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September 4, 1974



Dear Ambassador Kaul:

Chairman Burns has asked me to thank you for sending him a copy of the booklet, "India's War On Want." He greatly appreciates your courtesy.

Very truly yours,

Normand Bernard
Assistant Secretary of the Board

The Honorable T. N. Kaul
Ambassador of India
2700 Macomb Street, N. W.
Washington, D. C. 20008

NB:slc



BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
AMBASSADOR OF INDIA
WASHINGTON, D. C.
2700 Macomb Street, N.W.
28th August 1974
OFFICE OF THE
20008

Dear Dr. Burns,

In view of the interest evinced in India's recent peaceful nuclear experiment, I am enclosing a booklet entitled "India's War On Want", which deals with India's plans for the peaceful, progressive, uses of atomic energy.

I hope you will find it of interest.

Sincerely,

(T.N.Kaul)

Triloki Nath Kaul



Hon'ble Dr. Arthur Burns,
Chairman,
Federal Reserves,
WASHINGTON D.C.



January 5, 1976

Dear Mr. Ambassador:

Thank you for sending me a copy of your *records*
Embassy's pamphlet on recent developments in India.
I appreciate your consideration in bringing your
Government's views to my attention.

With kindest personal regards.

Sincerely yours,

Arthur F. Burns

His Excellency T. N. Kaul
Ambassador of India
Washington, D.C. 20003

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January 5, 1976

His Excellency
T. N. Kaul
The Ambassador of India
Embassy of India
2107 Massachusetts Avenue
Washington, D. C.

Dear Mr. Ambassador:

Mrs. Burns and I want to thank you for
the wonderful Indian tea and to tell you how much
we appreciate your thoughtfulness.

With every good wish for the New Year.

Sincerely yours,

Arthur F. Burns

CCM

October 31, 1975

Dear Mr. Ambassador:

I read with interest the pamphlet on India that you recently sent me. My congratulations to your Economic Wing on a very effective presentation of salient information relating to your nation's economic development.

Sincerely yours,

Arthur F. Burns

His Excellency T. N. Kaul
Ambassador of India
2700 Macomb Street, N.W.
Washington, D. C. 20008

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BOARD OF GOVERNORS
OF THE
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AMBASSADOR OF INDIA
WASHINGTON, D. C.

1975 OCT 29 PM 1:37

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OFFICE OF THE CHAIRMAN

1852



Dear Dr. Burns:

October, 1975

I enclose a copy of a booklet that our Economic Wing has had published on India's economic progress. I hope that you will find it interesting.

Yours sincerely,

T.N. Kaul

Dr. Arthur Burns
Chairman
Federal Reserve Board
Constitution Ave, N.W.
Washington, D.C.



INDIA'S WAR ON WANT





“No nation could long maintain or morally defend a monopoly of the peaceful benefits of atomic energy.”

PRESIDENT HARRY S TRUMAN
Navy Day Address, 1945

PEACEFUL NUCLEAR EXPERIMENT

INDIA'S underground nuclear detonation in May was truly a “shot heard 'round the world,” although unlike the American Revolution's original “shot”, the reaction was somewhat mixed.

There was welcome, consternation, forecasts of Armageddon, and disappointment. Surprise was registered by some countries, as well as indignation; others welcomed India's declaration that she would use nuclear technology for peaceful purposes.

Underlying the adverse reaction was the question: “How could India, land of non-violence and Gandhi, a nation beset by immense economic and social problems, engage in a chauvinistic nuclear pyrotechnic display?”

The specter of nuclear proliferation was raised, accusations of betrayal were made. Just what was going on?



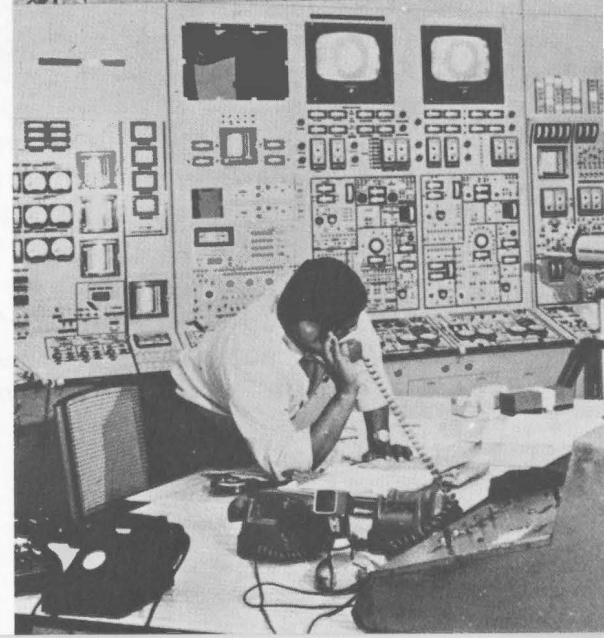
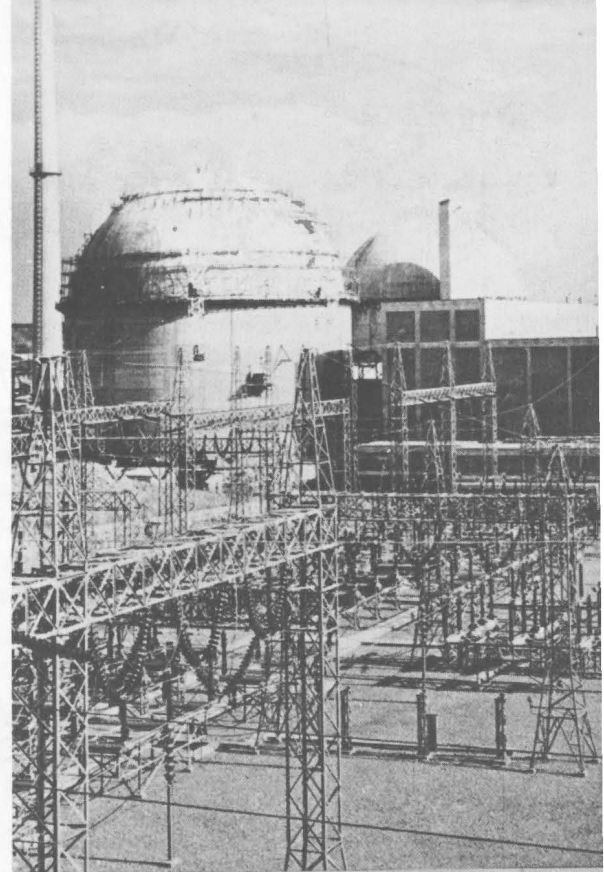
In truth, this ancient and fabled land of India has always been something of a mystery to the West, full of confusing contrasts of the material and the spiritual, new and old, wealth and poverty. There is the paradox of a nation, considered technologically underdeveloped, producing Nobel Prize-winning scientists and physicists; sophisticated minds with the knowledge to harness the atom.

