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contributions of these other countries. This would limit India's total foreign aid to somewhere between \$600 and \$800 million. Once we have a better idea of what these other countries will do, we will have to decide whether to abandon our matching technique in order to enable India to come closer to meeting its over-all requirements of \$1,255 million.

6. Economic Aid to Pakistan (Consortium)

There is a substantial gap between Pakistan's wishes for economic aid and what the Consortium thinks Pakistan needs. This is of particular concern to us because of the delicate state of our current relations with Pakistan.

At the Pakistan "pre-Consortium" meeting in Paris on March 28-29, a consensus was reached among the donors that the level of aid required for FY 1964 to meet Pakistan's Plan targets is in the range of \$350 to \$400 million of new money. The U.S. strongly supported the figure of \$400 million indicating that it would be prepared to pledge up to about \$200 million of the total. Last year the U.S. contributed \$250 million, constituting 53% of the total Consortium aid including IDA and IBRD.

The GOP, which had asked for \$550 million, reacted strongly to the results of the pre-Consortium meeting. Top officials blamed the U.S. for the rejection of their \$550 million request. They also insist that the U.S. not reduce its contribution below that of last year.

There is to be a pledging session of the Consortium in Washington on May 2-3. On the basis of information now available, we are by no means sure that the contributions from all other members will come to \$200 million.

We are prepared to inform the GOP that while we support the \$400 million figure, we stand ready to examine with Pakistan and other Consortium members possible additional needs for FY 1964 should events indicate that the Consortium has underestimated Pakistan's foreign exchange needs.

7. Bokaro

A problem which is not yet ready for decision is Bokaro, the proposed public sector steel mill being considered for possible U.S. assistance. A recent report on this project procured by AID from U.S. Steel raises a number of technical and economic questions requiring further study. We mention it because it may have important political implications in the present state of U.S./Indian relations. The problem is further complicated by the Clay Committee's critical comments on aid to public sector plants.

DR

Faus, 1961-1963 S. Asst., Louis J. Smith, Jr.
WSC: US6 P. h Offc., 1966

283. Memorandum for the Record

Washington, April 25, 1963, 5:30-6:30 p.m.

President's Meeting on India, 25 April 1963

PRESENT

The President
Secretary Rusk
Undersecretary Ball
Mr. James Grant
Ambassador Bowles
Mr. Frank Coffin
Mr. William Gaud

Secretary McNamara
Deputy Secretary Gilpatric
Mr. Paul Nitze
Admiral George Anderson, Jr.
Mr. John McCone
Mr. McGeorge Bundy
Mr. R. W. Komer

Secretary Rusk described his pending mission to India and Pakistan. Our overriding purpose is some accommodation between Pakistan and India. The question is how to achieve it. If we back India against the Chinese, we may drive the Paks off the deep end; if we abandon the Indians, they might move toward the USSR and China again. On the merits of Kashmir, Rusk felt the shape of the settlement was irrelevant to us. We could buy anything they could agree on. The trouble was that any settlement would be more favorable to Pakistan than the status quo; it was precisely [that] which created the problem with India. He saw two other issues: (1) should we get involved in aiding India without the UK if necessary—we felt we must do so if India were really threatened, but must make every effort to bring the UK along; (2) should we give India substantial military aid regardless of Indo-Pakistan relations. We shouldn't condition aid totally on a Pak/Indian reconciliation, nor should we go ahead ignoring it. We should condition aid partly on the course of Indo-Pak relations.

Secretary McNamara then outlined the military aid problem. It was essentially a small one; as the intelligence community pointed out, the Chicom threat was small over the next 2-3 years. Their maximum capability in Tibet/Ladakh amounted to 230,000 men, of whom only 120,000 could be combat forces. They would need 40,000 trucks and 40% of the Chicom 1962 gasoline supply to support such a force. To cope with this threat, we and the British estimate that 12-14 Indian divisions are needed or with reserves some 16 divisions and 3 brigades, totalling an army of 650,000. But the Indians want to build up to 1.4 million men, a \$1.8 mil-

Source: Kennedy Library, National Security Files, Meetings and Memoranda Series, Meetings with the President, 4/63. Secret. Drafted by Komer on April 29. The time of the meeting, which was held at the White House, is from the President's Appointment Book. (Ibid.) Copies were sent to Bundy and Kayser.

next three years. All this is quite unrealistic.

