

April 4, 1967

310

Hal -

Ann Hamilton's office wants the following information:

- (1) date of executive agency request to the White House;
- (2) date of BoB memorandum;
- (3) date of and nature of LBJ decision for the following:

the India consortium instruction;

the India program loan (I assume the \$~~132~~ million recent authorization)

Pak PL 480 of Dec. last;

Pak PL 480 November last.

This request comes from Ann Hamilton's secretary. Could you or Thelma cope?

HW

*Ans. by phone
with attached
info. 4/4/67.
T.*

Mr. Sawyer

36a

- India Consortium Instruction
1. Gaud memo to Pres. - 3/26/67.
WWR memo to Pres. - 3/30/67.
 2. BOB memo - 3/28/67.
 3. Pres. approved 4/2/67 -

- India Program Loan - \$132 Pres. - 6/10/66
1. David E. Bell memo for Pres. - 6/11/66.
WWR memo for Pres. - 6/11/66.
 2. BOB memo for Pres. - 6/11/66.
 3. Pres. approved -

- Pak PL 480 - December 1966 (Sales Agreement for wheat, grain)
1. Gaud-Schmitke memo - 12/12/66.
WWR memo for Pres. - 12/16/66.
 2. BOB memo - 12/16/66.
 3. Amendment approved 12/23/66 -
(To Jerusalem 108415, 12/24/66)

- economic ~~PL 480~~ Nov. 1966 (870 million Program Loan)
1. Rust memo for Pres. - 11/21/66.
WWR memo for Pres. - 11/29/66.
 2. BOB memo for Pres. - 11/28/66.
 3. Approved by Pres. - 12/24/66.

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

~~SECRET~~

166539
India - Pak
military
3
37

80
Origin
SS
Info:

ACTION: Amembassy NEW DELHI
RAWALPINDI

MAR 31 5 28 PM '67

STATE 166539

EXDIS

Cy to James Clark, BobB,
with #445 memo 4/13/67.

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:

- Withdrawal of
A. ~~USMAG~~ MAAG (Pakistan) and USMAMI, 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
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Clearances:

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

S/S - Mr. Walsh

~~SECRET~~

FORM 8-65 DS-322

DECLASSIFIED
Authority FRUS vol. XXV, #431
By cbm, NARA, Date 7-29-05

~~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~~ ~~except for replacement of such 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 ~~maximum~~ 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:

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- 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~~

~~SECRET~~ - EXDIS
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
Sensitive Material
Senior Interdepartmental Group

Wriggins

6 ³⁸

*India -
Pak*

February 10, 1967

TO : Members, Senior Interdepartmental Group
FROM : Staff Director, SIG *WBC*
SUBJECT: SIG meeting February 14, 1967, 11:00 a.m.
on India/Pakistan

There is attached a paper setting forth the views of AID.

Attachment

cc: SIG Members
S, M, G
Treasury, for Mr. Barr
No Others

~~SECRET~~ - EXDIS

DOC. CONTROL
SIG/DOC. #14

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

38a

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FEB 9 6 13 PM '67
ACTION MEMORANDUM FOR THE ADMINISTRATOR

FEB 9 1967

THRU: EXECUTIVE SECRETARIAT
EXSEC

FROM: AA/NESA, William B. Macomber, Jr. *WBM*

Problem: NEA has put forward for the SIG meeting on February 14 a proposed liberalization of U.S. military supply policy for India and Pakistan. The proposal raises the fundamental question of whether we should loosen our policy before significant progress is made toward arms limitation or mutual accommodation. This question breaks down into four key issues on which we disagree, namely: sales of lethal spares, permissive supply of lethal end-items, regularization of credit sales, and the magnitude of credit sales.

Discussion:

Liberalization of Military Supply Policy.

In October a message was sent to our embassies in India and Pakistan outlining U.S. objectives with respect to dampening down the arms race, authorizing exploratory discussions with both governments, and suggesting that if we could reach certain understandings we would consider taking steps to liberalize our military supply policy on the subcontinent. A.I.D. was skeptical about the prospects for success in the effort but concurred in the message on the grounds that if in fact these efforts succeeded a framework would have been created within which military assistance could be extended (a) without adverse economic development effects on the subcontinent and (b) under circumstances which would place us in a strong position to justify our actions to Congressional critics.

In the interim we have not achieved any significant progress toward reaching the goals outlined in that earlier message.

Despite the absence of progress, it has now been proposed that we liberalize our military supply policy. From a tactical point of view, we have reservations about this course since in effect it means that having earlier set up a quid pro quo situation, we now -- having failed to achieve the quid -- would be prepared to proceed with the quo anyway. But quite apart from this tactical consideration, we are concerned that, in the absence of real progress with respect to a mutual understanding on arms limitation, any military assistance on the part of the U.S. would tend to increase the prospects for an arms race and facilitate the maintenance of uneconomic and oversized military establishments in both India and Pakistan.

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DECLASSIFIED
E.O. 13292, Sec. 3.4
By *cbm/ls*, NARA, Date 2-18-10

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- 2 -

We also believe that any significant policy shift toward assisting two armies so recently at war with each other -- with no real interim progress toward a settlement of the issues which divide their two countries -- would trigger a very adverse reaction in Congress.

Sale of Lethal Spares. The basic arguments against liberalizing military supply policy unless progress toward accommodation is noted or clearly foreseen are sharpened when lethal arms are involved. Furthermore, the NEA proposal on sale of lethal spares gives more to Pakistan which has so much larger a proportion of previously supplied U.S. armament. As a consequence, the NEA proposal includes compensatory liberality for India in the form of a large volume of credit sales. Thus there is a built-in escalation of our own involvement as well as the risk of escalation of the arms race.

Domestic political reactions to a lethal military supply policy would also be more adverse.

Permissive Supply of Lethal End-Items. The NEA proposal would authorize sale by other Western countries to India and Pakistan of lethal arms, the manufacture of which includes U.S. technology and components. It would authorize, on a case-by-case basis, resale by third countries of U.S.-source lethal equipment as well as sale of U.S. equipment being co-produced in Western Europe and Japan. This proposal carries greater risks both of triggering escalation and of adverse domestic reaction because it could permit expansion of forces and not, as with lethal spares, be limited to maintaining existing forces.

Regularizing of Credit Sales. AID has held the position that -- regardless of magnitude -- credit sales should continue to be authorized on an ad hoc basis until tensions are reduced further. The NEA proposal is to offer to India and Pakistan a specific line of credit for concessional sales of non-lethal equipment. The proposal is in terms of "up to" the given dollar figure but in practice such a formulation tends to be frozen as a fixed commitment. This proposal implies a regularity whereas AID believes that the appropriate U.S. policy on credit sales is one of a short and uncertain rein to convey tentativeness and dissatisfaction with the lack of progress.

Magnitude of Credit Sales. AID opposes the proposed \$75 million annual program level for concessional credit sales. We believe as noted earlier that military aid of any kind, and certainly in this volume, facilitates the continued maintenance of oversized and uneconomic military

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- 3 -

establishments in both India and Pakistan. At a time when economic needs and food needs in both countries are rising and when global aid is becoming tighter, greater pressure should be put on military spending rather than less. It should be noted that India and Pakistan are spending at least three times as much foreign exchange this year for arms as they are for food.

We do not accept the argument that these countries will save the "savings" made possible by the U.S. concessional terms. We believe it to be at least as likely that the savings would be spent on additional arms. In our view a credit sales program in the \$15-20 million range for the two countries combined is adequate to maintain the desired continuing link with the Indian and Pakistani military establishments.

Other Questions. The NEA proposal also includes resumption of grant military training in the U.S. and reorganization of military assistance staff in the two countries. We have no objection to these proposals.

Recommendations:

1. That A.I.D. oppose the liberalization of military supply policy at this time and specifically object to opening the doors to supply of lethal terms and to regularization of credit sales.
2. That A.I.D. urge credit sales be held to the \$15-20 million a year range.
3. That A.I.D. raise no objection to resumption of grant CONUS training and to substitution of more limited staffing for the existing U.S. military supply organizations in the two countries.

