

ACTION  
(Outside System)

~~SECRET (XGDS)~~

May 11, 1973

MEMORANDUM FOR: DR. KISSINGER

FROM: HAROLD H. SAUNDERS

SUBJECT: 25X1 Reply to Messages from Ambassador Moynihan

At Tab A is a draft reply to a [ ] message (Tab B) from Ambassador Moynihan to you reporting a conversation he had last week with L. K. Jha. At Tab D is a related message from Moynihan on a meeting with the new Indian Ambassador, T. N. Kaul. The draft at Tab A also replies to an earlier [ ] message from Moynihan (Tab C). 25X1

Jha and Kaul made a number of points which Moynihan wants to pass on to you:

--Mrs. Gandhi pretty definitely intends now to seek better relations with the US.

--Because of the food shortages in India the government probably will have to seek credit terms abroad for foodgrain purchases. The Indians do not want PL-480 credit; New Delhi apparently fears serious political repercussions in India if it asks for a resumption of PL-480 sales. New Delhi is interested in knowing what other possibilities there might be for long-term credits. Jha said they are wondering whether there is any way they might get long-term credits of \$200-300 million for the purchase of 2 to 3 million tons of grain. Moynihan believes that the renewed Indian interest in good relations with the US is at least in part because they now realize they cannot do without US economic aid and trade.

--Jha said you suggested to him that a joint Indo-US economic commission might be useful. He agrees. (This may be a reference to your March 27 meeting with Jha and Finance Minister Chavan in which you mentioned the idea of a special mechanism

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BYAUTH - Dr. Henry A. Kissinger

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for carrying on a US-Indian dialogue on trade issues. Chavan said at that time that it would be best to continue dealing with this issue on an informal basis. What Jha apparently has in mind is a committee with a broader purpose, including a mandate to "work out the details of ending all American net aid to India by 1980." Such a commission, as envisaged by Jha, would be based in New Delhi.)

--Kaul will be bringing a personal message from Mrs. Gandhi to the President. Jha said you told him (Jha) that if Kaul came with such a message you would seek a meeting for Kaul with the President.

Moynihan is particularly interested in having your views on possibilities for foodgrain credits. In his back-channel message he also expressed his hope that negotiations on the disposition of excess rupees could get started soon. Additionally, he reported that notwithstanding the professed Indian desire for better relations, New Delhi has not been making much of an effort to debunk a new campaign in the Communist press against "American spies."

With regard to the food problem, non PL-480 aid money in the amounts Jha is talking about would be very difficult to come up with. There are a few possibilities. The Indians could request CCC credits, although these are only 3-year credits. They could also request that some of the recently de-suspended \$87 million US aid, or some of the FY 74 development assistance (\$75 million is in the budget provisionally), be used for foodgrains. They could also ask other countries to share in supplying and financing the wheat they need. They might ask the IMF for a drawing, as they did during the 1966-68 Bihar famine. The USG response to any request would depend in part on the supply picture; because of current tightness of supply there is a suspension right now on all USG-financed wheat exports.

State is doing a study on Indo-US trade relations and on how we might follow up the conversations on this subject that Chavan had here. On excess rupees, interagency differences on what our negotiating position should be are nearly resolved, and instructions for Moynihan to start negotiations should be ready in another week or two. With regard to

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Ambassador Kaul's interest in meeting with the President, Kaul is due in Washington around May 16 and we can wait until after that before deciding about seeking a meeting.

At Tab C is a message I sent to you before you went to Moscow on Soviet military aid to Bangladesh. A reply to that is also included in the draft message at Tab A.