The air threat is even smaller than the ground threat; McNamara himself really didn't think there is any. The Indians could meet this air threat by themselves if they were not so inefficient.

So the first problem from a military viewpoint was to develop a realistic program. McNamara personally estimated this at a maximum around \$300 million jointly from the US and UK over the next three years (including defense production), and perhaps only half that. It would take 2-3 months to work up such a realistic program. However, there was also a serious political problem involved in the Indian military buildup as it bore on Kashmir. The President queried whether \$300 million would be enough for the purpose and McGeorge Bundy asked whether the estimated threat included that from Burma; it was essential to look at the problem of defense of the entire subcontinent. Including Burma was essential if one looked at the problem in the framework of a decade. McNamara agreed but felt this didn't bear on the immediate Indian buildup problem. Komer pointed out that our estimate of the threat is based on existing Chicom logistic facilities and does not include what the Chicoms could do over the next three years or so. McCone said one couldn't add Burma to NEFA as an additional route of invasion because we estimated the Chicoms couldn't support both. Moreover, Burma would present the Chicoms with a vastly more complicated political problem if they chose to use this route.

Ambassador Bowles regarded the Indian buildup problem as 70% political. We had hoped for ten years that India would see the Chicom threat as we saw it. Now the Indians did; indeed they were the only major Asian power which took such a realistic view. Japan did not, for example. Indian help is essential for a non-nuclear balance of power in Asia vis-à-vis the Chicoms. Nor should we make the mistake of assuming that the Indians don't have other options; they are perfectly capable of patching up their differences with China and of getting more Soviet help as an alternative to their current desire for US/UK support. Could we let this happen? We should give the Indians an "emotional assurance" as soon as possible that we are with them; this would buy us a little time. Third, we should think of aiming Indian manpower toward SEA, not just of Indian defense against the threat from the north. This would also ease our problem with Pakistan, because the SEA threat would tend to unite the Indians and Paks.

The President again asked whether we could get the Indians to take the same view of the Chinese threat we do with only \$300 million in US/UK support. As we saw it, we couldn't get the Indians to "come down from \$1.6 billion to \$300 million." How could we avoid a real clash and disillusionment? McNamara thought that we could; however, we

could go to 800,000 men and could probably agree on a \$300 million and 800,000 men program in 2-3 months. The President said he was inclined to agree with Bowles that we should go ahead with the Indian program shortly. We had never been able to get the UK to go 50-50 on anything else, so while trying to bring them along, we should not limit ourselves to their pace. McNamara and Rusk both pointed out the Congressional problem, if we tried to go much above \$300 million and UK didn't participate.

The President said he couldn't see how we could stop Communist China without India. "Let's not be penny wise about India; let's not let them get into a position where they feel that they can't cope with the Chicoms and Paks on top of their other problems." Our policy should be not to let the UK restrain us from going ahead. He agreed we should do our best to bring the UK along, but "India is the important thing; not the UK." We shouldn't settle finally on \$300 million just because this is the most we could get on a 50-50 basis. McNamara argued we should separate the UK issue from that of realistic planning. He thought the UK wouldn't even go along with half of \$300 million. It was generally agreed this was so.

The discussion turned to the air defense commitment. McNamara felt this had great political value; Rusk agreed it was very important. The President said that if the Chicoms bombed India we would of course become involved, so he didn't see too much risk in giving a prior commitment. He asked when we should give the Indians our decisions on aid. Grant argued that we need to convince the Indians we are really going to help them. An air defense commitment shortly would buy us time to hammer out a realistic MAP program. Rusk contended that shooting at Chicom planes in India would lead almost certainly to the Chicoms shooting at us elsewhere. It would immediately broaden the war. At the President's request, McNamara, Nitze and Komer described the proposed air defense package. McNamara indicated that the only cost would be some \$15 million for radar, nothing else. Rusk suggested we not commit ourselves on air defense until he and Sandys returned.

The President agreed, but said let's consider air defense shortly. We want the Chicoms to know what we are going to do so they won't attack. We were sending planes to Saudi Arabia so why shouldn't we go ahead with India? He felt that we should engage in intensive talks with the Indians and attempt to bring them down to realistic levels. But we should keep these talks on the DOD level without State Department participation so we didn't appear to tie the talks too much to political conditions such as Kashmir.