Why, then, should the underground nuclear explosion have been such a shock and a surprise? After all, hadn't India actually embarked on its atomic research program upon independence, a quarter of a century ago? Doesn't India have the same—and probably more intense—needs for all the promises of nuclear discoveries, including its use to help develop resources such as natural gas, coal, minerals, etc.?

FAIR QUESTION

India's leaders, from the beginning, have pledged that her atomic and nuclear research was dedicated to peaceful uses. Why should an underground explosion, without fallout, fully complying with the Partial Test-Ban Treaty of 1963, and using India's own technology, be viewed with alarm?

It would seem fair to ask, "What's all the excitement about?" as Prime Minister Indira Gandhi indeed remarked. Let's look at the background, let's see what the explosion may mean to India and her neighbors, what is the possible economic impact, and what effect is this likely to have on the future?



“... we have stated from the very beginning of our atomic energy program, we have no desire to use this (underground nuclear explosion) for military purposes. It is to be used for peaceful purposes.”

PRIME MINISTER INDIRA GANDHI
ABC-TV “Issues and Answers,”
June 16, 1974

“Underground nuclear explosions for peaceful purposes shall be governed by an agreement which is to be negotiated and concluded by the parties at the earliest possible time.”

PRESIDENT RICHARD M. NIXON,
SOVIET COMMUNIST PARTY LEADER
LEONID I. BREZHNEV,
Article III, text of the nuclear accords signed in Moscow,
July 3, 1974

MISSING THE POINT

THE shock and surprise in some quarters that greeted the Indian test rests on misconceptions and misinterpretation of Indian motives.

At bottom, the critics seemed to jump to the conclusion that an underground test could only be the first step in weapons development. Some levelled an accusing finger at India, charging that she, too, wanted the power of nuclear weapons while retaining her claim to moral superiority. Some called her declaration of peaceful purposes unbelievable.

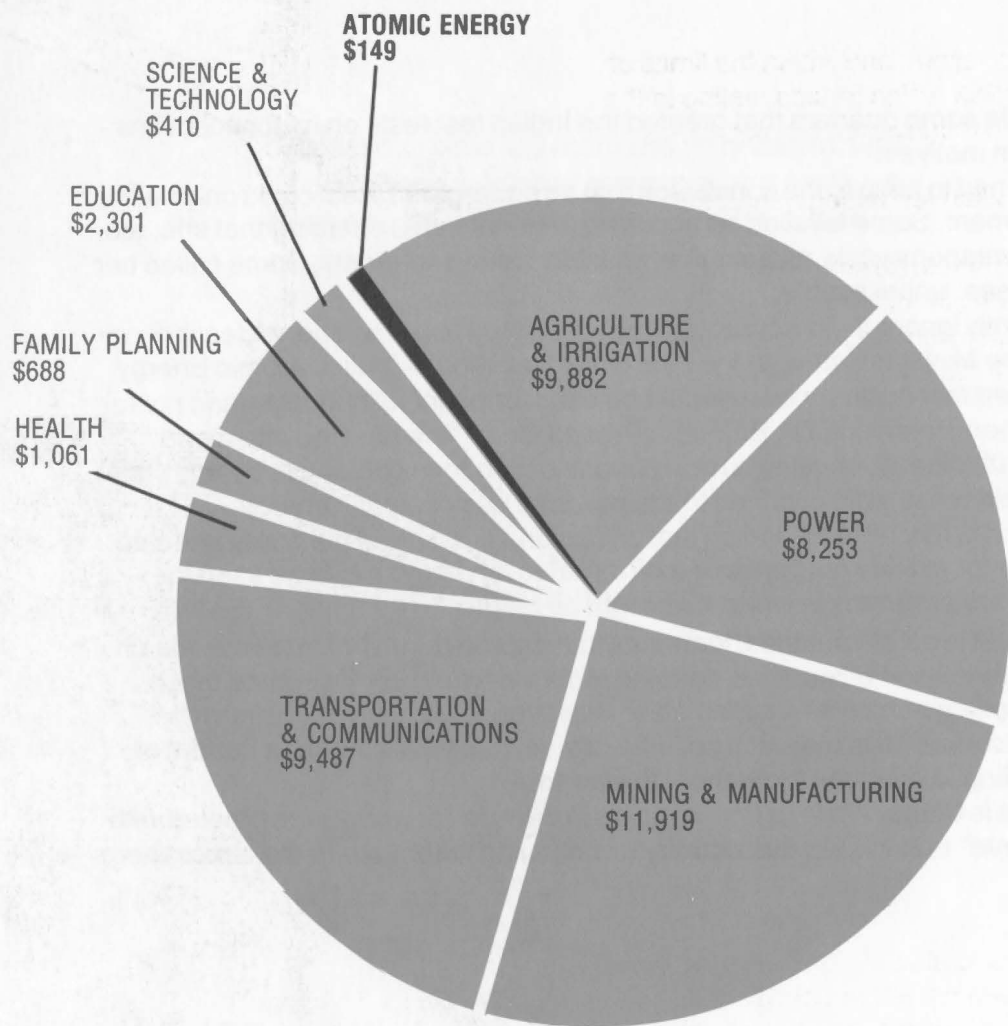
Such reactions conveniently ignore India's consistent policy on atomic power and nuclear energy since her independence. Prime Minister Nehru, at the time of the founding of India's Atomic Energy Establishment in 1949, pledged that nuclear power would be used for peaceful purposes and not for war. The following year, the then-President, Dr. Rajendra Prasad, said: "We have no intention whatsoever of acquiring, manufacturing, or using such weapons or condoning their use by any state. Our endeavor in the atomic field will remain confined to the peaceful use of atomic energy."

Prime Minister Indira Gandhi, following the Indian test explosion, re-asserted the policy and said: "We have no desire to use this for military purposes or as a threat to anybody. It is to be used for peaceful purposes, and there are programs in which this might be helpful."

Unlike nuclear development in other countries, India's military has no role in her atomic research. Nevertheless, after the experiment, some countries doubted India's declaration. It seemed that a nuclear weapons power stockpiling bombs was acceptable. However, if a non-weapons nuclear power came along and, in the course of its research set off a device, that was a threat, a portent of nuclear weaponry, and unsettling to relations throughout the world.

An example of this attitude is China. While its first ventures in the nuclear world were greeted with apprehension, now that "detente" is in the air, that country's continuing tests even in the atmosphere are ignored, if not accepted.

**BUDGET OUTLAYS FOR INDIA'S GROWING NEEDS
\$ MILLIONS (1974-1979)—PUBLIC SECTOR**



“In terms of India’s budget expenditure, its atomic energy development program costs about \$42 million out of a total central government budget expenditure of \$11.7 billion in fiscal year 1975 or three-tenths of one per cent of the budget. By way of contrast, the Indian government plans to devote over 50 per cent of its federal expenditure in 1974-75 to economic and social development.”