RECOMMENDATION: That you approve the message at Tab A for transmission to Ambassador Moynihan through 

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Approve \_\_\_\_\_

Other \_\_\_\_\_

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SECRET (XGDS)

Tab A

25X1

25X1

TO: NEW DELHI  
AMBASSADOR MOYNIHAN/EYES ONLY

FROM: WHITE HOUSE  
HENRY A. KISSINGER

1. Thank you for your message 536 of May 7. We have been working on the matters you raised. I also appreciated having your message on the US-Soviet-Bangladesh relationship prior to my Moscow visit.
2. Our options on food are limited. Non-PL-480 aid money in the amounts Jha is talking about would be very difficult to come up with. The Indians could request CCC credits, although they are only for three years. They could request that some of the de-suspended \$87 million US aid or some of the FY 74 development money if that is released be used for foodgrains. They could also ask other countries to share in supplying and financing the wheat they need. They might ask the IMF for a drawing, as they did during the Bihar famine. The USG's response to any request would depend in part on the supply picture; because of current tightness of supply there is a suspension at the moment on all USG-financed wheat exports. I am just thinking out loud here. Perhaps the answer lies in a combination of these approaches. In any case before you talk again with the Indians you could give me your ideas on the above.

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3. I am glad to hear that the President's foreign policy report has gone down favorably in Delhi. When Kaul arrives, we shall do what we can for him.

4. Your instructions on the rupee negotiations are nearly ready, I understand. I appreciate your desire to get on with that subject. As for the economic commission, I have asked Hal Saunders to do some work on that subject and we shall be back to you on that.

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TO WHITE HOUSE

S E C R E T 071412Z MAY 73 [REDACTED]

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FM AMBASSADOR MOYNIHAN NEW DELHI 536  
 TO THE WHITE HOUSE, FOR DR. KISSINGER

1. THEY APPEAR TO HAVE FINISHED A FORTNIGHT OF AMERICAN STUDIES HERE IN DELHI AND TO HAVE DECIDED TO RESPOND POSITIVELY TO OUR INITIATIVES OF FEBRUARY & MARCH. A NUMBER OF CONSIDERATIONS EVIDENTLY INFLUENCED THEM, NOT LEAST THE THOUGHT THAT WE MIGHT MEAN WHAT WE HAVE BEEN SAYING, BUT MOST OF ALL THE FACT THAT THEY NEED FOOD AND THEY NEED AID AND THEY CAN NO LONGER CONCEAL THIS FROM THEMSELVES OR THE ELECTORATE. SUCH AT ALL EVENTS IS MY UNSENTIMENTAL IMPRESSION.

2. ALL THIS, IN RATHER VAGUE DETAIL, CAME FROM T N KAUL WHO ON THURSDAY CAME ROUND POSITIVELY CHIRPING TO PAY A FAREWELL CALL. HE WAS CONVINCED THERE IS A GENUINE DESIRE ON THE PART OF BOTH COUNTRIES TO IMPROVE RELATIONS. HE HAD NOT THOUGHT THIS TWO MONTHS AGO. ETC. ON FRIDAY I HAD A LONG LUNCH WITH L.K. JHA, WHO IS TEMPORARILY WORKING IN THE PRIME MINISTER'S OFFICE. HE FOLLOWED KAUL'S PRESENTATION PRECISELY, BUT IN MUCH GREATER DETAIL. I REPORTED TO THE DEPARTMENT ON KAUL'S VISIT, BUT AS I HAD THE IMPRESSION L.K. INTENDED HIS MESSAGES PRIMARILY FOR YOU, I AM SENDING THIS ACCOUNT TO YOU ONLY.

3. TO BEGIN, HE STATED THAT SOON NOW I WOULD BE CONTACTED BY ALL MANNER OF INDIAN OFFICIALDOM, AS RELATIONS WERE NOW DEFINITELY GOING TO IMPROVE. FOR A MOMENT THE RUSH-SISCO VISIT HAD SEEMED TO THEM A SETBACK ON THE KEY QUESTIONS OF ARMS TO PAKISTAN AND PL 480 RUPEES, BUT THIS WOULD NOT NOW HAPPEN. THE PRIME MINISTER WAS GREATLY PLEASED BY THE PRESIDENT'S FOREIGN POLICY REPORT. SHE WAS PLEASED BY ME. SHE FACES GREAT POLITICAL DIFFICULTIES JUST AT THE MOMENT, AND CANNOT EXTEND HERSELF TOO FAR, BUT NONETHELESS RELATIONS WILL FUNDAMENTALLY IMPROVE. ETC.