As to a Kashmir settlement, the President thought the chances were almost nil. Rusk agreed unless the UK could manage to move the Indians. Maybe Mountbatten could when he was out in India. The Presi-

dent asked what we should do about Ayub. He felt we must make clear to Ayub we were doing our best on Kashmir but couldn't hold off indefinitely on aid to India. Rusk agreed and said we must tell the Paks we couldn't subordinate our larger interests to their quarrel with India over Kashmir. Bundy suggested that Rusk give a careful oral rebuttal in Delhi to Nehru's accusations about the "elements," in lieu of the President's replying to Nehru's letter now (especially since Macmillan had already given a written reply). The President thought we should tell Ayub we've got to go ahead with Nehru, while telling Nehru that military aid to him without a Kashmir settlement will cause us all sorts of trouble with the Paks and our own Congress. He asked whether we were likely to get thrown out of our base in Pakistan if we went ahead with aid to India? Rusk thought it would be rough; we might lose our Pakistani base unless the Chicom attacked again.

The President asked about the consortium problem with Pakistan. Gaud explained the situation. The Paks want from us at least last year's level of \$250 million, and a total of \$550 million from the consortium as a whole. We just didn't think they needed this much.

The President returned to the air defense problem, saying Komer and others on the staff felt we should go ahead with air defense soon. However, we would wait for Rusk's judgment. Bowles urged that we go ahead on some gesture of this sort. Rusk suggested staff talks with the Indians at a military level about sending the US/UK air defense squadrons as a means of indicating to the Indians our continued interest in helping them.

McNamara returned to the problem of UK participation. We certainly ought to have the UK in. To get Congressional support of our Indian program, one of three conditions would have to be met: (1) a Kashmir settlement; or (2) a realistic program; or (3) the UK going along. He had discovered on the Hill that Congressional opposition to Indian aid was strong. We had also found the British most reluctant to go along with further aid to India at this point. Rusk pointed out that as always the UK had the vulnerability of Hong Kong very much in mind.

The President thought we ought to go ahead on air defense and work on Congress to this end. Congress would be much madder if India went Communist. Air defense was the least expensive move we could make and the least offensive to the Paks. If the UK wouldn't go along, we should go ahead ourselves. We could put the program under the guise of training. He wondered why we couldn't fly squadrons into India for exercises? McNamara indicated this was part of the proposal. It was agreed that if the Paks wanted similar exercises there wouldn't be much problem, since we already had SEATO and CENTO exercises with the Paks. Rusk asked if it made sense for us to have a carrier in the Indian Ocean on a regular basis? McNamara and Anderson indicated that car-

rier visits would be no problem but that it would over-extend us if we tried to maintain a carrier there on a regular basis. The UK had a small carrier in the area.

R.W. Komer

284. Note From the Department of State to the British Embassy

Washington, April 25, 1963.

The Government of the United States proposes to the British Government the initiation of discussions by appropriate military and civil representatives of the two Governments looking toward the possible strategic use of certain small islands in the Indian Ocean area.¹

The two Governments share a common concern for an adequate long-term allied presence in the area, and it is thus considered important that there be effective coordination of strategic planning on the matter. To this end the United States Government would like to explore with the British Government the military and technical considerations involved in any such joint effort. It is further suggested that if the appropriate authorities conclude that mutually advantageous planning is feasible, the two Governments might then proceed at a higher level to discuss the political aspects of the availability of locations in the area to support military plans.

Accordingly, the Government of the United States proposes that the initial discussions be undertaken between appropriate military authorities of the two Governments either in London or in Washington and, as necessary, in the area under consideration.

Source: Department of State, Central Files, DEF 15 UK-US. Secret. Drafted in G/PM on April 18 by Winston Lord.

¹ According to an April 25 memorandum from Deputy Assistant Secretary of State for Politico-Military Affairs Jeffrey C. Kitchen to U. Alexis Johnson, this note grew out of a recommendation by the Joint Chiefs of Staff that the Department of State initiate discussion with the British on the possible long-term development of base facilities in the Indian Ocean area. The Joint Chiefs cited a need for such bases for possible contingency operations. (*Ibid.*)