SENATOR HUBERT H. HUMPHREY
Congressional Record, May 22, 1974

NO VIOLATION

India has a record of peaceful nuclear research outside the area of weapons.

The Indian test was:

- conducted underground with no fallout, and within the limits of the Partial Test-Ban Treaty of 1963 which forbids testing in the atmosphere, in outer space, and underwater, but not underground.
- undertaken with 100 per cent Indian technology, materials, and personnel
- part of a program whose benefits are to be shared with the world,

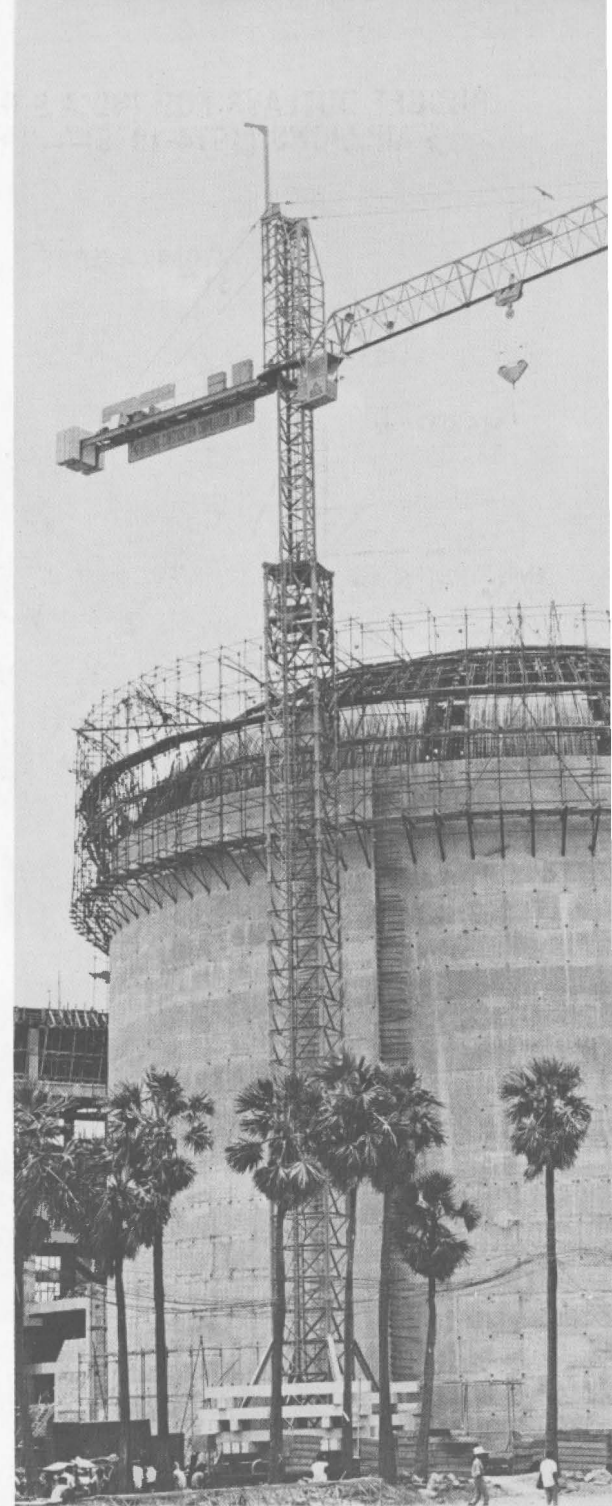
It is disturbing to India to be disbelieved, particularly after the Big Powers scatter promises of nuclear reactors to non-nuclear countries. Why, if the new recipients are to be trusted, isn't India's word as good?