Approved: _____

Disapproved: _____

Date: _____

FEB 9 1967

*pe cleared
per [unclear]
2/9*

NESA/SA:CHRees:meh:2/9/67

*India-Pak*39~~SECRET~~

November 9, 1966

TO: W. W. Rostow
FROM: Howard Wriggins
SUBJECT: George Woods' Idea

George Woods' idea is intriguing. It is simple, straightforward, and should help to "bring them to their senses."

I do foresee two major operational problems, which must be thought through before his approach to these two very sophisticated and mutually suspicious countries can do its work. By what precise standards does the IBRD intend to measure whether either or both had performed up to its requirement? If he is hoping to do more than affect atmospherics, he will have to answer the following types of questions:

(1) How will the yardstick of reductions in spending or force levels be determined? Does each go down an equal amount? An identical percentage point by comparison with 1960 (when the Paks were in good shape), 1964 (when the Indians, proportionately, were in much better shape), or 1966 (when the Paks were making good their wartime losses at high cost while the Indians were doing the same at low cost), or what? How does one put a price tag on India's defense production? Does the IBRD, Pakistan or some other entity inspect this production? Who will monitor such an "agreement" between two suspicious states?

(2) How can he define what progress on Indo-Pakistan relations is necessary before he will recommend favorably to the consortium?

Should they be seeking ways of talking, or be really talking? Should they have buttoned up an agreement on outstanding issues? Suppose no agreement is reached -- how is the blame to be allocated? If India appears agreeable from our standards but sets what are obviously unacceptable conditions for the Pakistanis, does India get aid and Pakistan not? And vice versa? We grappled with this problem last year at the time of the Indo-Pakistani conflict and could define nothing more precise than "engaging in a process" looking toward improved relations.

DECLASSIFIED

E.O. 13292, Sec. 3.4(4)

NSC Memo, 1/30/95, State Guidelines

By cbm/jc, NARA, Date 7-29-05

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- 2 -

When you next talk to Woods you may want to raise such questions. Meanwhile, Dave Linebaugh is pursuing a somewhat different tack to the same end, and I will brief you when Ellsworth Bunker, Handley and I go over it together shortly.

~~SECRET~~



DEPARTMENT OF STATE
WASHINGTON

40

October 24, 1966

~~CONFIDENTIAL~~

India - Pak

MEMORANDUM

TO: Mr. Howard Wriggins, The White House
FROM: NEA/PAF - Lowell B. Laingen
SUBJECT: GOP Willingness to Discuss Arms Limitation with India

Here is what I know of what there is on the record about GOP willingness to discuss arms limitation with the Indians:

1. In an aide memoire of May 17 given to our Embassy after the Shoab visit here the Foreign Office said: "Both at Tashkent and at the Inter-Ministerial India/Pakistan meeting in Rawalpindi, these two items -- settlement of Kashmir and reduction of forces of both countries to reasonable levels -- found the highest place in the Pakistan agenda for discussion with India. However, the Indians showed no interest in these items. Should they be prepared to do so we would be glad to go to Delhi at any time."
2. This point has subsequently been reaffirmed by the GOP both publicly and privately since that time on several occasions. The GOI interprets the Pak position as being that settlement of Kashmir must precede reduction of armed forces. You will recall the Indian Embassy exercise here in August speculating that perhaps the Paks had decided to delink the two (State 3066) and the Embassy's eventual conclusion that they had not.
3. I think the original Indian conclusion was essentially valid; i.e., that Pakistan is not likely to agree to any reduction of forces prior to at least the beginning of movement on Kashmir. GOP public statements during the summer have been essentially to this effect.
4. I believe the best evidence there is as to just what Ayub might be open to on this score was in his conversation with Ambassador Locke of September 2. You will recall that in paragraph 7 of the Ambassador's

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

report (Rawalpindi's 835) he reported Ayub as seeing no purpose in separate military discussions without concurrent consideration of other differences but left open the possibility that he might nonetheless go along if pressed. I assume this was behind the Ambassador's conclusion in that telegram that his impression was Ayub might go along if we insisted on separate arms talks with India but that Ayub did not think such an approach could accomplish anything under present political conditions.

5. On September 20 Agha Shahi followed up this conversation by calling in the Ambassador to seek clarification of U.S. views on arms limitation. Shahi indicated an interest in arms limitation discussions but said that any favorable outcome was clouded by India's talent for avoiding straightforward commitments. Again the Ambassador concluded that the GOP would probably be willing to hold secret arms limitation discussions with India and was likely to respond positively given a reasonable opportunity. However, the Ambassador did not indicate in that cable whether such talks could proceed without at least concurrent movement on Kashmir.

6. One other point: Pirzada made a statement in London on September 5 saying that "The only assurance of stable peace between Pakistan and India lies in a sincere effort to resolve their disputes and differences and an agreement to reduce the level of forces on both sides. The peaceful settlement of disputes and reciprocal (underlining added) reduction of forces will not only create mutual confidence but enable both countries to turn their resources and attention to the more pressing problems of the economic and social welfare of their peoples."

I conclude that the Pakistanis would probably not agree to talk about arms limitation except concurrently with movement on Kashmir. This is not to say that the GOP isn't interested in arms limitation. I think it genuinely is interested; Pakistan has everything to gain in anything that slows up what the Pakistanis see as a very rapid and formidable military buildup in India which Pakistan cannot hope to keep up with. And Pakistan has made publicly clear on several occasions the importance it attaches to reducing the level of armed forces; I doubt that India looks as good on the public record.

SECRET

Friday, September 2, 1966
10:00 a. m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Indian and Pak PL 480 Agreements K

After our talk yesterday morning about the relation between our domestic bread prices and our India-Pak PL 480 programs, I asked the Budget Bureau informally for an opinion. The Bureau has headed the inter-agency operation of which I spoke.

The attached strikes me as a good updated analysis based on the facts developed during the July inter-agency review of our wheat situation. It is not a formal memo checked with Agriculture. I believe you will wish to read it.

The argument is that we set the FY 1967 PL 480 planning figure only after reviewing domestic projections of consumption, exports and the carryover necessary to keep prices in line. Speculation in the market has kept prices unexpectedly high. But this is a largely irrational element on which cutting PL 480 shipments would have almost no significant effect. It might even have the contrary effect by indicating panic about the domestic position.

Therefore, though the reaction of speculators is impossible to predict, it looks to me as if these Indian and Pak agreements would have no effect on domestic prices. I would hate to hold the small Pak agreement up much longer; and I believe the pared down proposal for India is about as far as we should go, given their pre-harvest and pre-election requirements and our commitments. That proposal -- only running through February -- gives us the chance to make a fresh assessment after the Indian November harvest is in.

But if you still feel uncomfortable, we might hold back on the larger Indian deal -- I propose delaying signing until late September anyway -- and ask for a formal Agriculture-Budget answer to your question.

DECLASSIFIED

Authority FRUS, Vol. xxv, #374
By cbm, NARA, Date 7-29-05

West Rostow

I'm satisfied; go ahead with your
approach on both India and Pakistan _____

Go ahead with Pakistan now; ask for
a formal Agriculture-Budget analysis on India ✓ _____

See me _____

SECRET

42a

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

September 1, 1966

MEMORANDUM FOR MR. ROSTOW

Subject: Effect of P.L. 480 sales on domestic wheat prices

This is in response to your request for an analysis of the effect of P.L. 480 sales on domestic wheat prices.

1. In July, an interagency group reviewed our wheat situation. It established reasonable projections of domestic consumption (660 million bushels), commercial exports (300 million bushels) and desirable carry-over (400 million bushels) with a view to avoiding further domestic price increases. The 413 million bushels left over--allocated to P.L. 480--were not expected to have any disruptive effect on domestic prices.

2. The current unusually high prices apparently are due to market speculation that the supply situation is tighter than publicized.

-- Normally prices turn down at the start of harvest (May-June), but this year they continued to move up.

-- Then they jumped sharply on announcement of the 3-year Canadian-Soviet wheat agreement as speculators saw new evidence of tightening world supplies.

3. We do not expect prices to move any higher during the year, barring any unusual events such as further Soviet purchases or unexpected crop failure in other countries.

-- The August crop report indicates 46 million bushels more production than anticipated at the time the carryover and P.L. 480 planning figures were set and at the time the 1967 crop acreage allotment increase was proposed.

