in India since 1959 the Hindustan Shipyard

accounted for the bulk of them. In addition, two submarine chasers of 120 tons each were built at the Hooghly Docking and Engineering Co.; a 500-ton water barge at the Mazagon Dock Ltd.; and a 120-ton submarine chaser at the Garden Reach Workshops.

C. Air Forces

India has a small aircraft industry with a limited capability, but with ambitious plans for expansion. Indians have in fact already demonstrated a capability to design and produce, in limited numbers, modern airframes, but have not been successful, even with limited foreign technical assistance, in the design of jet engines. The Indian aircraft industry must therefore rely on foreign engines for some years to come. The development of a sound and integrated aircraft industry--engines, frames and electronic equipment--may require ten years or even more depending in large part of the amount and skill of the foreign assistance the Indians receive.

Ancillary industries necessary to support an expanding aircraft industry have not yet been developed, necessitating sizeable imports of raw materials and components to support even the modest level of production attained in recent years. Nor does India have in adequate quantities more than a few of the special raw materials needed to sustain aircraft manufacture on any scale. Aircraft engine overhaul facilities are also limited but growing, in part with US aid.

Hindustan Aircraft Ltd. (HAL) at Bangalore is the principal aircraft plant in India with nearly two million square feet of floorspace in the airframe section. The plant was designed and built by the US early in World War II and was equipped with machinery and equipment from the US and China. The aircraft engine division of the HAL plant is only a short distance from the airframe manufacturing and overhaul facilities. This division was completed in 1959 and its first engines produced toward the end of 1960. The Kanpur Airframe plant is the second producer with an estimated 600,000 square feet of floorspace located at Chakeri Airfield. Seven transports have been produced here since operations started in late 1961.

The Gnat jet fighter and the AVRO-748 light turboprop are being produced under license from the United Kingdom. India produces at present three Gnats per month with the help of many imported components of critical importance; its monthly production averaged up to 15 when the import of components and spare parts was uninterrupted.

A few "native-designed" HF-24 jet trainers and a few communications/utility aircraft also are being produced. Sixty-two of the jet trainers have been ordered and are scheduled for completion in late 1967, but further technical development of this aircraft is under way and until final decisions are made its future rate of output is uncertain. A total of eleven have been produced to

date at a rate of one every two months.

The HJT-16 "native-designed" jet trainer currently is being developed at Bangalore with assistance of foreign specialists. The three made so far are prototypes only and no production schedule yet exists.

As a result of negotiations with the USSR, which began in 1962, three factories are being set up in India with Soviet assistance to manufacture MiG-21 airframes, jet engines, and electronic components. The beginning of assembly work is expected to start in 1966 and full production reached in about four years. Since the start of the program, however, there have been delays in plant construction because of disagreements as to the model of MiG-21 to be produced and the cost of materials to be supplied by the USSR. These problems have recently been settled, however, and plant construction is reportedly scheduled for completion in this year.

The Indians have also concluded an agreement with the Soviet Union to build a plant for the production of AA-2 ATOLL air-to-air missiles which are part of the MiG-21 weapon system. But there is no evidence yet that construction has begun.

III. EXPANSION OF PRODUCTION FACILITIES

A. Past Expansion

Defense output in India has been up strongly since the Chinese attack and the rise is not likely to slacken over the next few years. The available figures illustrate the force of this expansion. The combined output of the full range of India's munitions industries was estimated in 1963/64 as the equivalent of \$299 million, up from \$164 million in 1962/63. The GOI's estimate for 1964/65 is \$379 million, more than double the output two years earlier.

This rate of expansion is impressively high but the figures are swollen for two statistical reasons. Wholesale prices have risen at least 20 percent in the period covered. The "real" increase in defense output is thus more modest.

Moreover, the output figures are gross, not net, that is, they include the large imported volume of raw materials and components that enter India's defense production. This fact creates the anomalous result that the figures on output could get larger by greater imports rather than by a greater productive contribution of the Indian economy. With a greater indigenous turnout of finished products in recent years the supply of imports has in fact risen to swell the gross value of output.

The true measure of the growth in India's productive capability would be of net value added, that is, the value of the productive contributions of Indian labor and capital that is added onto the value of imports entering the

military production process. India's output has doubtless expanded according to this measure, as the data would show did they exist, but not nearly as much as the gross figures suggest.

B. Future Expansion

The crisis of last September and the suspension of US and Commonwealth aid has accelerated the GOI will to increase production capability. There is even talk of approaching self-sufficiency in military items. What problems lie ahead?