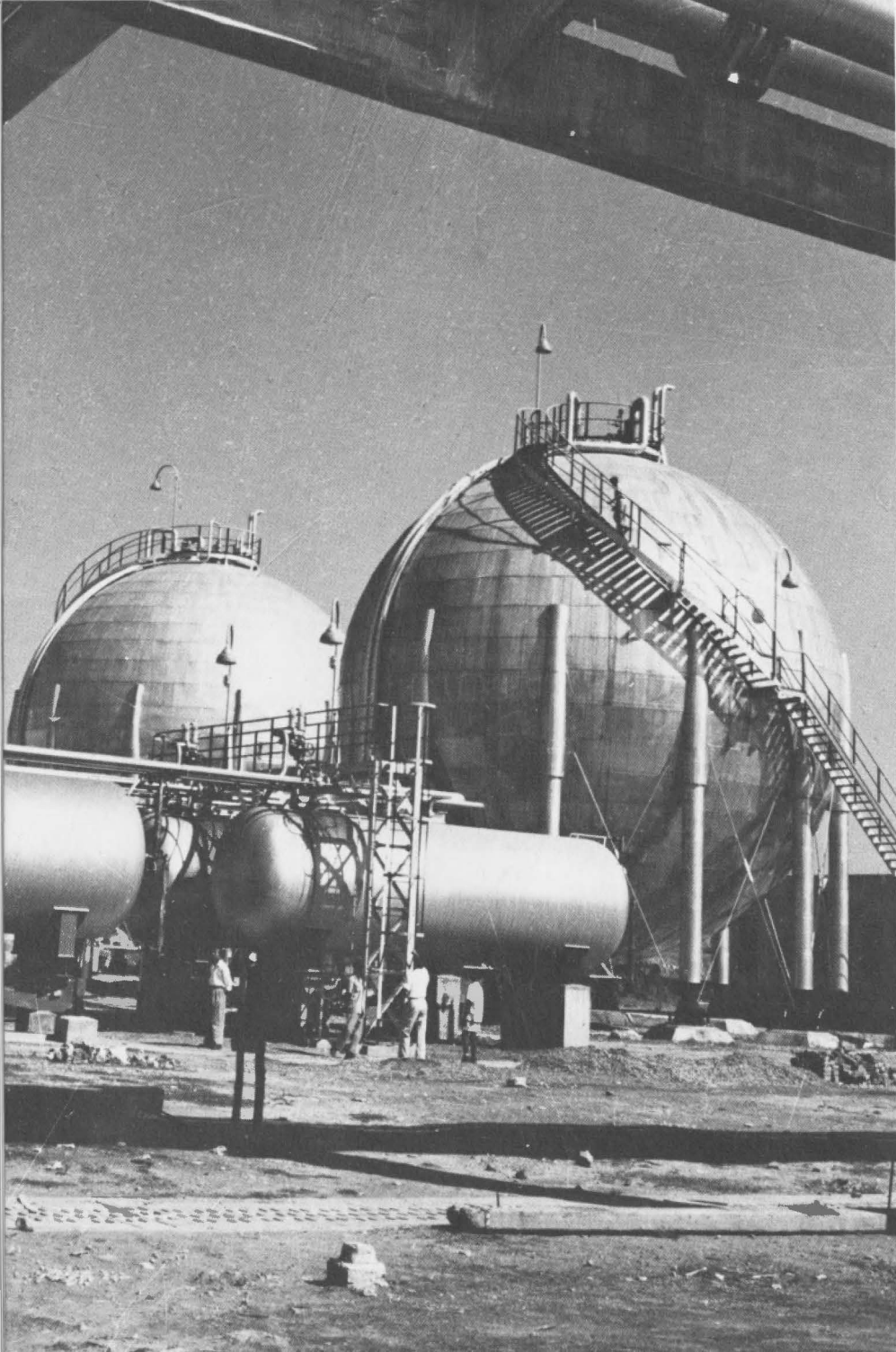
BUDGET OUTLAYS

India's national priorities have been questioned. It has been asked how India can afford the expense of nuclear research. India isn't impoverishing herself in this regard. Only one-third of one per cent of her planned outlays go for nuclear research and technology, and the test itself is estimated to have cost less than half a million dollars, in rupees and not in foreign exchange. Irrigation and power development, transportation, and agriculture account for nearly 60 per cent of the budget. Mining and industry, health and family planning, education and social welfare, and housing account for almost 40 per cent.

BRIGHT HOPE

India hopes to show the world that just because the pioneers in nuclear power have gone the "weapons route" that death need not be the main goal of all nuclear experimentation. India hopes to show that the goal can be life. A knife can kill. But in the hands of a surgeon, it can heal.





"The recent peaceful underground nuclear explosion was symbolic of India's determination not only to develop a capability in science and technology, but also to do so on the basis of self-reliance."

PRIME MINISTER INDIRA GANDHI



TECHNOLOGY AND PROGRESS

MANY Westerners retain a self-inflicted picture of an India beset by snake-charmers and starving masses. It somehow hasn't gotten through yet that India, with its democratic system, is making progress. There seems to be an impression that every rupee's worth of research is a cup of rice less for someone.

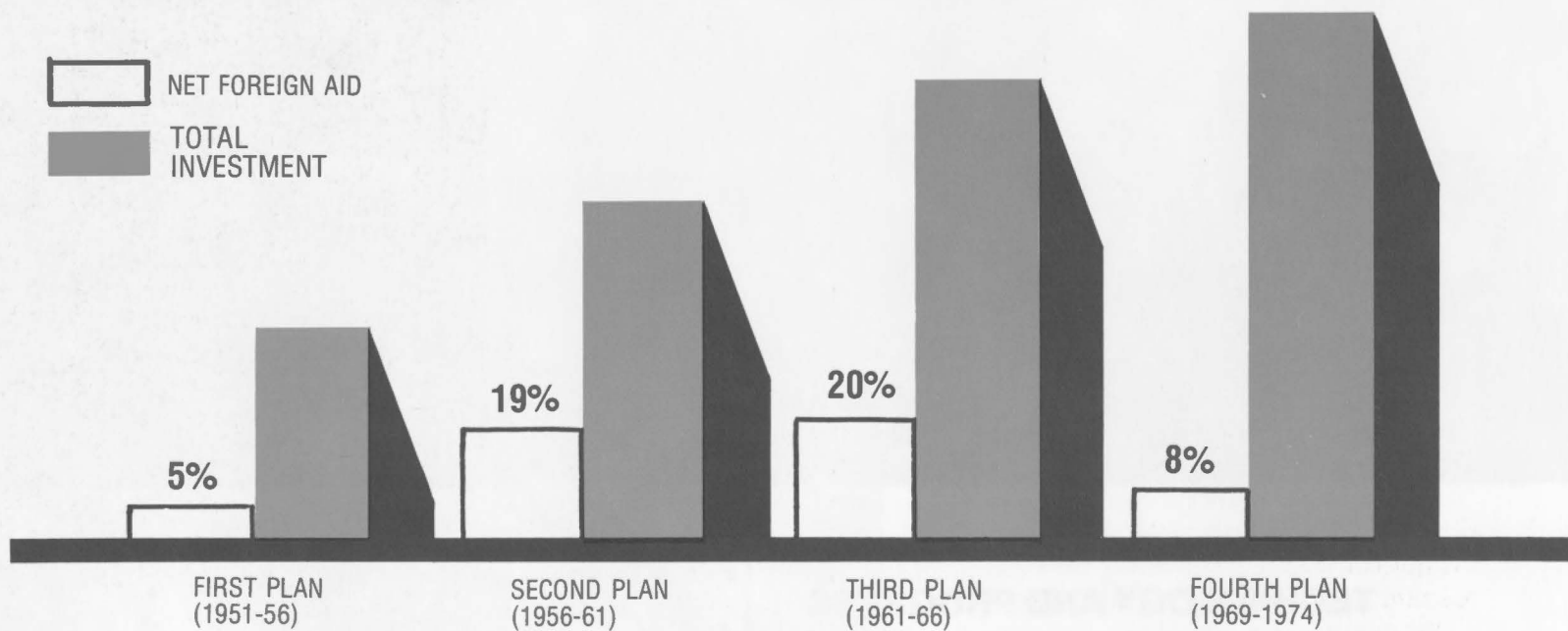
The point is missed. India's masses are being fed. Death no longer appears with a crop failure. To make headway, technology must play its part. Technology costs, but once it is developed and employed the returns can be great.

Is there a country in the world that has tried to make a better life for its people without resorting to technology?

India has been criticized in the past for going in for industrialization. Steelmaking, electronics, and fertilizer factories, for example, were all targets of critics as being too expensive or unnecessary for a primarily agricultural economy. Why doesn't she stick to producing rice, India was asked? It is now accepted by the same critics that India's investment in power, steel, and fertilizer laid the basis for the "Green Revolution".

India does not have one "priority", but a whole set of related and interdependent priorities: agriculture, industry, family planning, education, health, communications, nuclear research. Each is an instrument for creating a good life for all Indians and especially the poorer sections of society.

NET FOREIGN AID AS PERCENTAGE OF TOTAL INVESTMENT IN INDIA



ECONOMIC COST

Over the five-year period 1969-1974 (the Fourth Five-Year-Plan), India spent:

- \$187 million on Science and Technology, of which only \$56 million went to nuclear research.

This compares with:

- Family Planning: \$420 million
- Education: \$1.1 billion
- Mining and Manufacturing: \$5 billion
- Power: \$3.2 billion
- Agriculture: \$4.6 billion

On the Fifth Five-Year-Plan, the proposed atomic research outlay is \$149 million, 0.3 per cent of the total public sector outlay of nearly \$50 billion.