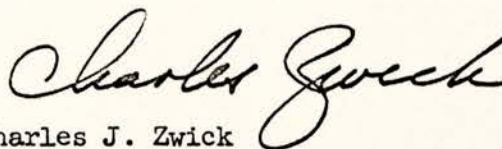
4. Even if all P.L. 480 wheat shipments were stopped now, we would not expect a drop of more than 15 cents per bushel.

-- Many of the recipient countries would have to buy the wheat anyway--probably mostly in the U.S.--so that total demand here would remain almost the same and any domestic price drop would be very small. Of course, this would have a severe impact on economic development.

-- Curtailing shipments might even move prices upward temporarily if there were some speculation that the action was being taken because of a tight supply situation. The announcement that our P.L. 480 program this year would be 25% less than last year may have contributed to the current speculative pressure on prices.

5. A 15-cent drop in the price of wheat would not decrease the price of wheat flour or bread. It would take a drop of 70 cents or more per bushel to reduce the price of a loaf of bread by 1 cent.

6. Approval of the proposed agreement for 50 million bushels for India and Pakistan (1.4 million tons) would not have any noticeable effect on domestic prices.



Charles J. Zwick
Assistant Director

INCOMING TELEGRAM *Department of State*

India
Pate
43

~~SECRET~~

43
Action

SS
Info

EHX309
OO RUEHEX
DE RUSBAE 2673 2311020
ZNY SSSSS
O 191004Z AUG 66
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE
RUEHEX/WHITE HOUSE IMMEDIATE
INFO RUQVGM/AMEMBASSY RAWALPINDI IMMEDIATE
STATE GRNC

*orig att. to Wiggings
memo to President
8/23/66*

18179

AUGUST 19, 1966

7:12 A.M.

BT
~~SECRET~~ NEW DELHI 2673

AUGUST 19
L I M D I S

FOR THE PRESIDENT AND ACTING SECRETARY BALL

1. IN REFERENCE TO AMBASSADOR LOCKE'S COMMENTS ON HIS DISCUSSION WITH PRESIDENT AYUB (PINDI 580) WE FULLY APPRECIATE HEAVY PRESSURES THAT WE ARE UNDER TO ENABLE PAKISTAN TO REACTIVATE PATTON TANKS, F-36S, F-104S AND B-52S PROCURED FROM US.

2. HOWEVER WE MUST STRESS ONCE AGAIN THAT DESIRABLE AS THIS MAY BE FROM THE STANDPOINT OF IMPROVING OUR RELATIONS WITH PAKISTAN, IT WOULD HAVE A DEVASTATING LONG-TERM EFFECT NOT ONLY ON US-INDIAN RELATIONS BUT ALSO ON PAK-INDIAN RELATIONS.

PAGE TWO RUSBAE 2673 ~~SECRET~~

3. THE INDIANS ARE CONVINCED THAT WHATEVER ARMS PAKISTAN OBTAINS HAVE ONLY ONE PURPOSE -- USE AGAINST INDIA. TO PROVIDE MILITARY EQUIPMENT TO PAKISTAN IS IN INDIAN VIEW ONLY TO ENCOURAGE OR TO ASSIST PAKS AGAIN TO RESORT TO ARMED FORCE TO GAIN THEIR OBJECTIVE IN KASHMIR. THEY ARE CONVINCED THAT AS LONG AS PAKISTAN CONTINUES TO WORK WITH COMMUNIST CHINA THE ADDITION OF THIS REACTIVATED US EQUIPMENT PLUS THE F-36S FROM GERMANY WOULD SWING THE MILITARY BALANCE AGAINST THEM. THUS ANY PROSPECT OF EASING EXISTING TENSIONS BETWEEN THE TWO COUNTRIES OR OF REACHING AN AGREEMENT ON ARMS CEILINGS WOULD PROMPTLY GO OUT THE WINDOW.

~~SECRET~~

DECLASSIFIED (1984)
Authority Date 5-15-79, NSC 4-22-78
By *com/jp*, NARA, Date 7-29-85

~~SECRET~~

-2- New Delhi 2673, August 19

4. THE ESSENTIAL FIRST STEP TO IMPROVED INDO-PAK RELATIONS WHICH WE ALL EARNESTLY SEEK IS A **PUBLIC**, CLEARLY-WORDED AGREEMENT THAT BOTH NATIONS ONCE AND FOR ALL **REJECT** USE OF FORCE AS MEANS OF SETTLING OUTSTANDING ISSUES. SUCH A MUTUAL GUARANTEE IS NO MORE THAN REITERATION OF UN CHARTER; AS LONG AS PAKISTAN REFUSES TO AGREE TO IT PUBLICLY AND UNAMBIGUOUSLY EVEN THE MOST SOBER AND LEVEL-HEADED INDIANS WILL CONTINUE TO **BELIEVE** THAT PAKISTAN IN COOPERATION WITH THE **COMMUNIST CHINESE**, INTENDS AT SOME POINT TO USE COMBINED FORCE TO SETTLE ISSUES

PAGE THREE RUSBAE 2673 ~~SECRET~~
BETWEEN THE THREE COUNTRIES.

5. THUS AS WE SEE IT ONE ESSENTIAL CONDITION FOR LETHAL MILITARY SUPPLIES OF ANY SORT TO PAKISTAN IS PUBLIC AGREEMENT BY PAKISTAN NOT TO RESORT TO FORCE TO SETTLE ITS DIFFERENCES WITH INDIA PLUS THE RECOGNITION BY PAKISTAN OF WHAT EVERY OTHER FRIENDLY COUNTRY HAS ALREADY RECOGNIZED, **I.E.**, THAT CHINA **REPRESENTS** A MAJOR AND GROWING MILITARY THREAT TO THE NON-COMMUNIST COUNTRIES OF ASIA INCLUDING THOSE OF THE SUB CONTINENT (A THREAT WHICH THE AMERICAN PEOPLE HAVE ALREADY SPENT BILLIONS OF DOLLARS AND THOUSANDS OF LIVES TO CONTAIN.) ONLY THEN CAN THE ROAD BE CLEARED FOR SIGNIFICANT IMPROVEMENT IN INDO-PAK RELATIONSHIPS AND FOR THE DEVELOPMENT OF A BROADER AMERICAN STRATEGY IN ASIA.

6. PRIVATE UNDERSTANDINGS BETWEEN US AND PAKISTAN ARE **BOUND** TO BE **INTERPRETED** PUBLICLY AS WELL AS PRIVATELY IN DIFFERENT WAYS UNDER DIFFERENT CONDITIONS AND THEREFORE WOULD NOT REPEAT NOT CONTRIBUTE TO SOLUTION OF PROBLEM. WHAT WE NEED IS A PUBLIC COMMITMENT IN REGARD TO THE USE OF **FORCE IN** SUB-CONTINENT AND A CLEARLY EVIDENT **CHANGE** IN PAKISTAN'S RELATIONSHIP TO COMMUNIST CHINA.

7. ONCE WE OBTAIN THOSE TWO PUBLIC ASSURANCES I AM CON-

PAGE FOUR RUSBAE 2673 ~~SECRET~~
FIDENT THAT A NEW CHAPTER CAN BE OPENED IN PAK-INDIA RELATIONS THAT WILL HAVE FAR REACHING IMPLICATIONS FOR THE CONTAINMENT OF OUR PRIMARY ENEMY CHINA AND FOR THE PEACE AND STABILITY OF ASIA.

GP-3 BOWLES
PT

NOTE: Advance copy to S/S-O 7:17 a.m., August 19.
Passed White House, USIA 7:17 a.m., August 19.

~~SECRET~~

Intelligence 44
Note - 459
India - Pak

S. DEPARTMENT OF STATE
DIRECTOR OF INTELLIGENCE AND RESEARCH

RECEIVED
N. S. C.

JUL 22 9 34 AM '66

July 21, 1966

Return to
H. V. Saunders

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

Subject : Political Effects in India of Resuming of U.S. Spare Parts
to Pakistan

Assuming that U.S. consideration of the sale of lethal spare parts to Pakistan is at least as much an element in U.S. -Indian relations as in U.S. -Pak relations, this paper addresses itself to the probable effect on (a) the relationship between India and the United States and (b) the internal political situation in India.