There are engineering and organizational problems for each plant and for every type of weapon. Two US studies have carefully examined these problems for almost the full range of military output: Report of US Defense Production Team Mission to India, January 25-March 8, 1963 (Carroll H. Staley) and Defense Production in India, March 1964, Arthur D. Little, Inc. These are "the last word" as supplemented by day-to-day experience of the US Military Supply Mission in India. But they do not rule out the utility of some broad observations of an economic and financial nature.

The defense output of India could doubtless rise sharply if it were a question only of advancing the production of items already produced. But India's need for most of the simpler items is met largely by local output and the big task that lies ahead is turning out the more complex items that now come almost exclusively from abroad. This task will place a heavy call upon India's slim industrial base and limited technical and organizational proficiency. The task is thus qualitative and not only quantitative.

It is not certain, in fact, that India's defense output will rise in the future. Only if expansion in the production of complex items is great enough to offset the declines in some simpler types of arms will general output rise. There are changes in the composition of output that must be arranged to assure an expanding output of the total. India's limited success thus far in moving men, technicians and machinery from industry to industry does not guarantee such an expansion.

A notable example of a shrinking output is that of military trucks which if present plans are followed will fall off sharply from 1964 through 1968. Other examples are the 7.62-mm Ichapur rifle and the 120-mm-mortar, both scheduled to be dropped from production. The output of a wide variety of ammunition will also go down. Taken together, these items make up no small share of present-day defense supply. The composition of defense supply will therefore have to change considerably if India is to keep the gains won, not to speak of extending them.

It is not seriously suggested that India will ever supply itself completely. Industrially stronger countries, including the US, make military equipment purchases abroad. But even a limited move in the direction of greater self-

sufficiency will bump into the abiding shortage of foreign exchange, which in fact restricts India's economic growth in whatever direction, but especially in the expansion of arms supply. Several important items of import content enter arms supply.

1. Raw Materials

The raw material base of Indian industry is fairly broad but far from complete even at present levels of output. Moreover, some items found and processed at home are in insufficient quantity. Some of the raw materials not found in India, or in short supply, include copper, zinc, antimony, lead, nickel, and tin. The expanded import of non-ferrous metals and ferro-alloys would in particular be a heavy charge on foreign exchange at the high prices prevailing today. There are also net imports of small size of steel, aluminum and rubber.

There is only a thin back-up of raw material stocks at present to fuel a growth in manufacturing output. The size and composition of these stocks often reflects more closely the administrative vagaries of foreign exchange allocation than the rational evolution of production schedules. The result at times is costly slowdowns and even breakdowns in the flow of arms production that heavier pressure of defense procurement would generalize.

The basic solution is to set up more balanced and more abundant stockpiling within India of strategic materials. Foreign exchange costs are not likely to be small at present prices. Moreover, these reserves must be kept at all times at an adequate level to keep war production facilities operating without interruption.

2. Components

Previous pages underscored India's need to draw on parts from abroad in the home assembly of end items. As home production rises, the import of components will rise correspondingly, and hence another reason for expecting the levy on foreign exchange resources to be sizeable from any step-up in arms output.

This observation would need qualification were India preparing a greater volume of their own components. More and more plants are in fact in the process of phasing out their purchase of components abroad. This process has far to go, however, before India can find at home the growing number of components needed in the growing output of technologically complex end items.

Moreover, as the home output of components expands, raw material requirements, including those imported, also rise. The growing indigenous production of components therefore changes the form of demand for foreign exchange rather than its size.

3. Capital

The most obsolete and the most up-to-date machinery stand side-by-side in many Indian factories. The indigenous and the foreign also co-exist. The foreign facilities, in addition, are from an exceptionally wide array of countries, perhaps wider than in any other country. The maintenance in good operating order of this ragbag of industrial plant and machinery is a nightmare.

Productivity would certainly rise upon a decline in the average age of India's industrial machinery. The most natural way to rejuvenate its plant would be through the steady replacement of obsolete equipment with fresh installations. Further gains would be scored in productivity by reducing maintenance headaches with more and more plants moving toward the standardization of their capital facilities. Thus is envisaged a fresh inflow of capital investment of no small magnitude.

The machine and equipment industries of India are not able at present to supply more than a limited amount of the specialized types of machinery needed in defense plants. The shortage of machine tools in India--a problem to which the US has addressed itself--is one example. A rash of industrial installations would therefore raise the amount of capital required from abroad.

Moreover, the amount of capital needed in India to turn out a rupee of military hardware is high. It is high in every country since most modern weapons issue from much specialized and complex machinery. The volume of new capital in plants producing these weapons must therefore grow as the volume of their production expands.