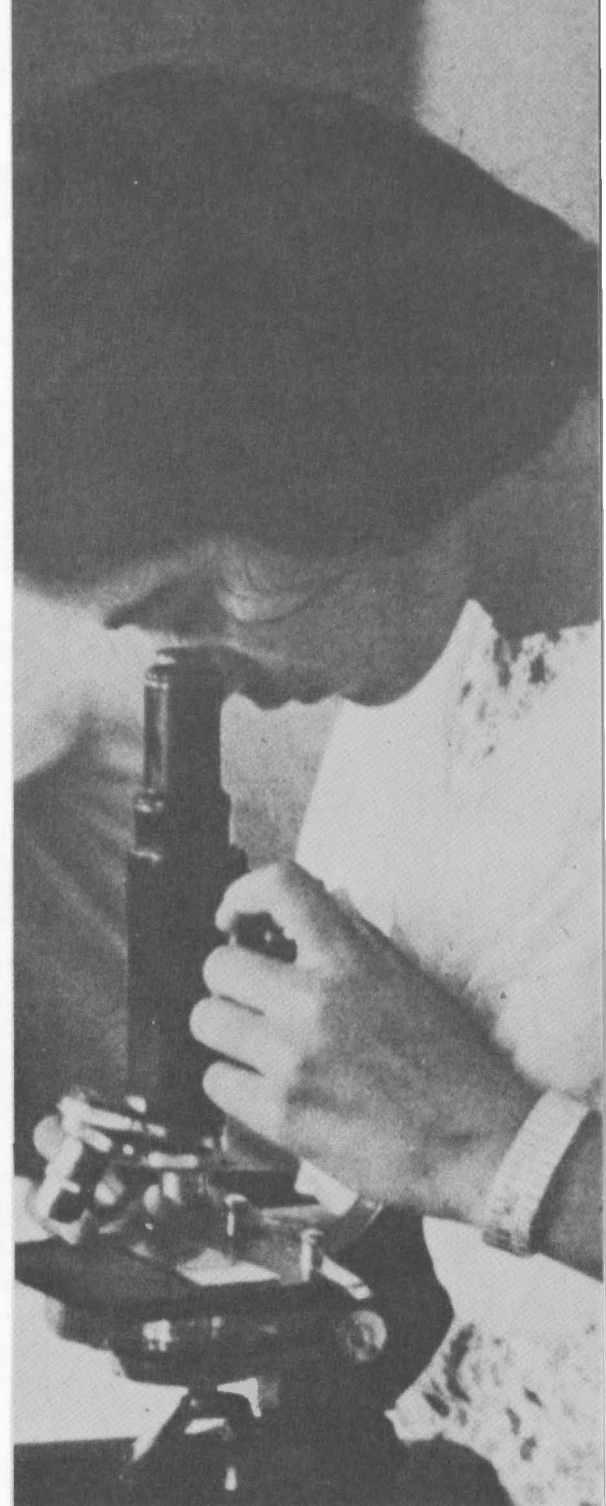
SCIENTIFIC TRADITION

India has a tradition of scientific inquiry. She has long proclaimed her intention of developing to the fullest her nuclear capability for progress. Since the early fifties, a number of highly-trained nuclear physicists has been at work in India in a number of institutions such as the Tata Institute of Fundamental Research, the Bhaba Atomic Research Center, the Saha Institute of Nuclear Physics, and the Reactor Research Center conducting research into fields relating to the use of the atom for the generation of power and the production of radio isotopes for use in industry, medicine, and agriculture.

VITAL BENEFITS

The possible uses of controlled nuclear explosions could be to open underground mines, for prospecting, for tunnel construction and irrigation, for earth-moving, for diverting rivers, and for building dams. Scientists have proven that nuclear explosives could be used to crumble deep-lying beds of lignite coal, so that it could be burned underground, producing a stream of gas to run conventional electric power plants on the surface.

India, like the U.S.A., which is going to have 30 per cent of its total energy from nuclear reactors by 1984, foresees a time when nuclear power will provide enough energy to produce electricity and clean drinking water for half a million villages in India, sufficient irrigation and seeds for farms, power for industry, and radio isotopes vital for medicine.



AFGHANISTAN

The Deputy Foreign Minister of Afghanistan, Mr. Waheed Abdulla, said on June 27 that his country did not consider that India's recent nuclear test posed any threat to neighboring nations.

ARAB STATES

"India's nuclear explosion for peaceful purposes is a matter of great pride for Arab States."

MR. IBRAHIM SHUKRALLAH, League of Arab States

BANGLADESH

"The Bangladesh Foreign Minister, Mr. Kamal Hussain, on June 12 welcomed the assurance given by India that her recent nuclear test was designed for peaceful uses."

IRAN

"The government of Iran believes in the limitation of nuclear weapons but has affirmative views on the peaceful use of atomic energy and considers it a great aim of its plans. If India may use atomic energy only for peaceful purposes, Iran is not against it."

ETTELAAT Tehran

NEPAL

"Whatever be the reactions of other countries to the first Indian nuclear explosion, it should be regarded as a shining technological achievement for India . . . The fact that only Pakistan has refused to accept India's assurances that its nuclear know-how will be used solely for peaceful purposes, while many other countries, including Nepal, have unreservedly done so, means that its protest is linked with its political problems with India."

NEPAL TIMES, May 20, 1974

SRI LANKA

"The Indian Prime Minister has assured the Sri Lanka government that it is not India's intention to manufacture nuclear weapons and, therefore, the Government of Sri Lanka accepts the Indian Prime Minister's statement."

MR. LAKSHMAN JAYAKKODY, Deputy Minister of Defense and External Affairs of Sri Lanka

NEIGHBORS' NEW-FOUND CONFIDENCE

THE nuclear test was a technological breakthrough hailed throughout India.

It showed that modern technology can be developed and handled by rich and poor, white and non-white nations, and this great truth was not lost among the developing nations of the world.

Most of India's neighbors, like Bangladesh, Bhutan, Burma, Nepal, Sri Lanka, Afghanistan, and Iran, derived a new feeling of confidence and security. They know that India has no designs on their territories, and they have welcomed India's assurances of peaceful intentions and offers of scientific cooperation.

India's vow of peace and pledge to share its scientific benefits has been welcomed elsewhere in Africa and Latin America, among developing countries, and in much of Europe as well.

Outside of the nuclear weapons countries, there seems to be greater appreciation of this 20th Century phenomenon of atom for peace and its potential for developing economies and industries. It opens numberless doors for better, cheaper, and quicker utilization of raw materials and energy sources such as oil, gas, and coal. It will make possible production of vastly more electrical power, irrigation, fertilizer, and other products and services so vital to the task of coping with the world's and India's rising expectations and needs.

“It is singularly unfortunate that the peaceful nature of this nuclear experiment of ours should be misconstrued and misread in Pakistan. Apprehensions aroused in Pakistan are unfounded. We value our commitment under the Simla Agreement to settle our differences with Pakistan by peaceful and bilateral means.”

MR. SWARAN SINGH
India's External Affairs Minister,
May 21, 1974

PAKISTANI FEARS BASELESS

PAKISTAN, quite unexpectedly, charged "nuclear blackmail" after the test. The U.S. Secretary of State, Dr. Henry Kissinger, stated that the balance of power in South Asia had not been affected by India's test, but that doesn't seem to have assured Pakistan.