Although the improvement in Indo-U.S. relations over the last several months has erased much of the bitterness of last fall, the Indians still remember that most of their countrymen killed in the fighting were killed by weapons supplied by the United States to Pakistan. Initiating any program that contributes to the improvement of Pakistan's military capacity toward India is bound to evoke a strong negative reaction, but this is likely to be disproportionately and hypersensitively so in the case of a reopening of U.S. sales.

The degree of this reaction does not necessarily depend upon the extent of the program. Assuming a minimal program, confined to spare parts for some of the equipment, and on a cash basis, the Indian reaction might fall within "acceptable" limits, i.e. the initial Indian outrage might not lead to a long-lasting setback to Indian-U.S. relations. However, there is no question that, in the short run, the emotions involved would result in a widespread feeling at all levels of Indian society that the United States has stabbed them in the back. There would be deeply felt accusations of American betrayal and unreliability. Few Indians would believe that the U.S. contemplated merely a limited and terminal spare parts program, no matter what we said.

GROUP 1
Excluded from automatic
downgrading and
declassification

DECLASSIFIED

E.O. 13526, Sec. 3.5

NLJ/RAC 12-347

NARA, Date 5/26/17

By CTS

Moreover India is enough of a democracy so that independent newspapers, opinion leaders, and politicians are beyond the control even of a determined governmental effort to hold reactions within bounds. Although it is obviously in New Delhi's rational and objective interest to minimize friction with Washington, Mrs. Gandhi has been under increasingly strong fire from both the left and right wing for knuckling under to the United States on devaluation and other economic issues. More of this reaction will follow publicity in Delhi today about official protest from Ambassador Bowles and Secretary Rusk on the Moscow Communique.

In this situation, Mrs. Gandhi's critics would certainly seize upon a U.S. decision to renew arms shipments to Pakistan to embarrass her politically, to discredit her increasingly liberal approach to India's economic development, and to portray the Soviet Union as a dependable friend with no ulterior motives. Against this sort of fire, and in an election year, it would be politically difficult for Mrs. Gandhi to attempt to minimize the impact of such a program. On the contrary, she would almost certainly join her critics in denouncing the United States. In that event, the combustible mixture of politics and economics could easily result in the removal of those of her advisors who have been most closely associated with United States pressures for economic reform and who have been subject to increasing criticism in recent weeks for their pro-Western stance.

Moreover, should we decide now to provide spare parts to Pakistan, on the heels of Mrs. Gandhi's return from Moscow, our decision would be immediately and widely regarded in India as retaliation for her recent unhelpful association with the Soviet position on Vietnam. Within India's domestic framework, such an interpretation would assuredly lock Mrs. Gandhi more tightly to the unfortunate line she has already taken, if only as a matter of national pride.

The problem of Indian reaction to the supply of spare parts to Pakistan would presumably arise at a time after the consortium has made its pledge of economic assistance, but before the non-aligned summit meeting scheduled for Delhi in early October, before the Kosygin visit to Delhi, and before a firm Soviet economic assistance pledge to India.

Thus the reaction would come at a time for India when all domestic pressures are mounting, when United States economic leverage is relatively ineffective, and Soviet and third-world considerations increasingly pressing.

Moreover we must assume that the Soviets may be deliberately delaying their own possible decision on military aid to Pakistan until after our spare parts decision. A prior U.S. decision to reopen the sale of lethal military spares would smooth the Soviet explanation in India for a new Soviet military program in Pakistan or, alternatively, provide the Soviets with even greater credit in India for at length deciding not to do so. Conversely a prior Soviet decision to open a military program in Pakistan would ease our problem in Delhi in explaining a subsequent choice on our part to reopen lethal sales to the Paks. As far as the Indian audience is concerned, these timing factors in possible U.S. and Soviet military programs in Pakistan could make all the difference between serious and manageable repercussions.

There have, of course, been many incidents in the past that have temporarily caused a major furor in relations between Washington and New Delhi with the overall trend of relations nevertheless pursuing a relatively straight line despite these aberrations. It could be argued that the difficulties caused by a supply of lethal spare parts to Pakistan would not be qualitatively different from these past occurrences.

Strong factors, like India's continued need for vital U.S. economic aid, will serve to mitigate the duration of the Indian reaction. But other factors on this

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side of the balance sheet are no longer quite so trustworthy. While the United States remains in Indian eyes the most reliable defense against Communist China, the Indian audience is closely following the alleged recent "moderation" in U.S. official attitudes toward China. While the need to preserve non-alignment places limits on how far India can swing away from the U.S. and towards Soviet positions, the Moscow Communique suggests far wider limits than we had previously assumed. Under these circumstances, we estimate that the setback to Indo-U.S. relations could be of fairly long duration, and we are not sanguine that the customary fundamentals of the U.S. -Indian relationship would soon reassert themselves to redress the balance.

Resumption of sales of lethal spare parts to Pakistan would for some time poison U.S. -Indian relations, harden the Indian position on Vietnam against us, give new credence to the Menon-ites and other left-wing elements in India, push the Gandhi administration toward the left, and discredit U.S. pressures for further economic liberalization.

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No. 1357/66

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
1 June 1966

*India
Pak*

INTELLIGENCE MEMORANDUM*

Pakistani Involvement in Disturbances
Along the Indo-Pakistani Border

Introduction

This memorandum first sets forth the intelligence available concerning Pakistan's involvement in the Mizo and Naga tribal rebellions and in agitation in Kashmir. A concluding section contains our judgment based on the evidence and an examination of the general trend of the involvement.

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*Prepared by the Office of Current Intelligence and coordinated with DDP

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NLJ 17-239

NARA, Date 10-04-12

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The Mizo Rebellion

1. There is good evidence that Pakistan assisted the Mizo National Front with both arms and training prior to issuance of the Tashkent Declaration last January. Pakistani officials and military officers have implicitly admitted that assistance was extended to the Mizos before Tashkent.

[redacted] after the Mizo rebellion began, that the Mizos had been collecting weapons and ammunition in East Pakistan since 1962, and estimated that almost 5,000 Mizo tribesmen had received secret military training from the Pakistanis through October 1964.

[redacted] may well have exaggerated the number of trainees.

[redacted] in the Mizo Hills District since early 1965 have reflected Indian awareness that some Pakistani training of Mizo dissidents was under way.

2. The evidence regarding the period since Tashkent is conflicting. Immediately following the outbreak of the Mizo rebellion on 1 March, Indian officials appeared reluctant to charge that the Pakistanis were then aiding the rebels. Early in March, Prime Minister Gandhi told a press conference that there was "no real evidence" that the Pakistanis were supplying the Mizos with arms. The commanding general of the Indian Eastern Command took a somewhat similar position in private conversation with US officials.

3. On 14 and 17 March, however, New Delhi formally protested to Rawalpindi for allegedly providing "facilities" to the Mizos for acquisition of arms and ammunition and allowing the use of Pakistani territory as a base. On 23 March, the Indian general cited above explained that the Indian Air Force had sighted boats carrying arms from a town in East Pakistan to territory held by the Mizo National Front. In late March, an American missionary told consular officials that a tribesman from Pakistan's Chittagong Hill Tracts had reported observing Mizos receiving grenades, rifles, and Sten guns in his district since the outbreak of the rebellion. On 10 May, the Indian foreign minister, speaking in Parliament, accused the Pakistanis of continuing to train Mizo rebels in guerrilla warfare at three camps in East Pakistan. In late

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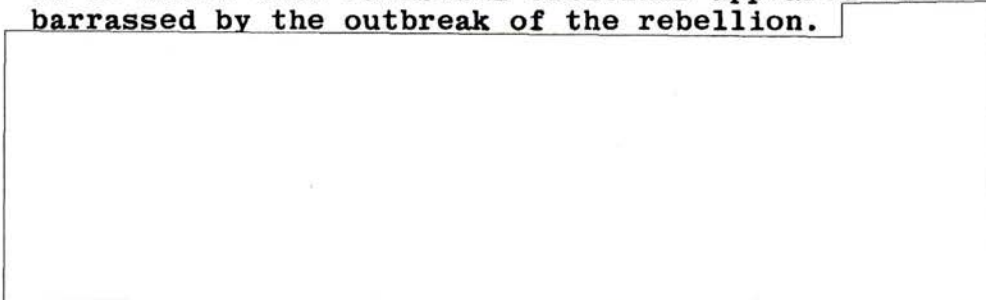
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May, however, an Indian official who had recently returned from the Mizo Hills told a press conference that it was "unclear" whether Pakistan had continued to furnish assistance to the Mizos after Tashkent.'

