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MEMORANDUM OF CONVERSATIONS

Participants: SUBJECT: New Delhi Advisers Meeting

Americans

Kenneth B. Keating, U. S. Ambassador
Henry A. Kissinger, Assistant to the President
Joseph J. Sisco, Assistant Secretary of State
Maurice Williams, Assistant Administrator, A. I. D.
Ronald Ziegler, Special Assistant to the President
Harold H. Saunders, NSC Staff
Helmut Sonnenfeldt, NSC Staff
William Weathersby, Deputy Chief of Mission
Herbert Spivak, Political Counsellor, U. S. Embassy, New Delhi
Christopher Van Hollen, Deputy Assistant Secretary of State

Indians

T. N. Kaul - Foreign Secretary
Kewal Singh - Secretary (I), Ministry of External Affairs
V. H. Coelho - Secretary (II), Ministry of External Affairs
P. N. Haksar - Secretary to the Prime Minister
K. B. Lall - Secretary, Ministry of Foreign Trade and Supply
I. G. Patel - Special Secretary, Department of Economic Affairs, Ministry
of Finance
H. C. Sarin - Secretary, Ministry of Defence

The President and Prime Minister Gandhi joined with Foreign Minister
Dinesh Singh about 9:45 a. m. on August 1

Date and Place: July 31 and August 1 in the Panel Room of the Rashtrapati
Bavan (President's Palace) in New Delhi, India, during
President Nixon 's visit.

Thursday, July 31 - 3:00-4:45 p. m.

Kaul: Welcome and introductions.

Keating: Thanks and introductions.

President's trip to show U. S. interest in this part of the world
and importance of changes taking place here.

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Suggested agenda:

1. Future of Asia
2. Indo-Pakistan relations
3. Middle East

Kaul: Invited Kissinger to lead off, perhaps telling some impressions of trip so far.

Kissinger: We have not come to press our views but to hear yours. It is clear that postwar ~~era~~ is at an end when U.S. disproportionately strong and disproportionately responsible. The post-Vietnam period may be the point of change. Three wars in this generation have started in Asia, so peace in Asia and peace in the world are inseparable. But we cannot be in a position for developing all schemes for peace and progress. Nor is the defense of Asian countries more important to us than to them. We do not want to impose any patterns. We want to hear how you view the near term future. In the near term, economic and political development are important.

We are not on this trip to ask support for any policies. But each nation has an interest in how war turns out. Each nation will make a judgment on the intrinsic merits of Vietnam, but we can make the judgment of the impact of the war's outcome on our future role in Asia.

Our message has been that we consider our role to be resistance of aggression across boundaries. Subversion is an internal matter. But the real challenge of subversion is to prevent it, and that is a matter of economic development on which we will help.

Kaul: We hope your visit will lead to greater understanding and cooperation between us.

It is our assessment that Asian countries should be left to solve their own problems in their own way.

We too are concerned about Vietnam. We have great hopes in peace talks, disappointment in lack of progress. India will make known its assessments through diplomatic channels.

Asian nations are suffering great internal problems. Answer to that is not military alliance but a shift from the military to the social side. We have watched with great interest the growth of sub regional organizations, especially under ECAFE. We would appreciate US support for ECAFE Council of Ministers formed December 1968.

We would be interested in your assessment of (1) China, (2) the Sino-Soviet rift, (3) relations of great powers where they meet in Asia, (4) US views of great power guarantee (political rather than military) of the integrity of the smaller countries of the area.

With regard to Indo-Pakistan relations, I must express our concern over resumption of US military aid to Pakistan. India has put a number of propositions to Pakistan including no-war pact -- with little serious response.

Kissinger: We have some views on China but, "on the basis of propinquity," perhaps you might give your views first.

Kaul: Ninth Congress in China continued talking about national liberation movements. We see small straws in wind that they may be returning gradually to normal diplomatic relations to a number of countries. On the other hand, they continue to support Pakistan and dissident elements in India. Large numbers of troops concentrated on India's borders. We do not see any probability of change in foreseeable future. They seem to lump together imperialists, revisionists and reactionaries. India may have gone from enemy #2 to enemy #3. Concern about two Chinese roads through Pakistani-occupied Kashmir. Threat to India more, not less. Though threat to smaller nations now subversion. India's democratic experiment an obstacle to China's path to supremacy.

Kissinger: Many of your points with which we would agree. In Communist China traditional Chinese isolationism and ideology make it difficult for China to relate to other countries. You are best judge of China's military threat to India but would agree that main threat to smaller countries is subversion.

Sino-Soviet dispute: Two centers of orthodoxy - battles among heretics more bitter than conflicts of national interests. A border with 700 million on one side and 300 million on the other.