India covets no Pakistani territory. Following the 1971 conflict, India pulled out of 5,000 square miles of occupied Pakistani territory. And under the Delhi Agreement, 90,000 prisoners of war were returned to Pakistan. India offered to reopen communications, resume trade with Pakistan, and begin the process of normalization and cooperation.

Still, the peaceful underground test by India was received with hostility by Pakistan, who used it as an excuse to interrupt the process of normalization by cancelling a long-scheduled Foreign Ministers' meeting. This is in marked contrast to Pakistan's reaction to China's weapons tests in the atmosphere, which Pakistan praised as showing that "Asian scientists can rise to any level and work on the frontiers of knowledge in the most sophisticated fields".

India believes that if her assurances of peaceful intentions are accepted and reciprocated by Pakistan, India's newly-developed nuclear capacity could help the two neighbors. Adoption of India's plan for expanded research, coupled with a freeze on weapons, could prove to be a basis for a fruitful era of scientific and economic cooperation and friendship.

COMMON ENEMY

The leaders of Pakistan will come to the conclusion, later, if not now, that India isn't their enemy. The enemies are the ancient ones and the same for both, poverty, illiteracy, hunger, unemployment and disease, enemies that might be overcome by the wise and peaceful utilization of nuclear energy.

“I am glad to note that voices have been raised in favor of a comprehensive Test Ban Treaty permitting tests only under international controls and safeguards applicable to all countries, including nuclear weapon countries. Unlike the NPT it should be universal and non-discriminatory. If such a Treaty were to be offered to the whole world, I can say we would look at such a Treaty positively.”

MR. T. N. KAUL
India's Ambassador to the U.S.
National Press Club Speech, June 17, 1974

NUCLEAR PROLIFERATION ?

NEARLY thirty years ago, just after the first shattering use of atomic power, President Harry S. Truman prophetically said: “No nation could long maintain or morally defend a monopoly of the peaceful benefits of atomic energy.”

Yet the Nuclear Non-Proliferation Treaty has tried to impose just such a limit on peaceful nuclear development.

Hopefully, India's test will force a reassessment of the basic “principles” underlying that unequal treaty. As it stands, the treaty virtually forbids any of its non-weapons country signatories from using nuclear explosions for peaceful purposes while permitting nuclear weapons powers to conduct explosions for testing weapons.

India did not, therefore, sign the treaty which is discriminatory, is not a genuine disarmament measure since it does not prohibit the vertical proliferation of nuclear weapons by the weapons powers, creates a monopoly of nuclear technology only for the nuclear weapons powers, and perpetuates the gap between the developed and developing world.

FRESH LOOK

A review conference of the treaty is only a year away. India's test is proof that a "have not" country can develop the technology. This should trigger a new look at the treaty with an eye toward developing a new approach, an approach that would allow—and encourage—the dissemination of scientific and technical nuclear knowledge for peaceful economic use while banning the further spread of weapons and promoting the eventual destruction of the nuclear weapons stockpile.

A comprehensive Test-Ban Treaty which prohibits all tests for the development of nuclear weapons and permits explosions for peaceful purposes only under international regulations that are universal and non-discriminatory could be the right approach for using nuclear energy for economic development.

FOR AN ABUNDANT LIFE

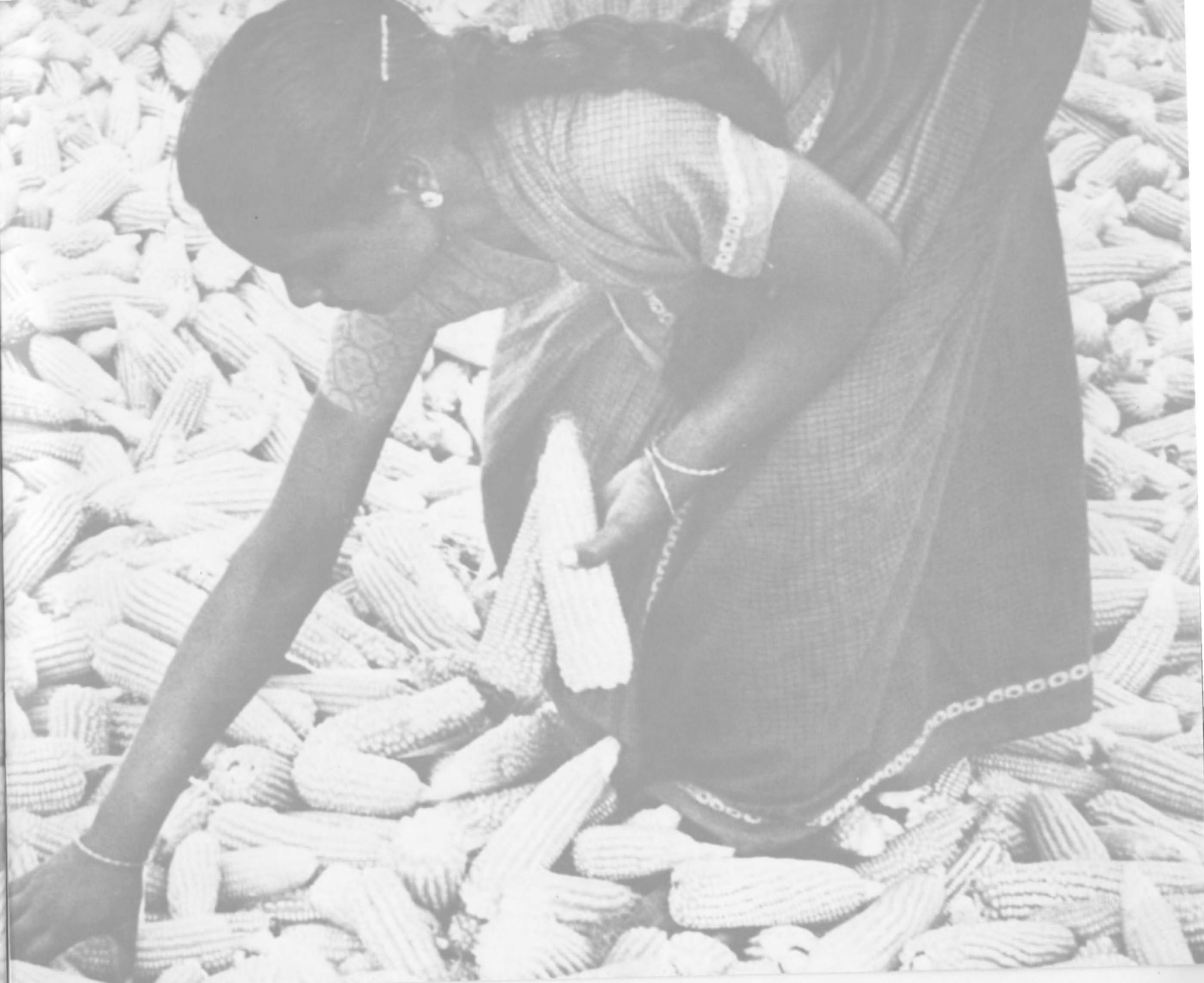
WITH every breakthrough in the history of progress has come a certain amount of confusion, turmoil, and controversy. It is only later, when the positive benefits have been reaped, that the uproar dies down and the situation can be seen in perspective. It seems that it must be so with India.