4. The Pakistanis themselves have vigorously denied giving any assistance to the Mizos since Tashkent. The US consul general in Dacca reported on 15 March that Pakistani officials appeared embarrassed by the outbreak of the rebellion.



The Naga Rebellion

5. There is currently far less intelligence available on Pakistani assistance to the Naga tribesmen than to the Mizos, partly, at least, because of the relative peace which has existed in Nagaland since a cease-fire went into effect there in September 1964. There is conclusive evidence, however, that Pakistan did give significant aid to the Nagas prior to Tashkent; over the past few years

_____ have described the passage of Nagas from their tribal areas, through Burma, to East Pakistan to receive arms and training.

6. An airgram of 1 March 1966 from the US consul general in Dacca referred to "reports" that Pakistani intelligence personnel had been training and arming Nagas in the Chittagong Hill Tracts near the Burmese border. No time period was mentioned, however, and there has been no other evidence that Pakistan has been actively aiding the Nagas in recent months. In his conversation

_____ on 21 May, President Ayub firmly denied that Pakistan was presently assisting the Nagas.

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Agitation in Kashmir

7. There were no reports of new Pakistani attempts to infiltrate Indian-held Kashmir or to create a crisis along the cease-fire line in the period between the Tashkent Declaration and early May. The Indians officially scotched rumors to the contrary as recently as 4 April, when the Indian foreign minister, speaking before the Indian Parliament, denied a press report that the Pakistanis had recently sent infiltrators across the cease-fire line. A New Zealand officer attached to the UN command in Kashmir stated in early May that there was no evidence that new infiltration, even on a small scale, was being attempted.

8. 

9. There is some confusion even among Indian officials as to whether or not a new infiltration effort is already under way. An Indian diplomat at Rawalpindi told a US colleague on 19 May that Pakistanis were again infiltrating at several places

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along the Kashmir cease-fire line. [redacted]

[redacted] no significant infiltrations were occurring in Kashmir.

Conclusions

10. On the basis of the intelligence available, there appears to be no question but that Pakistan gave significant assistance (both training and arms) to the Mizo and Naga rebels prior to Tashkent.

11. There is no conclusive evidence that this aid continued after Tashkent, although the possibility of some limited assistance cannot be precluded. Ayub's firm denial, the complaint by the Mizos to the British missionaries that Pakistan had not given aid since Tashkent, and the statement in late May by the Indian official that it was "unclear" whether Pakistan had continued aid to the Mizos after Tashkent, all indicate that any aid granted was probably very limited. Furthermore, as the Indian Army reasserts New Delhi's authority in the Mizo Hills, the trend should be toward still less, rather than more, aid to the rebels. The same conclusion applies to the situation regarding the Nagas, although here there is practically no recent evidence of any kind.

12. Infiltration into Kashmir by large numbers of armed Pakistanis prior to the hostilities of last fall is, of course, accepted. During the four months following Tashkent, the Pakistanis held off. In early May, however, Pakistani leaders, frustrated by lack of progress toward a Kashmir settlement, apparently decided to resume sending infiltrators across the cease-fire line, possibly at first in a probing effort. If this effort succeeds, it is possible that the infiltrators will attempt to stimulate a new revolt against the Indians and thus force the issue to the UN. It is also possible that the action is designed to cause political difficulties in New Delhi in the period preceding national elections next February. It appears more likely, however, that the men have been directed primarily toward intelligence and clandestine subversion missions. These infiltrators are not armed for combat, and their number is probably fairly small. However, Rawalpindi's precautionary military moves against the possibility of a violent reaction in New Delhi may well further dilute what is left of the "Tashkent spirit."

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THE WHITE HOUSE
WASHINGTON

46

Hal Saunders

Any views for
WWR on their
BKs

India - Patz

In view of
several discussions
and papers.

APR 13 1966

DEPARTMENT OF STATE
POLICY PLANNING COUNCIL
WASHINGTON

April 12, 1966

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TO: Mr. Walt Rostow, The White House
FROM: S/P - Henry Owen *W*
SUBJECT: Military Assistance for India and Pakistan

You may be interested in the attached on military assistance for India and Pakistan. This general subject is being considered by the NEA/IRG this week. You may have noticed from Rawalpindi's 517 that Air Marshal Nur Khan told McConaughy that the "definite possibility existed of Chicom supply of bulk Pak military requirements".

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

DEPARTMENT OF STATE
POLICY PLANNING COUNCIL
WASHINGTON

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April 8, 1966

TO: NEA - Ambassador Hare

FROM: S/P - David Linebaugh
Howard Wriggins

SUBJECT: Military Assistance to India and Pakistan

We have put down our thoughts on this subject in the attached memorandum.

You will note that we believe we should not at this stage make decisions about the exact character of our future military assistance relationship.

On the other hand, to hold the situation and prevent both countries from moving further toward Communist China and the Soviet Union we should now (1) slightly expand the list of items which we are willing to make available to them, and (2) inform both that we would like to have general discussions about military assistance within the next few months.

cc: NEA - Mr. Sober
SOA - Miss Laise
G/PM- Mr. Meyers
G/PM- Mr. Warren

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E.O. 13292, Sec. 3.4
By ebm/ys, NARA, Date 2-12-10

MILITARY ASSISTANCE TO INDIA AND PAKISTAN

1. The propositions about military assistance in this paper are based on these assumptions regarding our policy toward the subcontinent:

-- We seek strengthened relations with both India and Pakistan.

-- Our priority objective on the subcontinent is a viable and independent India but events last year demonstrated that this is possible only if there is a tolerable relationship between Pakistan and India and Pakistan and the U.S.

-- We will maintain an active diplomatic effort to contain Indo-Pak differences and improve their relations.

2. We should establish a new military assistance relationship with India and Pakistan because military assistance is an important political instrument and because it promotes significant military objectives.

-- It augments India's military capabilities against Communist China.

-- It strengthens Ayub and moderate, pro-Western forces in Pakistan.

-- It

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E.O. 13526, Sec. 3.5

NLJ/PAC 12-347

NARA, Date 5/26/17

By CTS

-- It can retard excessive Indian dependence on the Soviets for military equipment which, in addition to its political effects, might inhibit India's freedom of action at a time of crisis with Communist China.

-- It can prevent an undesirable Pakistan dependence on Communist China which would have increasingly adverse repercussions on Pak-Indian relations. This would be in neither India's interest nor our own.

-- It constitutes "rent" for intelligence facilities in Pakistan.

3. However, the situation on the subcontinent has changed in fundamental respects since our previous military aid programs. We must adjust to those changes. The following factors should now condition the timing, character, and magnitude of future programs.

-- We need some assurance in the actual state of Indo-Pak relations that they will not use our arms against each other as they did last year. This criteria cannot be an absolute one. We should not, for example, immobilize ourselves completely by tying our hands to perhaps unattainable objectives, like a Kashmir "settlement".

-- We

-- We should give neither India nor Pakistan a veto over our military aid policy toward the other but we should take account of the views of both. For example, there is obvious validity in the Indian argument that Pakistan's security situation is different from India's because Pakistan is not threatened by China. There is also validity in the Pakistan argument that equal treatment of the two by us has an unequal effect because of India's indigenous military production and the Soviet supply line.

-- Our basic relationship with Pakistan has changed; while Pakistan remains a member of CENTO and SEATO, the alliance has in fact been substantially diluted. Furthermore, Pakistan wants greater independence from us in the military field and has already begun to diversify its sources of supply.

-- Pakistan has received some equipment from Communist China. A limitation on future supplies from Communist China should be a condition for military assistance from us.

-- India has received or contracted for very substantial supplies from the Soviet Union and Eastern Europe. We should urge the Indians to limit future supplies from these sources.