4. YOU HAD TOLD JHA THAT IF KAUL CAME WITH A PERSONAL MESSAGE FROM THE PRIME MINISTER YOU WOULD (TRY TO?) ARRANGE AN "AUDIENCE" WITH THE PRESIDENT. KAUL HAS SUCH A MESSAGE.

5. YOU HAD SUGGESTED TO JHA THAT A JOINT ECONOMIC COMMISSION MIGHT BE USEFUL. THEY VERY MUCH AGREE. IT WOULD

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HAVE TO COME AFTER THE PL 480 NEGOTIATIONS ARE OUT OF THE WAY, THESE CAN SURELY BE (?) GOT THROUGH QUICKLY ENOUGH. ONE PURPOSE OF SUCH A COMMISSION WOULD BE TO WORK OUT THE DETAILS OF ENDING ALL AMERICAN NET ANY BY 1980 (NOTE, THIS IMPLIES CONTINUING AID UNTIL THEN) JHA SUGGESTED THAT PL 480 PAYMENTS MIGHT END THE SAME YEAR, WHILE ACKNOWLEDGING THAT THIS WOULD NOT BE MY VIEW. HE HOPES THAT THE FOCAL POINT OF ECONOMIC DISCUSSIONS BETWEEN US MIGHT BE NEW DELHI, WITH POLITICAL DISCUSSIONS, BY INFERENCE, CONCENTRATED IN WASHINGTON. I ASSUME THIS IS WHAT HE THINKS YOU WOULD PREFER.

6. LAST, BUT FIRST, THEY WONDER WHETHER THERE IS ANYWAY THEY CAN GET LONG TERM CREDITS FOR THE PURCHASE OF TWO TO THREE MILLION TONS OF GRAIN. THIS IS TO SAY A LOAN OF TWO TO THREE HUNDRED MILLION DOLLARS. IT MUST BE COMPLETELY OUTSIDE THE PL 480 FRAMEWORK. (WHICH THEY APPARANTLY ASSUME WOULD BE A POLITICAL DISASTER -- ADMISSION OF DEFEAT, DEPENDENCY ON AMERICANS, ETC. -- AT HOME.) I COULD NOT GIVE JHA ANY ANSWER ON THIS, AS I DON'T KNOW OF ANOTHER CHANNEL IF IT IS TO BE A CONCESSIONAL AS WELL AS A LONG TERM LOAN. ON THE OTHER HAND, I SAID, I ASSUMED A LOAN AT NEAR MARKET PRICES WAS TECHNICALLY FEASIBLE, ALTHOUGH SUCH A DECISION ACTUALLY TO EXTEND SUCH CREDIT WOULD HAVE TO BE MADE IN WASHINGTON. WE HAD ANOTHER DRINK.

7. IN SUM, ABOUT WHAT YOU EXPECTED TO HAPPEN IS HAPPENING, WITH PERHAPS SOME HELP FROM MY AT TIMES INTERMINABLE RECITAL OF THE ECONOMIC FACTS.

8. BY WAY OF CONFIRMATION AND CAUTION, THE COMMUNIST PRESS HAS SUDDENLY STARTED UP A CAMPAIGN AGAINST AMERICAN SPIES, THE PRINCIPAL ONE OF WHOM IS A THIRTY-ONE YEAR POLITICAL OFFICER IN CALCUTTA WHO HAS BEEN NINE MONTHS IN INDIA AND IS CHARGED WITH HAVING STARTED AT-LEAST AS MANY RIOTS. I ASSUME THE LEFTISTS IN AND OUT OF GOVERNMENT ARE TRYING TO THWART THE DECISION TO MAKE UP WITH THE AMERICANS. AND YET-ALWAYS COMPLEXITY. THE GOVERNMENT IS NOW REPEATING THESE CHARGES TO ME. JHA REPORTS THE PRIME MINISTER AS SAYING "EVEN IF HE ISN'T, WHAT AM I TO DO." I SAID SHE COULD GROW UP. HE ASKED COULD WE NOT GIVE HER THREE MONTHS BREATHING SPACE BY CURTAILING OUR MOVEMENT AND SPECIFICALLY AVOIDING CONTACTS WITH PERSONS FROM OTHER PARTIES. I SAID THAT IN PRINCIPLE THE ANSWER WAS NO, BUT THAT I MIGHT IN PRACTICE GIVE THIS PROPOSITION A CERTAIN AMOUNT OF THOUGHT. THIS WEEKEND, HOWEVER, THE HOME MINISTER SECRETARY, WHO REJOICES IN THE NAME OF DIKSHIT MADE A SNIDE SPEECH ABOUT THE PRESIDENT AND BROUGHT UP RIOTS CAUSED BY A "NOTABLE FOREIGNER", TO WIT MY THIRTY-ONE YEAR OLD, AND SO I HAVE DECIDED NOT TO GIVE THEM A THING. IF WE HOLED UP IN OUR HOUSES AND DID NO MORE THAN BUY GROCERIES WE WOULD END UP BEING ACCUSED OF CORRUPTING TRADESMEN IF THEY SO DESIRED. THERE IS AN ELEMENT OF BULGARIA CIRCA 1950 ABOUT THIS PLACE, BUT ALSO AND ALWAYS THE CONSIDERATE AND SOPHISTICATED COUNSEL AND INTELLIGENT INTERCOURSE