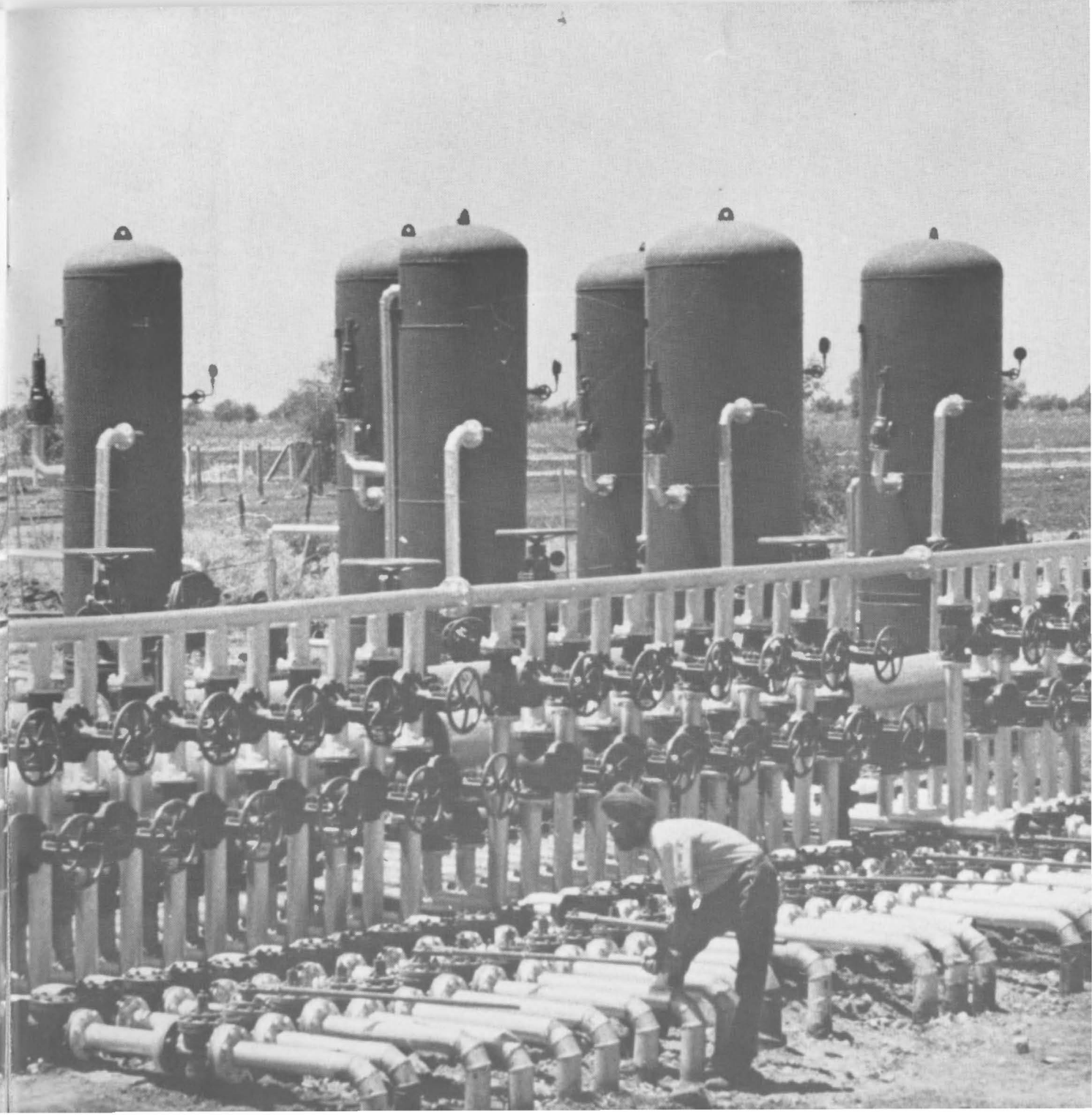
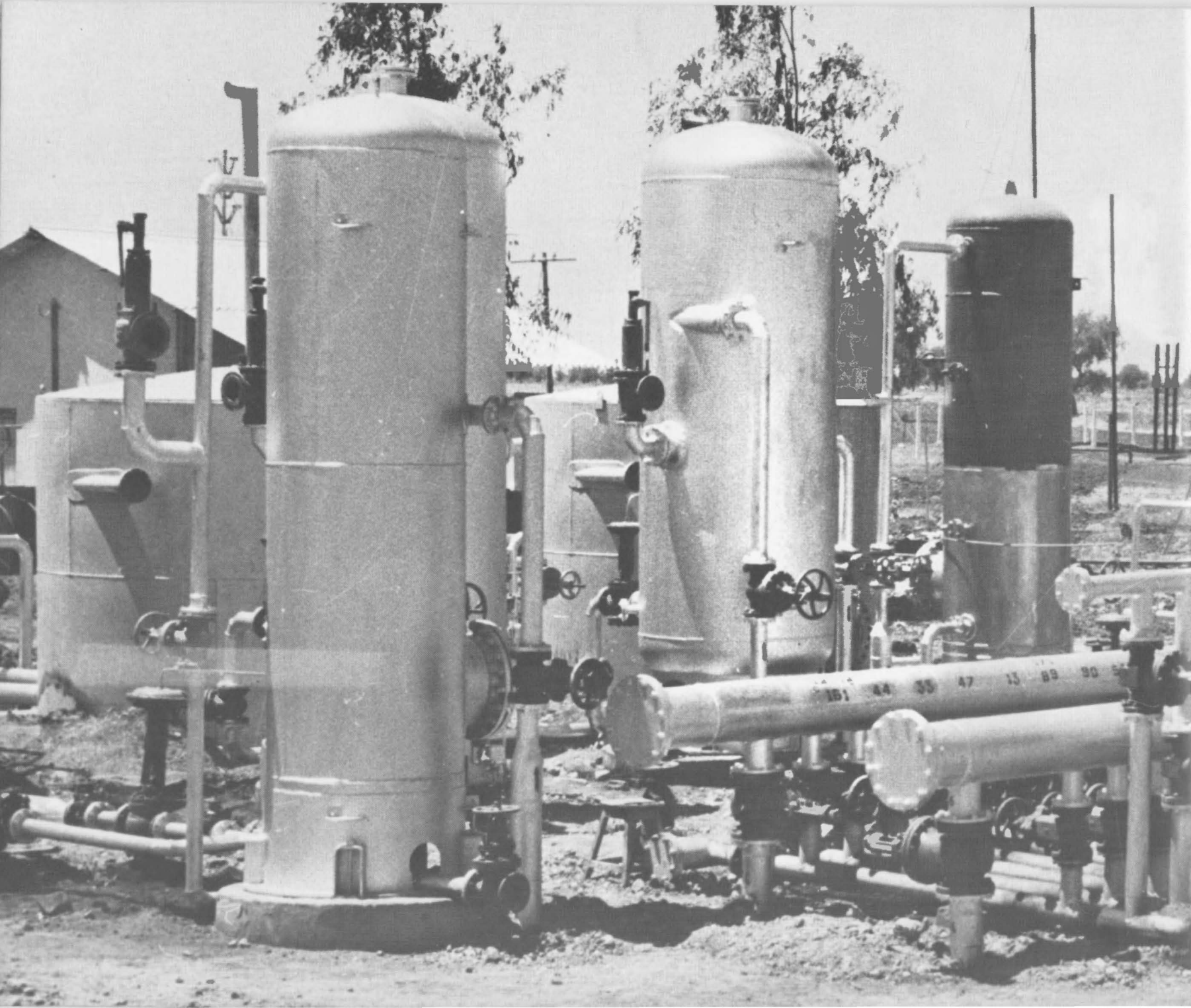
India is conducting an all-out effort to eradicate poverty and promote the welfare of her people. Critics of the Indian test explosion seem to argue that when a nuclear weapons power has an explosion, it is a necessary step towards maintaining world security, yet when a poorer country develops its capability to harness atomic energy for peaceful purposes, it is a dangerous irresponsibility. In the minds of the affluent and the powerful, money, morality and knowledge are synonymous.