On US relationship to dispute, we will consult our own interests in relation to each. President has said we will negotiate with USSR but not for negotiations' sake. We will not tie ourselves to support one Communist country against another. We have recently made some minor symbolic moves toward China. In short, our relations will depend on their policies.

President has said that a major military move by any other major power would be looked on with disfavor by us.

Keating: Add a word about our small step toward Communist China.

Kissinger: We would permit tourists to purchase Chicom goods -- a small breach in our total embargo. Released travel restrictions for some US groups. Has been no response on travel restrictions but too early. But we do not expect spectacular results.

Kaul: What about China's relations to Pakistan?

Kissinger: To say that we are open to contacts is not to say that we look with equanimity on anything it does.

Sisco: Some systematic efforts are being made to develop closer Chicom-Pakistan relations. We can't say much more than that.

We have impression that Chicom leadership is trying to reimpose control after the Cultural Revolution. We assume army is strong center. What are Indian views?

Kaul: From composition of new politbureau, we judge army in control. Creates apprehension that Chinese militarism will reassert itself. Japanese and Soviet assessment is that India will be main target.

Sonnenfeldt: We are interested Indian assessment of Sino-Soviet border tension. Hard to tell whether either side wants to settle border problems. We see no interest in Sino-Soviet hostilities because tension affects poise with which they deal with other problems.

Kaul: In what direction is Chicom nuclear capability going? ABM's?

Kissinger: A small force. One reason why we are developing ABM's. We see our ability to stay well ahead of Chinese.

Kaul: What would be effect of China's nuclear power on non-nuclear countries?

Kissinger: Main threat is from conventional forces. For China to use nuclear weapons would involve major problem for other nuclear powers. They have interest in not letting nuclear blackmail become pattern of international behavior.

No question that nuclear attack would present serious problems. We can't specify our response in advance. A major country being attacked by Communist China would raise problems for stability of Asia.

Sisco: Distinguish conventional from nuclear attacks.

Kissinger: President has said that a significant military attack on major country would be regarded seriously.

Sisco: We not prepared disregard UN charter, despite American popular phrase "no more Vietnams."

Kissinger: President has made distinction between conventional cross-border attack and subversion.

Sisco: What is your attitude toward Brezhnev proposal?

Kaul: We were surprised. All we can tell is that Soviet idea is not military alliance but general cooperation. India not for military alliance.

Kissinger: If a non-aggression treaty, hard to know what practical meaning would be.

Kaul: They want dissolution of pacts and substitute something else.

Sisco: This came up peripherally in Moscow. I have impression Russians busy staffing.

Kaul: Let's talk about Pakistan.

Kewal Singh: We have hardly any contacts - trade, exchanges, although India has lifted ban on trade. Pakistan does not respond; now selling Indian property.

Every time Pak reply: no normalization unless basic issues are resolved.

Gandhi's renewed no-war proposal met no response.

Keating: Rann of Kutch a model?

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- K. Singh: That was special. Other issues not subject to arbitration. Two basic issues: (1) Kashmir and (2) Farakka - Eastern waters. We not prepared negotiate Kashmir.
- Kaul: Distinction between Kutch and Kashmir. Latter is not just territory but self-determination.
- Keating: I only meant Kutch settlement bore out K. Singh's thesis - small agreements first.
- K. Singh: Farakka: India agrees to cooperative approach. Pak demands too high.
- Kaul: East Pakistani problem is inundation, not irrigation. Political problem.
- Kissinger: If they don't take your offer, they get nothing?
- K. Singh: They get regeneration of the waters below the barrage.
- Sisco: Genuine compromises possible. Genuine concern on both sides what future needs might be.
- We value good India-Pak relations.
- We past habit of trying to come up with new Kashmir solution every year.
- We think India has acted well during Pakistan's recent troubles.
- On arms: We want to avoid an arms race and avoid diversion of resources to military uses. Recognize legitimate defense needs. Welcome India's desire to become self-sufficient. Arms policy under review.
- Sarin: On defense production, ordnance factory from St. Louis only working 20% of capacity. Supplies have stopped coming. [Long complaint about US performance.]
- On Pakistan, forces have increased from 6-11 divisions, 11 medium and 3 light regiments to 19 and 3, etc.
- In sum, Pakistan has roughly doubled military strength since 1965.