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OF MEN SUCH AS JHA.

9. LET ME KNOW WHAT YOU THINK. THEY WILL FIRST OF ALL WANT TO LEARN ABOUT THE POSSIBILITY OF A WHEAT LOAN. THEY WANT TO START BUYING WITHIN WEEKS, AS I GATHER. ALSO, DO TRY TO BREAK LOOSE THOSE PL 480 INSTRUCTIONS. OUR INITIATIVE HAS MEANT A GREAT DEAL HERE, BUT IF WE DO NOT GET STARTED SOON IT CAN GO SOUR EQUALLY FAST.

10. I ASSUME YOU GAVE MY LETTER TO THE PRESIDENT. I CEASE TO BE DEVASTATED BY THE NEWS. GOTTERDAMMERUNG AS YOU MIGHT SAY. BUT IT IS IN THAT SENSE BEYOND REPAIR AND THUS BEYOND REGRET. LET US GET ON WITH THE BUSINESS OF GOVERNMENT.

11. HOPE YOU ENJOYED YOUR BIRCH FORESTS AND COMMISSARS. THINK OCCASIONALLY OF YOUR FRIEND ON THE GANGETIC PLAIN DEALING WITH DEMOCRATS.

BEST  
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MOYNIHAN

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FM NEW DELHI

TO THE WHITE HOUSE


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FM AMBASSADOR MOYNIHAN NEW DELHI 1161  
TO THE WHITE HOUSE, -FOR DR. KISSINGER

By way of unsolicited advice, may I suggest that en route to Moscow you might want to consider the relationship between US and them in Bangladesh. To the best of my reading of the  cables we seem to be falling into that rather too familiar pattern of the United States supplying food and the Soviets supplying arms. Is there any possible use in exploring, perhaps, an East-West super-aid consortium that would press them into some kind of parity? Best, Moynihan.

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C O N F I D E N T I A L NEW DELHI 5204

E.O. 11652: GDS  
TAGS: PFOR, EALD, IN  
SUBJ: CALL OF AMBASSADOR DESIGNATE T.N. KAUL

SUMMARY

AMBASSADOR DESIGNATE T.N KAUL CAME BY TO PAY A FAREWELL CALL. AT THE RISK OF OVERREACTING I WOULD JUDGE THAT A FARILY SPECIFIC DECISION HAS BEEN MADE BY THE PRYME MINISTER THAT RELATIONS WITH THE UNITED STATES CAN AND MUST IMPROVE IF FOR NO OTHER REASON THAN THAT THE INDIAN ECONOMY CANNOT DO WITHOUT AMERICAN PARTICIPATION AND AID.

END SUMMARY.