4. Before agreeing to any general arrangements for military assistance, we should also obtain Indian and Pakistan agreement to the following:

-- Agreement on a level of defense expenditures, as a percentage of GNP, and on foreign exchange for defense.* We should urge both countries to discuss this possibility with the other. We should also discuss the problem with the IBRD so that this factor will be explicitly taken into consideration at future meetings of the consortium for India and for Pakistan.

-- As a means of reducing the possibility of future Indo-Pakistan conflict, we should urge both countries to reposition military forces now facing each other to their permanent stations. Agreement to such repositioning

would

*AID and Defense should prepare an estimate of what they would consider a "reasonable" target in the light of the security requirements of both countries and the desirability of maintaining military equilibrium. These theoretical target figures would be useful to provide us with a negotiating base even though substantial cuts by either country may be highly unlikely.

would constitute a continuation of the process begun with the Tashkent accord for troop withdrawal to pre August 5 positions and the subsequent Pakistan and Indian agreement regarding force levels in Kashmir.

5. In order to ensure that India and particularly Pakistan understand that the U.S. supply option may still be open, to increase our influence on developments, and to inhibit them from moving even further toward Communist China and the Soviet Union, we should now take the following steps:

-- Inform both Governments that we will be prepared within the next few months to enter into discussion with them about a future military assistance relationship. We should at the same time make it clear that our ability to assist in this field will be related to the progress they make in solving problems between them.

-- We should inform both Governments that we are now ready to expand somewhat the items available to them. This should include spare parts for Pakistan's F-86's and F-104's, equipment for the East-West Highway, and certain priority items for India.*

6. We should

*Defense should define the items India most needs and which would balance the additional supplies being made available to Pakistan.

6. We should make no decisions at present about the exact character of our future military assistance relationship with either India or Pakistan.

-- It is evident that it could take a variety of patterns and must be based on a judgment, difficult to make, about a complex series of interrelated factors. That judgment should not be made now particularly in the absence of one essential ingredient, namely full information about the desires, needs, and intentions of both Governments. We need to know their view about force levels and their security requirements, defense expenditures, indigenous military production, and sources of supply.

-- It seems highly likely that future programs should be smaller than in the past and should be based mainly on credits not grants. It also seems likely that we will wish to encourage friendly third country supply relationships between Pakistan and, for example, Germany, Iran, and Turkey. But we should not make decisions at this stage which may narrow our own options until we have had full discussions with both the Paks and Indians.

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-- These discussions might be initiated in Rawalpindi and New Delhi by Mr. Arthur Dean or by a special Mission sent out for this purpose.

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

RECEIVED
H. S. C.
MAY 24 8 32 AM '66

Research ⁴⁷
Memorandum

RSB-49, May 20, 1966

To : The Secretary
Through: S/S
From : INR - Thomas L. Hughes *Thomas L. Hughes*
Subject: The Effect of Tashkent on Soviet Attitudes
Toward the Subcontinent

India - Pak

The Tashkent meeting cast the USSR in the role of conciliator and peacemaker. In the light of that meeting, this paper examines present Soviet policy towards India and Pakistan.

ABSTRACT

The Soviets view India as playing many roles in international affairs, and any effort by Moscow to derive advantage or to cope with problems arising from one of them almost invariably conflicts with policy considerations keyed to the other factors. We cannot therefore regard Moscow's shift away from automatic support of the Indian position in the Kashmir dispute as evidence that the Soviets now consider their relationship with India to be less important than before. Rather, the Soviet reaction to the crisis demonstrated that Moscow's commitment to India on the Kashmir issue occupied a lower priority than other considerations governing Soviet attitudes toward India.

By mediating successfully at Tashkent, the Soviets substantially improved their overall position in the subcontinent. They will seek to maintain the Tashkent accord and will energetically seek to prevent renewed conflict. But Moscow does not feel any pressing need to push for a "permanent" settlement, which could be imposed only by cutting deeply into the interests of one or both parties, thereby damaging the Soviet position in the subcontinent.

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By *cbm/s*, NARA, Date 2-12-10

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Although the Soviets have resumed arms shipments to India, we have not observed any response on Moscow's part to Indian desires for an acceleration of the deliveries. The present phase may be temporary as the Soviet Government makes sure that the Tashkent agreement will be fulfilled. However, in view of other inhibiting factors, such as Moscow's desire to retain maximum freedom in dealing with China, the Soviets may feel that their military aid has attained an optimum level of effectiveness at its present rate. Moscow is also concerned with what it regards as a rightward drift in Indian policies, and may be more willing in the future to exploit India's severe domestic political and economic problems in order to push Indian politics to the left. Soviet relations with Pakistan will probably continue to develop -- slowly and on a step-by-step basis.

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The Many Faces of India

The Soviets view India through many prisms: - as a neighbor; as a nonaligned state enjoying considerable influence in the Afro-Asian world; as a state involved in disputes with its neighbors, including China (a communist state); as a potential great power (and, as such, the only state in Asia capable of balancing Chinese power); and as a state with essentially a "bourgeois" regime facing acute domestic political and economic problems. India, moreover, has become the locus of a triangular struggle between the USSR, the US, and Communist China. Any effort by Moscow to derive advantage or to cope with problems arising from one of these circumstances almost invariably conflicts with policy considerations keyed to the other relationships. As a result, Soviet policy toward India is exceptionally complex, following several paths simultaneously, aiming generally at the attainment of an optimum balance among conflicting requirements, and at times calling for decisive action to cope with emergencies in one sector even at the cost of incurring losses in another.

The Soviets have on the whole stressed state-to-state relations in dealing with India. They maintain close relations with the Indian Government, promoting among Indians the image of the USSR as a reliable friend (while acting against Western influence whenever possible), and build up India's economy and defense capability. At the same time, Moscow has adjusted all actions as far as possible to the general principle that a policy of "friendship" toward India should not complicate Soviet bilateral relations with any other state or preclude Soviet efforts to influence India's domestic policies and politics in a "progressive" direction.

The Changing Role of Kashmir

In the light of these considerations, we cannot regard Moscow's shift away from automatic support of the Indian position in the Kashmir dispute, or Soviet pressure on India to make concessions at Tashkent, as prima facie evidence that the Soviets now consider their relationship with India to be less important than before. Rather, the Soviet reaction to the crisis demonstrated that Moscow's commitment to India on the Kashmir issue occupied a lower priority than other considerations governing Soviet attitudes toward India. Moscow shifted on Kashmir because that issue interfered with Soviet bilateral relations with Pakistan, and because the dispute, having reached the dimensions of war,

opened the way to intervention by China and the West. It threatened to present Moscow with the nasty dilemma of acting jointly with the West in the defense of India against a communist state, or of remaining neutral while watching its relationship with India go down the drain. The Soviets also calculated that their greater flexibility on this one issue would not inflict unacceptable damage to Soviet-Indian relations in their totality, because the Indians remained dependent on Soviet support in other key areas of Indian policy. Beyond immediate tactical considerations, the Kashmir crisis represented an important milestone in Soviet foreign policy because the Soviets found that their interests as a great power required them to seek settlement of the dispute instead of exploiting or exacerbating it, as they did in earlier days.

Stress on Preserving Tashkent Gains

By mediating successfully at Tashkent, the Soviets substantially improved their overall position in the subcontinent. They demonstrated that they had sufficient influence to play the difficult role of peacemaker as well as the diplomatic skill to bring about a limited agreement without alienating either side. At the same time, their intervention as an impartial party for the time being neutralized Kashmir as a factor complicating Soviet relations with Pakistan -- without, it might be added, in any way jeopardizing India's de facto control over the major portion of Kashmir. If the USSR now acts to improve relations with Pakistan, it is in a position to rebut Indian objections by pointing out that its policy actually serves to protect India's national interests by preventing the formation of a Pakistani-Chinese alliance and the resulting hostile encirclement of India.

The Soviets will seek to maintain the Tashkent accord and will energetically seek to prevent renewed conflict. But Moscow does not feel any pressing need to push for a "permanent" settlement. Such a settlement when passions are still high could be imposed only by cutting deeply into the interests of one or both parties, and the Soviets would not want to risk alienating either India or Pakistan.