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Page 7

- Kaul: Each side has military needs, but India facing China. What is the threat to Pakistan? We hope US will exercise influence on Pak thinking. Only helping China.
- Kissinger: We have no interest in an India-Pak conflict. Confronts us with choices we prefer not to have to make. We hope you succeed in normalizing relations. Don't want to aggravate.
- Kaul: If you don't want to choose, don't aggravate. Don't repeat mistake of 1954.
- Soviet supply to Pakistan has hurt USSR here.
- Patel: Pakistan gets more economic aid than Pakistan, relatively - advantage to defense. ^[sic. India]
- Kissinger: No decisions on this trip on military supply policy. Hear views. One criterion - that stability and progress of South Asia depends on stability and progress of India. No desire be in an arms race. Before decision, full opportunity to talk again.
- Patel: Ponder that economic aid to Pakistan helps defense; India not.
- Williams: Only point - India less dependent on imports.
- Jung: We will meet again in October.
- Kissinger: While under review, no decision.
- Kaul: Hold decision until October talks.

Friday, August 1 - 8:30-10:00 a.m.

- Kaul: Appreciation for yesterday. Patel to lead off on economic relations.
- Patel: Indian economic conditions: Last year conditions favorable - exports good - agricultural production good despite less than average monsoon - some inflation but prices now easing off a bit.
- Bilateral relations with US: Some issues of January now settled - passing of IDA replenishment - easing of "additionality" requirements - PL 480 now on yearly basis

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rather than short-term - good AID presentation to Congress.
In sum, pleased with new Administration.

Problems:

1. Prices on things like oil seeds; hope tallow can be included to help hold price line. Confidence building; would hate to see it breached. \$8-9 million in tallow - could be included in any financial ceiling.
2. On additionality, US position not clear about application of new policy to India - how many restrictions will be removed.
3. Hope for high AID appropriation - need \$385 million in non-project loans to meet Consortium targets. India recognizes Congress may cut but hopes Administration will press.
4. Multilateral agencies: Trends emerging which India does not like:

--Resistance to high proportion of IDA and IBRD funds going to India and Pakistan. Want Latin America to have aid but this position often taken to extreme. Problem is that India now getting 40% - not of what is planned but of what is available. India gets full support from AID but not from US representatives on IBRD board.

--IMF. Problem arising from proposed revision of quotas. Don't want to see board representation become "rich men's club". Ideal is mutual consultation. Urge complete study of constitutional composition of board.

--Asian Development Bank. Proper principle is disbursement by merit. Has been departed from in tied contributions, e. g., funds tied to procurement in Japan. This changes character of multilateral aid. US contribution and its terms will set the pace. Growth of this principle will compromise nature of multilateral aid. Step by step we are leading these institutions along wrong course.

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Page 9

- Keating: "Helpful for your usual brilliance to be reflected in this report". Don't want to throw gloom into this meeting. But I had talk with President last evening. He told of "very great difficulty" the Administration is having with the Congress - "worse than ever this year regarding India." Bank nationalization has had a very serious impact on the Congress. They do not understand it. It has seriously impaired the Indian aid appropriation.
- The additionality problem which forcefully raised in Rockefeller visit to Latin America is a good step - doesn't go as far as Indians or Latin Americans would like. Congress has to chew on this awhile before it can digest.
- Sisco: Since last meeting in Washington (Dinesh Singh) both Mr. Williams and I have testified before Congress on Aid Bill.
- There is realization that India and the U.S. cooperating well together. But my feeling is that we would be doing well if we came out with as high an appropriation as last year.
- The whole rupee problem is of increasing concern to both Executive Branch and of the Congress.
- Williams: The Congress is conducting a searching and intense review of the entire aid program. I agree we probably will do little better than last year.
- I agree with Mr. Patel that more must be done in the multi-lateral framework. As debt payments rise it may turn out that the US will be the only net donor of aid.
- On rupee problem, we have just signed Rural Electrification agreement, and we happy to pursue similar measures to put them quietly to work.
- Kaul: We unreservedly express our appreciation for past aid. But per capita it is perhaps the lowest in the world. Hope you will impress on your Congress that aid is a "vital necessity." Both "we and you" should work to remove misunderstandings in US Congress.
- We encouraged by President's encouragement for multi-lateral cooperation and understanding that India has mixed economy.