1. KAUL IS DEPARTING FOR THE UNITED STATES SATURDAY MAY 5. WE HAD AGREED THAT I WOVULD GIVE HIM DINNER BEFORE HE LEFT, BUT HE ASKED NOW IF THIS COULD BE DONE ON HIS RETURN SOMETIME, PLEADING HE HAD BEEN OFF AND ON ILL FOR WEEKS NOW. I BELIEVE THIS IS THE CASE, BUT THAT IN ANY EVENT WITH SOMETHING VERY NEAR STARVATION BEGINNING TO STALK THE COUNTRYSIDE HE DID NOT WANT A GALA BLACK TIE DINNER AT ROOSEVELT HOUSE. (ITEM. HE SPOKE THIS AFTERNOON AT THE INDO AMERICAN CHAMBER OF COMMERCE, IN THE GRAND BALL ROOM OF THE ASHOKA HOTEL, HAVING FIRST INSISTED

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THAT ONLY TEA AND CASHEW NUTS BE SERVED AFTERWARDS).

2. HE BEGAN BY STATING THAT HE WAS CONVINCED THERE WAS A GENUINE DESIRE ON THE PART OF BOTH OUR COUNTRIES TO IMPROVE RELATIONS. HE HAD NOT THOUGHT THIS TWO MONTHS AGO (WHEN HIS APPOINTMENT WAS ANNOUNCED BUT HAD COMPLETELY CHANGED HIS VIEW. IN THE MANNER OF A DEPARTMENTAL MINUTE HE CITED THREE PROPOSITIONS IN DEFENSE OF THIS CONTENTION. "I HAVE FORGOTTEN THE FIRST TWO-SOMETHING TO DO WITH PREVIOUS DISAGREEMENTS HAVING BEEN RELATED TO THIRD COUNTRIES - BUT POINT THREE WAS THAT THERE IS NO TRUE CONFLICT OF INTEREST BETWEEN OUR TWO NATIONS, EVEN THOUGH THERE MIGHT BE DIFFERENCES OF VIEW POINT. THIS ALSO WAS THE THINKING OF THE PRIME MINISTER.

3. HE HOPED REPORTS IN THE INDIAN PRESS ABOUT MY POSSIBLE RETURN TO THE WHITE HOUSE WERE NOT TRUE, AS I HAD MADE A VERY STRONG BEGINNING HERE. I PROTESTED (SIC) BUT HE GREW RATHER INSISTENT, STATING WITH SOME EMPHASIS THAT MY HAVING "GOT THE BALL ROLLING" ON P.L. 480 RUPEES AT MY FIRST MEETING WITH THE PRIME MINISTER HAD BEEN TAKEN AS A MATTER OF GREAT GENERAL IMPORT AND SPECIFIC SUBSTANCE. HE HOPED WE COULD NOW GET A QUICK AND CONCLUSIVE SETTLEMENT.

4. I MADE MY STANDARD POINT THAT THE AID ERA WAS OVER AND THAT THE BEST HOPE FOR THE INDIAN ECONOMY WAS TO DEVISE WAYS TO INVOLVE AMERICAN AND OTHER WESTERN AND JAPANESE AND BUSINESSES IN JOINT VENTURES OR WHATEVER IN INDIA. HE AGREED, WITH THE USUAL EMPHASIS ON BRINGING IN HIGH TECHNOLOGY. I ALLOWED THAT THIS WAS NEVERTHELESS, A FORMULA FOR AVOIDING THOUGHT. WHAT INDIA NEEDS I SAID IS BUSINESSMEN DOING WHATEVER THE HELL IS NECESSARY TO GET THE PER CAPITA GROWTH RATE ABOVE THE ONE POINT THREE PERCENT OF THE PAST DECADE. I MENTIONED MACRAE'S LONG ARTICLE IN THE CURRENT ECONOMIST ABOUT BRITAIN HAVING EXPORTED TO THE COMMONWEALTH ITS TWO PROTOTYPICAL PRODUCTS, THE SANDHURST MAJOR GENERAL AND THE LONDON SCHOOL OF ECONOMICS FIRST SECRETARY, WHO ARE EVERYWHERE COMPETING TO SEE WHO CAN DO THE MOST DAMAGE TO THEIR NEWFOUND NATIONS. I SUGGESTED THAT THE INDIAN SUB-CONTINENT SOMETIMES SEEMED TO TAKE EVEN MACRAE'S EXAGGERATION TO THE POINT OF CARICATURE. CURIOUSLY HE DID NOT DISAGREE BUT CHOSE RATHER TO JOIN IN REMINISCENCES OF L.S.E.