Economic Aid to Continue on High Level

The USSR extends economic aid to India, as it does to other developing Afro-Asian states, because aid contributes to friendly relations and because the Soviets regard such aid as a shortcut

method of accelerating their ideological development. Aid improves the Soviet image, increases Soviet influence, and nourishes Moscow's hope to guide economic development into the "non-capitalist path" by strengthening the state sector of the national economy. In contrast to the Chinese, the Soviets increasingly tend to the view that underdeveloped states can be brought to socialism more effectively and more safely through economic aid provided by socialist states than through political subversion. The very large scale of Soviet aid to India attests both to the importance that the USSR places on its relations with India, and to India's huge requirements. Moscow will continue to place a high priority on aid to India as compared to its efforts elsewhere, although the program will remain subject, of course, to the limits imposed by Soviet domestic needs and capabilities.

Moscow's attitude toward US aid to India is ambivalent: it regards the US as a competitor and an adversary because the US seeks to orient India's policies toward the West and strengthen the private sector of the Indian economy; at the same time, the Soviets realize that the US provides the kind of aid they do not have (food), and that both sides are motivated in part by the desire to build up India as a viable counterbalance to China. Thus, Moscow is probably willing to have India continue accepting aid from both sides, and would in fact experience embarrassment if the US were to suspend its program. While acquiescing in US aid, Moscow will, however, continue efforts to neutralize US political influence in India and will maintain a high level of propaganda in India against US policies and motives.

The Pros and Cons of Military Aid

The Motives. As regards military aid, it is worth recalling that the USSR provides arms to the Afro-Asians for a variety of motives: to cultivate pro-Soviet feelings in the armed forces; to acquire and exercise leverage through the dependence established by a continuing need for logistical support and technical advice; to pre-empt similar Western efforts; to provide ambitious Afro-Asian leaders with the capability to strike at local Western interests; and to encourage and indirectly sponsor local "wars of national liberation." In the case of India the last two motivations are absent. There is now no prospect that India will consider the use of force against Western positions or support any "war of national liberation," nor are there, for that matter, any revolutionary situations in the area for which India could feel an affinity.

The Risks. On the other hand, there are several cogent reasons impelling the Soviet Union to exercise caution and restraint in providing military aid to India. India has engaged in combat with its two principal neighbors during the past three years, and the possibility of renewed clashes with both Pakistan and China remains ever-present. In either case, Soviet interests are seriously threatened. Moscow would not want to provide New Delhi with the capability to engage in a second round of fighting with Pakistan. The problem presented by bad Sino-Indian relations is equally sticky. Aggression in the latter case would probably be from the Chinese side, and the possession of a strong military establishment by India might therefore have a deterrent effect. But Moscow undoubtedly continues to be embarrassed by its policy of arming a noncommunist state against a communist state. Moreover, the Soviets must also take into account the possibility that a change of attitude by China, resulting perhaps from a change of leadership, may open up prospects for improved Sino-Soviet relations. This is not to say that a reconciliation between the Soviet Union and China would result in Moscow abandoning India to Chinese mercies. After all, Chinese pressure against India was one of the causes of the Sino-Soviet rift. Moscow initially provided military aid to India as a warning to China. But these shipments were small and largely symbolic in character. China deeply resents Moscow's military aid to India, and a long-range Soviet program of military assistance would certainly constitute a serious obstacle to any improvement in Sino-Soviet relations. The Soviet Government's desire to avoid any commitment to India that might complicate its bilateral relations with either Pakistan or China was clearly stated by Kosygin during the visit of Prime Minister Shastri to Moscow in May 1965. On that occasion Kosygin declared that Soviet-Indian friendship was not to be directed "against other peace-loving countries and peoples" and that, conversely, "whenever the Soviet Union strives to improve its relations with third countries, it does not do it at the expense of Soviet-Indian friendship."

Finally, the Soviets seem to be aware that the maintenance of a large military establishment by India would be a crushing burden on limited Indian capabilities needed badly for economic development. In his first statement following the Tashkent Conference, Kosygin pointed out that the accord reached there "paves the way for a reduction of the military burden which the Indian and Pakistani people carried and continue to carry." On balance, the Soviets appear to feel that the security of India would be best served by intensive economic development, which

would, in turn, enable India to support an effective defense industry. Moscow's willingness to let India manufacture its own MIG's -- the first outside the communist bloc -- is consistent with the idea that the Soviet Government is more concerned with India's long-range security requirements than with India's desire to purchase large quantities of arms now.

The Balance. Although the Soviets resumed arms shipments to India in the period since Tashkent, we have not observed any response on Moscow's part to Indian desires for an acceleration of the deliveries, nor any initiatives aimed at filling the vacuum created when the US suspended its military assistance program. The present phase may be a temporary one while the Soviets make sure that the Tashkent accord will be fulfilled. However, in view of the other inhibiting factors, Moscow may feel that its military aid has attained an optimum level of effectiveness at its present rate. A program of relatively moderate scale would provide Moscow with substantial advantages while keeping the risks down to acceptable levels; beyond that point, the political costs would mount sharply without the assurance of comparable benefits. Nor, considering the complex political balance in Asia, would the Soviets wish to incur the kind of long-range commitment that would restrict their options, especially in dealing with Peking.

Relations with Pakistan to Develop Slowly

The Soviet attitude toward Pakistan will remain a function of Soviet-Indian relations. The trend toward a normalization of relations will continue, and there will be considerable sparring as both sides explore the advantages and risks of their mutual relationship. The Soviets have reacted negatively to the continuation and further development of relations between Pakistan and China in the period since Tashkent. After the scrupulous impartiality shown by Moscow during the Tashkent talks, Brezhnev in his speech to the 23rd CPSU Congress returned to a formulation reflecting Moscow's closer ties with India. An expansion of Soviet economic aid to Pakistan is likely, although Moscow will undoubtedly first estimate its effectiveness in detaching Pakistan from both China and the West. In any case, neither side will want to press for a sweeping accord and relations will probably develop on a cautious step-by-step basis. The Soviets will be even more cautious on the question of military aid. They may risk a small quantity for its disruptive effect on Pakistan's membership in CENTO and on relations with the US, but only if they are satisfied that such an action would not complicate their relations with India or increase the danger of renewed fighting between India and Pakistan.

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- 6 -

India's Internal Problems a Tempting Ideological Target

There are some signs that the Soviets may be more willing in the future to become involved in India's domestic affairs. They are concerned with what they regard as a rightward drift in Indian policies. They were successful at Tashkent in applying pressure on the Indians, and they may have been so encouraged by that experience that they will make further efforts to influence the Indian Government, especially in the area of domestic economic policy. The CPSU has also been more active recently in dealing with Indian communists. Moscow is apparently alert to the possibility that the Indian Government may not be able to cope effectively with its domestic problems, such as the current food shortage. Should this lead to popular unrest and the discrediting of the Congress government, Indian communists would have broad opportunities to cooperate with other leftist groups and to push Indian politics to the left. The CPSU is currently seeking to reunite the Right and Left factions of the Indian Communist Party and has conferred with Indian communist leaders of both factions regarding the Party's prospects in the 1967 elections.

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EXECUTIVE SECRETARIAT

Saunders
Wriggins

May 10, 1966
Date

orig. to Wriggins - 5/16/66
India - Pakistan
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FOR: Mr. Walt W. Rostow
The White House

FROM: Benjamin H. Read
Executive Secretary

For your information and files.

Enclosures:

S/S 7690, CY 10

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E.O. 12356, SEC. 1.1(a)

BY cb ON 6-6-94

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Approved in S 5/6/66

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POL/CEN: CW Naas: jc

American Embassy, Ankara, Turkey

April 27, 1966

Part II of II

MEMORANDUM OF CONVERSATION

SUBJECT:

Indo-Pakistan Affairs

PARTICIPANTS:

Pakistan Foreign Minister Bhutto

M. S. Rahman, Director, Ministry of
Foreign Affairs

The Secretary

Assistant Secretary Hare

C. W. Naas, Second Secretary, Ankara

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E.O. 13526, Sec. 3.5

NLJ/Rac 12-347

NARA, Date 5/16/17

By CTS

(For Distribution See Page 4)

The
Secretary said he would like to pose two questions: 1. Why cannot Pakistan totally engage India in discussions on all outstanding matters? and 2. During this process, could Kashmir be put in "cold storage"? He noted that at one time the Saar was a dangerous dispute, but it had not prevented the two countries from settling many other matters. In due course, the Saar issue was submerged by involvement of both sides in other affairs and was resolved fairly easily. In our own day, he said, the U.S. has fundamental differences with the USSR but we have a persistent, comprehensive, and endless dialogue with the Soviets.