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- Keating: President takes sympathetic attitude toward India's mixed economy - "and indeed even toward nationalization."
- Lall: India's effort - in Commerce Department - is to increase commercial content of relationship. If you are planning inter-planetary commerce, I hope you will not forget commerce with three-quarters of the globe. [Laughter]
- US is now in first place among India's trading partners. Possibility of increasing exports to USSR but Indian capacity to absorb Soviet exports is limited, "and the USSR believes in bilateralism."
- Many reasons for limits on expansion of US-Indian trade - some Indian weaknesses some US policies. Even some change in US attitudes valuable.
- In relation to Asia, heartened by recent shifts in US attitudes. President has defined in broad terms but need to be defined in commercial terms. 6-7% growth rates possible in Asia. Improved security against external aggression a bi-product of economic growth.
- Asian Council of Ministers. Will be easier for them to take 1970 decisions if they knew US capacity to help.
- Asian Development Bank. Suggest a payments mechanism to help trade.
- Suggests US offshore procurement to make US dollars do double duty.
- Reiterate importance of definition of US policy.
- Sisco: Payments arrangement warrants study. We will give consideration.
- Williams: Trade exceedingly important. Commend India on last year's successes in improving exports.
- Kaul: In regional economic cooperation, we want to complement, not compete with Japan. We hope Asian Council of Ministers will help.

Pakistan has blocked Afghanistan's initiative on subregional commercial cooperation.

Lall: Could you give us general impression from countries you visited?

Sub-regional cooperation has much to offer - RCD if expanded, for instance.

Kaul: This not a Soviet idea. Afghanistan initiated four years ago.

Van Hollen: We have supported regional cooperation in principle. Problem is how to make this truly attractive to Pakistan - politically as well as economically.

Kaul: Our view is that economic progress leads to political progress.

Van Hollen: We are examining. Paks would feel anything done on purely economic side would erode their political position.

Sisco: All of us will be interested to hear when we go to Pakistan.

Lall: Other Asian attitudes?

Kissinger: We made clear at every stop that we favor regional cooperation - believe future evolution of Asia depends on how Asians relate to each other. Everyone agreed in principle but then raised particular problems.

Some feared tackling some problems to exclusion of others.
Some feared Japanese dominance.

If Asians come up with schemes - regional or sub-regional - we will consider.

Kaul: Sisco's visit to Moscow.

Sisco: Basic US-Soviet recognition that it would be foolish if we let Arab-Israeli issues degrade relations between us.

We have parallel interests in preventing hostilities.

US interests would be served by stable peace.

In Moscow:

1. Intensive exchange on conditions in area itself. Share concern over pattern of violence. But Soviets did not seem to feel renewal of general hostilities imminent.
2. Arms control. Soviet position remains that political settlement must precede.
3. Principal discussion on framework for settlement. We trying to develop a common document to be transmitted to parties through Jarring.

Well out of starting gate but quite short of finish line.

Bilateral exchanges will press ahead, especially between now and opening of UNGA.

We gave Soviets some countersuggestions.

We seeking explicit commitment to peace. Soviets want stable peace - not renewed armistice. We see direct negotiations necessary at some point. Withdrawal necessary. Refugee settlement necessary - principle of choice while meeting Israeli concerns.

No reason to be either optimistic or pessimistic. No conflict between bilateral and four-power tracks.

[The President and Prime Minister joined at this point.]

Keating: Described piece of sculpture to be passed on to the astronauts.

Prime Minister: Say again how happy you have stopped. Talks have helped us know you better - that the main purpose.

We at no time have wanted to create difficulties for US. Our history conditions our views. But we don't want US to do anything to damage its efforts.

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Page 13

President: The Prime Minister and I have met before. But rare opportunity this time for three hours of good talk. We tried on broad level to see political problems in each of our countries and then to put them in perspective.

I can summarize my views: Moon landing has broadened our thinking. In U.S. Cabinet, a briefing recently on population - population of world would double by 2000 A.D. This perspective causes us to think about what the world would be like by 2000 if statesmen fail. Could have two superpowers with enough to destroy the world with a third - China - isolated. Exploding population - exploding, impatient generation.

Here is what we are about:

1. We have the immediate problem of Vietnam. We try to conclude. This must be a conclusion we can defend as one that would help people of South Vietnam. How Vietnam comes out will have tremendous effect on future US role in the world. If US pulled out, there would be quick sense of relief, but US would probably not play a significant role in the world after that because of US frustration. We have made significant offers - but no response from other side. I believe US should play a role in the world.
2. US-USSR. We will talk about arms control, Mid-East, trade - anything to reduce tension. We will not join any anti-Chinese condominium. Good short range but disastrous long range policy. We want as good relations as possible.
3. India. I have voted for every aid bill for India since I came to Congress - not because of any desire to build a sphere of influence. But with India choosing the democratic way - the hard way, if India failed - I don't believe it will - the impact on the rest of Asia would be great. It is essential that India succeed. We want India to succeed by itself and in any multilateral role it chooses.

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Page 14

We have some very difficult and budget problems in US through 1970. You should not be discouraged. We ought to understand that we both have problems.

HASaunders:vt
1 August 1969

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