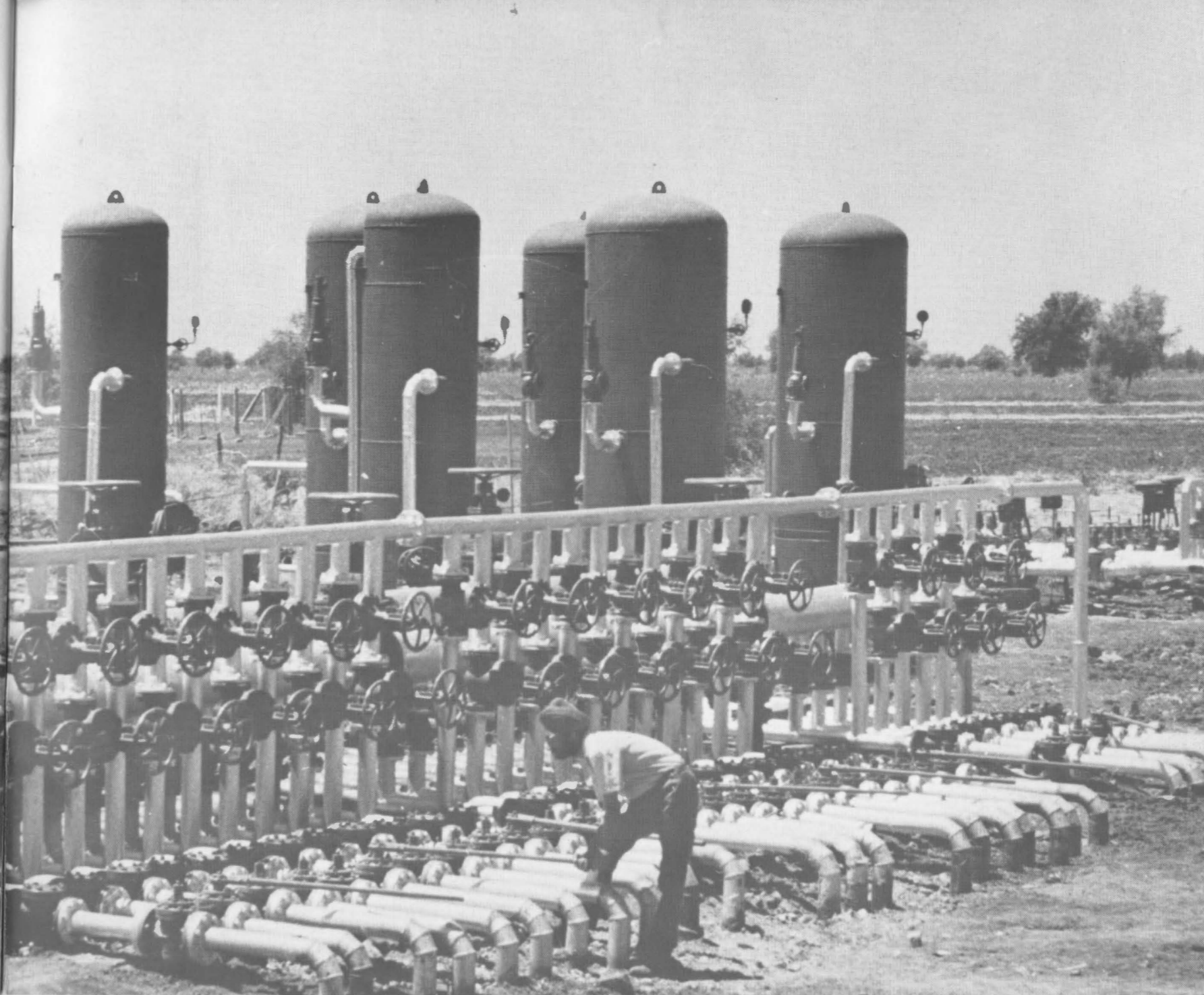
If a calm appraisal is made of India's aims and efforts in the nuclear field, it will be realized that fears of an Indian military build-up or runaway proliferation are largely unfounded. For obvious reasons India has no need and no desire to produce nuclear weapons. The arsenal of death created and developed by the nuclear club already threatens the survival of the human race. For any country to add to this would be sheer madness.

In the 27 years of her existence as an independent nation, India has struggled long and hard to bring a good life to her people through the use of 20th Century technology. And she has had much success. The "Green Revolution" has, through the use of modern agricultural techniques, made famine not the fact of life it once was. An expanded industry is quickening the pace in all segments of the economy and providing more employment than ever before. New medicines and health practices are slowly but surely eradicating the scourge of disease and hold the promise for limiting population growth.

Now the advent of nuclear technology has given rise to hopes of an even brighter future. When this future becomes the present, one in which the Indian people are better fed, better clothed, better taught, better housed and employed through the power provided by the atom, India will have shown the world a way in which nuclear power can be transformed from an instrument of war against mankind to an effective weapon in the war on want.







published for

THE EMBASSY OF INDIA (Economic Wing)

2107 Massachusetts Ave.

Washington 8, D.C.

The Honorable T. N. KAUL
Ambassador of India
2700 Macomb Street, N.W.
Washington, D. C. 20008

9/4/74

[See storage files for complete files]