Bhutto replied that in fact from the Pakistan viewpoint there were not a large number of important outstanding issues with India. Kashmir is the only problem and its resolution would permit all other secondary issues to be settled easily. Also, in the past Pakistan had followed a policy of settling a wide variety of matters in the hope the proper atmosphere would be created for serious negotiations on Kashmir. He cited the Berubari transfer, the border demarcations, and the Indus Basin Agreement as evidence. However, nothing positive has happened. On the contrary, India is engaging in genocide in Kashmir and is changing

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the population balance by mass transfers of people. Therefore, Pakistan cannot put Kashmir in cold storage. It is a vital matter for Pakistan and the Ayub Government would "commit suicide" if it tried to push the issue aside.

The Secretary remarked that the sub-continent is impregnable if the two countries could learn to live together and commence the process of working together on economic and trade matters -- and eventually defense. At present, however, the area is vulnerable because of the differences between the two powers and the U.S. is very concerned over our interests in the area which are being deleteriously affected. The Secretary then said that he must inform him that, if the two countries cannot get along, the U.S. may have to withdraw from engagement in the affairs of the two countries. (Bhutto interjected, "God forbid"). He reminded Bhutto that the U.S. Congress was within 15 minutes last fall of passing a legislative prohibition of aid to both countries. The U.S., he said, has important interests in the area but the waste of resources on their disputes rather than on development created special problems for the U.S. executive branch in dealing with Congress. Bhutto agreed that the waste of resources was tragic for the peoples of the area. But, "what can we do"? India must give up its "fanciful ideas" about Kashmir and negotiate a solution.

The Secretary noted that last year the step by step escalation of the fighting occurred without either country ever referring the matter to us until they were both deeply involved. Then we were asked to intervene. The Secretary then asked whether the GOP was as confident as previously about the attitude of the Kashmiris, since there was no spontaneous uprising of the people when the infiltrators arrived.

Bhutto stated that the GOP remains confident, since the Kashmiris now know that Pakistanis will die for them and will never give up the struggle. He said that the failure of the Kashmiris to revolt in large numbers (he gave two instances where they had) was due to a variety of factors. In the first place, the Azad Kashmiris -- who did the infiltrating -- could not be restrained by the GOP and the campaign opened without proper psychological preparations within Kashmir. Also, the Kashmiris have

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suffered greatly and remember well the atrocities in 1947-48 following India's successes. Therefore, they saw no reason to get deeply involved, unless success seemed likely, and preferred to let the outsiders act for them.

Bhutto stated that Indians were spreading the story around the world that the U.S. preferred India to control Kashmir in view of the Chinese being on the Ladakh border. "Do you accept the Indian occupation of Kashmir"?, he asked. The Secretary replied that the U.S. wants what the Kashmiris want. This view is fundamental to U.S. policy and philosophy. Over the last 17 years we have believed that the Kashmiris probably generally favored Pakistan and, in conformity with this assessment, we have generally sided with Pakistan in the U.N. and elsewhere. At the same time, Pakistan cannot expect us to stop helping India for we have other important interests -- such as the Chinese ambitions in the area. We cannot use food to pressure India, he said.

Bhutto then asked whether the U.S. would accept any solution, since the U.S. apparently wished to stay out of involvement in the issue. The Secretary restated his views on the desires of the Kashmiris and pointedly noted that we would accept any means to a solution "except the use of force". We wished any intermediary -- Soviet or otherwise -- the best of luck. He added that the conflict last fall was somewhat puzzling to us for neither country was out to destroy the other and the immediate objectives -- strategic, political, and even tactical -- were not at all clear. Now, if either India or Pakistan "went for the jugular" of the other, the U.S. would be most concerned.

In summing up this part of the conversation Bhutto said that Pakistan wants good relations with India, but ways must be found to settle Kashmir. This was a task which was primarily up to the two countries concerned. The GOP was currently considering recourse to the Security Council, but had not yet finally decided on a course of action. Pakistan was not contemplating a major debate, he said, but perhaps the Security Council could throw its weight behind the Tashkent Declaration and thereby

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bring additional pressure on India. The Secretary gave no encouragement to Bhutto but merely remarked that the U.S. viewed last year's resolution as a whole; paragraph five was just as important as paragraphs 1-4.

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(when with attachment)

DEPARTMENT OF STATE

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AGENCY FOR INTERNATIONAL DEVELOPMENT

May 11, 1966

Mr. Howard Wiggins
EOB Bldg.
Rm. 376-A

*Yes. Thanks.
Hal*

FYI.

Hal
Did you see?
Pl return

Rees ~~AT~~

C. Herbert Rees
Director, Office of So.
Asia Affairs

Encl.

~~SECRET~~

(when with attachment)

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

→ Mr. Wriggins
File → Milit Spending Ratio
Ind-Pak 49a

Mr. William B. Macomber, Jr. AA/NESA

May 10, 1966

C. Herbert Rees, NEBA/SA

Status of Implementation of Agreed U.S. Positions on Limitations of Military Spending by India and Pakistan

1. The attached chart depicts what I can discern has taken place on this subject. It appears, unless further action has been taken of which I am not informed, that the full U.S. position has not yet been clearly put to the two countries. Response by them lags still further behind that which we seek.

2. Copies of this chart are being reviewed in NEA/SOA and NESA/SA to post any additional progress which may have occurred.

3. Another problem uncovered in reviewing this subject is that, according to NEA/SOA, we cannot, because of the source of our information, contradict the statements made by Indian representatives to Secretary Rusk on the extent of Soviet arms commitments and deliveries to India.

4. If we are going to insist on reasonable fulfillment of our military restraint requirements before resuming regular flows of economic aid, a great deal must be done. We may, on the other hand, be satisfied that a beginning has been made and devise a longer range plan for reciprocal curtailment. These questions should be examined at the Spring Preview meetings if they are not resolved beforehand.

Att.

- cc: WGFarr:AA/NESA
- DSchneider:NEA/SOA
- CCoon:NEA/SOA
- BLaingen:NEA/SOA
- HSaunders:EOB
- Howard Wriggins:EOB

- WCFurst:NESA/SA
- RPalmer:NESA/SA

CHRees:meh:NESA/SA

But the first step is to nail these procedures down in India, hopefully through IBRD.

*as yet
believe should
start, but
slowly, &
use Wriggins
as agent - How
far can we go?*

Might look like this:

- 1. This year, establish accurate picture of defense expenditures on both sides + hopefully confirm that they ~~represent~~ start a downward trend.*
- 2. Establish an annual review to keep watch.*
- 3. At some point, maybe get this into Pak-Indian dialogue.*

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<u>U.S. Requirements</u>	<u>U.S. Expression Conveyed to</u>		<u>Response By</u>	
	<u>PAKISTAN</u>	<u>INDIA</u>	<u>PAKISTAN</u>	<u>INDIA</u>
1. Principle that arms race be foresworn	1. Yes	1. Yes	1. Agree	1. Agree
2. Absolute ceiling on Rs expenditures for military to be less than war year (without necessarily making public charge in announced or intended figure)	2. Yes	2. No	2. Agree to reduce figure from peak but not to U.S. figure in one year	2. No response since requirement not expressed
3. Absolute ceiling on forex for military imports	3. Yes	3. No	3. Agree to reduce from peak but not to U.S. figure in one year	3. No response since requirement not expressed
4. Forex ceiling to be based on deliveries and/or commitments not just payments	4. No	4. Yes	4. No evident agreement	4. No evident agreement
5. Both must recognize reciprocal impact of their actions	5. Yes, but w/o precision	5. No	5. Uncertain	5. No response since requirement not expressed
7. 6. Future trend to be observed and subject to annual review by U.S. and/or IBRD Consortium	6. No	6. No	6. No response since requirement not expressed	6. No response since requirement not expressed

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E.O. 13292, Sec. 3.4

By *cbm/sg* NARA, Date 2.12.10

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