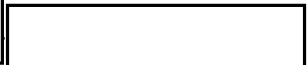


STAT



STAT

THE CENTRAL INTELLIGENCE AGENCY
OFFICE OF THE DIRECTOR
WASHINGTON, 25, D.C.

DOCUMENT NO. _____
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 12 MAR 1981 REVIEWER: _____

Executive Registry
8-5889

Dear Sirs :

STAT

Reading the latest developments in the Suez Canal Story, may I write you another story which happened some years ago in Washington, D.C. and of which I can give you sufficient proofs.

India and Pakistan did not go on so well together. Pakistan had all the jute and India had all the spindles but which, without ~~jute~~ jute were just chunks of steel.

Pakistan wanted dollars for the jute which India had not and thus most of the jute mills in Calcutta were idle and the workers could not even make the few anna's on which they were normally starving. There was rioting and a lot of people were killed. There threatened even a war which could declench a general war in the East.

Behind Pakistan however was something else. Thus I went to the Indian Embassy and told them that I could finish that thing in a very short time. The only thing they had to do ~~it~~ was to place an add in the Calcutta Statesman that some of the jute mills intended to start to spin coconut fiber of which India has 1 million tons going to waste and the rest is handspun. This had been done in Europe and could be done in Calcutta.

I made or was asked to make a set of 6 samples. Mrs. Pandit did not occupy herself directly with the affair but the Indian Agency's chief in New York handled this and the First and Second Secretaries here.

Shortly after there was a conference between Mr. Nehru and Ali Khan and as I was told, my samples were on the conference table. Well, Mr. Nehru got his jute and I got nothing because Mr. Gandhi wanted the coconut fiber spun by hand as it had been done for 50 centuries.

Things have changed to some extent. What was behind Pakistan is not more so sure and under the present conditions would probably like anyhow to get from under the jute domination at the other side of the Suez Canal. Nehru could not only strangle Europe with jute but you have only to look in that kind of fiber situation here in the U.S.A. to understand that Nehru siding with the Russians and Nasser could strangle many things. As your Agency must know, the " kenaf " fiber business in which the U.S. Government spent millions was a complete flop. In 1940 I told the Department of Agriculture that this would never go and neither their American hemp business which was not only a flop but also a scandal, covered up.

There are two things which could set Mr. Nehru and the Arabian oil royalty receivers meditating. Also about Suez.

Place an article in the London Times that it is anticipated to start ~~it~~ in view of the critical situation, ~~to start~~ spinning of coconut fiber. And this is not altogether out of thin air, as just this afternoon I received a telegram from Manila (and which your Agency probably could ask up, and for which it has my permission) if I am still willing on the conditions fixed more than a year ago to come to Manila and start the coconut fiber spinning mill for which the Japanese will furnish the machinery, etc. \$ 3 million has been set aside for this.

✓

I doubt however if the Japanese could deliver good machinery in a short time but England and France could do this.

There is 1 million tons of coconut fiber going to waste in the Philippines, the only country in the Far East where we are not hated altogether.

But England has in Jamaica and Trinidad some 50000 tons of coir fiber which could be exploited.

Please keep in mind that more than 1/3 of the Indian export is by jute.

Coir fiber would not replace all the jute but at least 50 % of it and it is far cheaper and for lots of purposes even better.

At the same time it would ruin completely the Indian handspun coir yarn industry.

In former years the resistance against coconut fiber spinning has been such that it was impossible for me to go ahead, though repeatedly I warned the people in the Pentagon what one day could happen, but big American fiber interest which are for a great deal British made my fiber existence an impossibility.

Even disclosing to you in this letter what is at present happening in the Far East, Japan, which needs new industries and also the Philippines, in order to raise the standard of living of their people, may result in wrecking my own possibilities.

But if that would be at the possibility to let sing Mr. Nehru ~~another~~ ^{ANOTHER} song I would gladly accept my social security.

This as far as the jute goes. And for which if you wish I can furnish all the proofs.

About the Arabian Oil royalty receivers, it might be handy to hint in the newspapers that the acreage of sugarbeet in the U.S.A. will be greatly extended.

In France, before the second world war I ran my Hotchkiss 6 cylinder very heavy automobile on 50 % gas and 50 % alcohol and with another distributor just as economical and good as with pure gasoline.

Some of the oil companies whose possessions will anyhow be nationalized when Mr. Nasser succeeds, may not like the system of mixing alcohol with gas, but it might be possible that it would stave off the present row in the Mid-East if handled somewhat cleverly and give Mr. Dulles in London some better trump cards in his hands as he has now.

It might be practical.

About the coconut fiber spinning I may mention that the French Government awarded me the distinction of the Legion d'Honneur in 1937. Later on the British finished the results but may sing now another tune.

There is however something else. Yesterday I was 71 years of age. I could still build coconut fiber factories but with the whole fiber world against me also in the Philippines were you can easily get an accident in one way or another, I am not so young anymore to fight also that battle.

In the Pentagon and in the Department of Agriculture they know me very well and if they start all sort of ~~the~~ stories and resistance though I may make about \$ 200,000 roughly on the Philippine business as consulting engineer I would cable that my health did not allow me to come in the next weeks to Japan and Manila.

I understand that it would be awfully hard to answer on this letter, but your great Agency may find means to give me at least one hint in any direction and think it over.

Very truly yours,