The average size of the defense plant in India will also have to increase if it is to turn out the more advanced weapons. As noted before, small-scale organization characterizes Indian manufacturing, few plants employing more than 10,000 workers at two shifts, even in industries that are characteristically on a large scale in other countries, such as motor vehicles.

Experience in the US and Europe indicates that the small unit simply cannot produce most complex equipment on an economical basis. The mass production of sophisticated weaponry typically requires heavily-capitalized, large units. The enlargement and thus the greater capitalization of Indian manufacturing plants is a prior condition for their entry into the field of advanced weaponry.

Small size would not be anti-economic were subcontracting widespread, but it is only beginning in India. The more typical practice is to produce all of a product, even a fairly complex one, under one roof. These handicraft traditions would have to go in the field of military supply.

4. Manpower

The problems arising from the expansion of the military manufacturing labor

force can be solved only to a very small degree by outside contributions even though India is severely short of technical help, both advisory and operational. This shortage will become more acute as defense output increase. The input of technical services in a rupee of military output also rises sharply as advanced weapons assume a larger and larger share in this output.

The Little report points out that strong foreign collaboration is absolutely essential in any development program of military equipment. The present supply of aircraft designers, trained technicians and engineers, and skilled aircraft production workers, for example, is adequate only for the design and development of an occasional new light aircraft, but to turn out advanced aircraft in significant numbers extensive outside help is necessary.

The value of foreign technical assistance is shown most recently in the work of British and American experts since the defense buildup started in 1963. Yet they are thinly spread throughout the defense production establishment and there even is special resistance in India to increase their number and enlarge their authority; this is true in government departments as well as in individual manufacturing shops.

5. Summary

The foregoing shows the ways in which a defense buildup would place a heavy call on India's limited reserve of foreign exchange. It also shows the anomaly of any Indian move toward self-sufficiency in military hardware. Let it be assumed that India will soon produce all the military equipment needed by its armed forces. The result would be an enormous expansion in the need for foreign exchange to finance the purchase of the raw materials, parts, machinery, and technicians that enter the home production of military items. Self-sufficiency in end items, assuming its feasibility, is therefore bought only by increased dependence on things obtained abroad; the import bill changes in composition, not size.

There are too many unknowns to permit an estimate of whether on net balance there would be foreign exchange gains or losses were India to move toward military equipment self-sufficiency. The prices of many future imports, end items and raw materials alike, are simply beyond confident estimating. The change from one type of dependence upon abroad to another is nonetheless unmistakable even in the absence of magnitudes.

C. Foreign Exchange

The foreign exchange shortage will be an ever-present constraint upon whatever expansion program of defense output India sets its sights on. It will be possible to estimate the severity of the need for exchange when India puts in final form its program of defense expenditures for the Fourth Five-Year Plan.

This Plan is now stuck in the morass of many uncertainties, largely arising from the September conflict, and quantitative analysis must therefore be put off. It is enough for policy purposes, however, that India's exchange resources will be as scanty, if not more so, than at present; there is hardly a favorable factor in sight. US policy can change its tack if this almost certain expectation proves mistaken.

The basic facts are as follows:

1. India has been strapped for foreign exchange for two decades. International monetary reserves have dropped steadily from almost \$2.0 billion at the end of 1951 to a little over \$500 million at present. The passage from one exchange crisis to another reflects one underlying chronic crisis.
2. India's debt service has been going up and will continue upward on the likely assumption that it will need to contract new debt. Debt service now stands at about \$500 million a year, almost equal to exchange holdings and reaching about a fifth of annual exchange earnings from all sources.
3. Indian exports have little expandability since they include few products--and these of little importance--that are likely to be caught up in a steep jump of either price or volume. Moreover, some exportable supplies will melt away as the economy enters the pressure cooker of expanding defense spending. Rupee devaluation would no doubt boost exchange earnings for a time, though only at the expense of intensifying the import demand pent-up for many years.
4. If India enters hostilities, e.g. with China, it would probably lose a portion of the economic aid now passing through the Consortium; a stretch-out of debt payments, however, may replace fresh aid. India could even lose some financial support from the IBRD. Not much fall in the recent-year inflow of outside aid is necessary to bring it below the year-in, year-out outflow of debt repayment.
5. Belligerent India would also lose a share of the trickle of private foreign investment it now receives. This investment could even dry up altogether should the cohesion of the beleaguered Indian state come into question.

Thus is established the need for financial help from others if India is to supply itself to an increasing degree with the modern arms it needs, whether supplied from abroad or made at home with a high content of imports of goods and services.