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5. AT HIS REQUEST I RAMBLLED THROUGH A LIST OF PEOPLE HE WOULD WANT TO SEE IN WASHINGTON AND IN UNIVERSITIES. I SAID THAT IN THE UNIVERSITIES HE WOULD FIND THAT THE SCHOLARS MOST DEVOTED TO INDIA WERE NOW QUITE BITTER AT THE TREATMENT THEY HAVE BEEN RECEIVING FROM THE INDIAN GOVERNMENT. HE REPLIED THAT HE HAD OBTAINED AS A CONDITION OF HIS ACCEPTING HIS AMBASSADORSHIP THE ABSOLUTE RIGHT TO GRANT ANY VISA HE DESIRES FOR TRAVEL FROM THE UNITED STATES TO INDIA. WE TALKED ABOUT THIS A MONTH AGO, WHEN HE SAID HE WAS GOING TO GET SUCH AUTHORITY. HE NOW STATED THAT HE HAD IT, LISTING THE DEPARTMENTS THAT HAD TO AGREE. I STATED THAT THIS WAS FINE AS WE WOULD NOW KNOW WITH WHOM WE WERE DEALING IN SUCH MATTERS.

6. I SUGGESTED HE GET IN TOUCH WITH EARL BUTZ AS A MAN DEEPLY CONCERNED WITH WORLD FOOD PROBLEMS, AND ESPECIALLY THOSE OF INDIA. HE THEN ASKED WHETHER I THOUGHT CREDITS MIGHT BE AVAILABLE QTE WITHOUT MENTIONING P.L. 480 OR ANYTHING OF THAT SORT UNQTE FOR THE PURCHASE OF GRAIN. I SAID I JUST DIDNIT KNOW, BUT THAT I ASSUMED THAT SOME SUCH MECHANISMS ARE AVAILABLE IN WASHINGTON. IF THEY WERE I ADDED THE QUESTION WOULD THEN ARISE AS TO WHETHER CREDITS COULD BE MADE AVAILABLE FOR ANY SPECIFIC USE. I SAID HE WOULD BE ABLE TO FIND OUT QUICKLY ENOUGH.

7. THIS IS THE FIRST TIME SINCE I HAVE ARRIVED THAT ANY INDIAN OFFICIAL HAS EVEN HINTED TO ME THAT THEY MIGHT NEED SOME KIND OF HELP.

8. IN A LONG PREPARED SPEECH TO THE INDO AMERICAN CHAMBER OF COMMERCE THIS AFTERNOON KAUL WENT OVER MANY OF THESE THEMES, PARTICULARLY THAT OF INCREASING TRADE. HE REPEATED BORROWED STATISTICS AND PROPOSITIONS FROM MY ONE AND ONLY SPEECH TO DATE, GIVEN TO THE SAME ORGANIZATION (IN BOMBAY) ON THE SAME SUBJECT. HIS SPEECH WAS CLEARLY WRITTEN IN THE MINISTRY. I WILL SEND A COPY. HE ENDED BY RECALLING THE STATEMENT OF THE PRIME MINISTER SEVERAL YEARS AGO THAT THE QUESTION WAS NOT WHETHER THE DEVELOPED COUNTRIES COULD AFFORD TO AID THE DEVELOPING COUNTRIES, BUT WHETHER THEY COULD AFFORD NOT TO. PROSPERITY, LIKE PEACE, IS INDIVISIBLE, HE JUDGED. OR SHE JUDGED? AGAIN I HAVE FORGOTTEN. NO MATTER, THE MEANING WAS UNMISTAKABLE. HE THEREUPON DEPARTED FROM HIS TEXT TO CITE PRESIDENT'S FOREIGN

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POLICY STATEMENT WHICH I HAD GIVEN HIM THIS MORNING, SAYING HIS REFERENCE TO THE "NEW POLITICAL REALITY" OF THE SUBCONTINENT WAS MOST WELCOME. OUR RELATIONS WERE CLEARLY ON THE UPSWING.

9. MR. KAUL IS GOING TO WASHINGTON TO TRY TO GET SOMETHING FROM US.  
MOYNIHAN

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