AMERICAN ECONOMIC AID TO INDIA AND THE INDIAN NATIONALIST MOVEMENT: A POLITICAL ANALYSIS

DISSERTATION

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By

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AMERICAN ECONOMIC AID TO INDIA AND THE INDIAN
REACTION: A POLITICAL ANALYSIS

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CHAPTER I

STATEMENT OF THE PROBLEM

The Western World over the last several centuries has evolved methods of production and of social organization by which it has been able to provide food, clothing, shelter, health, education, and leisure for the common man to a degree never approached by any past civilization. Peoples outside the Western World, however, have shared only in minor degree in the material and social progress of these centuries. Ancient ways of making a living and ancient poverty have remained. From the point of view of many of these peoples the West's modern development has meant mainly conquest and foreign rule.

Today we face a new situation which poses a decisive test for Western civilization. The future of the underdeveloped countries of Asia, Africa, and the Americas is a vital matter for the future of Western civilization, including, of course, the security and the way of life of the American people. Economic development of these areas in cooperation with the West is a necessary part of the conditions for Western survival and for the survival in the world of some of the West's important contributions to human progress.

Yet accompanying the post-war efforts of the more highly developed countries (especially the United States) to help
the underdeveloped peoples to expand education, increase food production, improve agriculture, raise incomes, and promote community progress and welfare are grave dangers and difficulties. Most of these newly independent countries have just emerged from colonial control. What effect, if any, might this have upon their thinking with regard to development plans of the western nations? Can we assume the ready transferability of techniques and practices of development, and cultural patterns from one culture to another? What is good for Americans may not be good for or acceptable to Indians. The bridging of this cultural gulf provides the greatest challenge to those who would endeavor to provide new modes and techniques by which peace, freedom, and well-being might be secured.

There are many problems involved in the American effort to assist India in its developmental efforts. American assistance to India as an aspect of the large-scale assistance program which the United States has initiated throughout various parts of the world and the Indian reaction to that American assistance have occasioned much debate in the United States. India's supposed attitude toward the United States and its supposed reaction to American aid have caused some sections of American opinion to question strongly the advisability of continuing aid to that country. Indeed, there is a point of view in the United States which favors discontinuance of all aid to India unless or until
India agrees to perform certain acts specified by the government of the United States. There are those who would use as standards for judging Indian reaction such things as whether the Indian government in gratitude for receiving American aid is willing to help the United States fight communism and communist aggression, to lift any restrictions on certain strategic materials, agree to vote with the United States and the Western nations in the United Nations, compliment the United States occasionally on the aid which it gives, and "stop applauding Russia anytime Russia does some 'insignificant' thing like when Russia sold 50,000 tons of wheat to India." 1

Those who adhere to this position base their stand on certain premises, whether or not they realize it, which may be crystallized into a certain pattern of thinking. As applied to India one might infer from the remarks of these critics that they would favor India becoming a sort of junior partner in the American scheme of collective security and that the policies of the Indian government should be the same as those of the United States. It might further be inferred that they believe the United States has the power to determine whether India develops, or what course it will take if it does; and that by withholding aid which

1 Congressional Record; 82nd Congress, 1st Session; Vol. 97, Part IV. (May 23, 1951), p. 5747. Statements made by Representatives Allen(Illinois), Maybank(S.C.) and Cox (Georgia).
India is presumed to need so badly, its government can be persuaded to come over into the American camp.

Such viewpoints are based on some far-reaching assumptions and which naturally raise serious and central questions which shall be examined in some detail in this dissertation. The first of these assumptions relates to the Indian culture and background. They assume, either consciously or unconsciously, that the Indian culture and society are much like Western culture and societies and are sufficiently adaptable to allow India, like Western countries, to abandon its neutral position and move into the anti-communist camp if the Indian leaders are truly grateful for American aid. They also assume that Indian history, the background of Indian leaders and the forces and factors which go into the making of the Indian scheme of values and modes of thinking are close enough to those of the West to make it relatively easy for the Indian government to make the kind of transition which they desire and suggest. Are we really dealing with people whose culture, and origin are basically similar to those of the West and do we readily understand their position and are we able to grasp something of their attitudes, their feelings, their state of mind, their view of events and of the world? What do these people bring with them onto the world stage at the present time? Emerging in a complex of circumstances
how easy is it for them to make adjustments, along lines chosen by their leaders, to their new conditions? These questions we shall endeavor to examine in the pages that follow.

Assumptions are also being made by such critics about Indian politics and the Indian climate of opinion. These, too, raise questions that have to be analyzed. It seems that an assumption is being made that the Indian political system and governmental patterns are carbon copies of those of the West and that they will function in the same way and that they consequently will be more prone to become identified with the policies of their counterparts in the West. Does it necessarily follow that because India's system is democratic its political parties and political leaders will be in essential agreement on broad policy questions with their counterparts in the West? Is it feasible to assume that they might be made so? To what extent can political parties be said to reveal significant patterns of thinking in India and in what direction are these patterns of thinking directed?

There are certain facts, too, about the Indian press both with regard to the editorial policies of the major Indian dailies and in regard to American aid that should be examined. There seems to be a basic assumption that because the Indian press is free and is controlled by
persons who are Western-trained that the editorial policies of the major newspapers will generally follow the pattern of those of the West. Does this necessarily follow? In what direction does the press tend to lead public opinion in India? In what direction has the press led public opinion with regard to American aid?

Because it has adopted Western-type political institutions and practices, the Indian government, too, might be presumed to be more favorable toward a closer association with the Western position of anti-communism and collective security. Are Indian and American ideals and goals sufficiently similar as to warrant the assumption that common policy with regard to the achievement of these goals might be established without too much difficulty? There are forces and factors operating in both countries and on the world scene today which will probably have some bearing on whether the above question is answered in the affirmative or in the negative.

Finally, the scope of American aid should be examined. What did the United States intend in giving aid to India? Was it intended to induce India to join an American-supported political or military alliance in order to combat communism and strengthen democracy among the peoples of Asia? Or, on the other hand, was it given in order to aid India in the establishment of programs which would tend in
the long run to help eliminate poverty, hunger, disease, and other ills in which communism breeds, thus assuring a firmer and broader base for the maintenance of democracy, peace and security?

This dissertation will attempt to deal in some detail with the central problem: Is it feasible to hope or expect that the giving of American aid to India might induce India to join an American-supported alliance to combat communism in Asia and to strengthen democracy and freedom?

The primary significance of the problem of foreign aid when applied particularly to India lies in the fact that vital American interests are involved in any decision regarding American aid to India. It goes without saying that India has come to play an important role in post-war world affairs. Not only is India the largest of the non-Western nations to embark on the experiment of adopting Western-type parliamentary institutions and practices, but India is the only Asian nation possessed of the potentiality to demonstrate that achievements comparable in magnitude to those of Communist China might be obtained even in Asia through essentially democratic means. The non-communist countries of South and Southeast Asia are consequently looking increasingly upon India as a model for the entire region. The success or failure of its institutions, therefore, will have enormous implications, not only for Asia, but for the
whole world. The continuation or cessation of American aid to India must necessarily have some bearing on the result.

Yet much of the debate in the United States concerning India's reaction to American aid seems to be based on a pattern of thinking that is generally not accepted by American opinion as a whole. This study will attempt, therefore, to relate other relevant factors to the central problem: Should American aid be given with the intent of inducing India to make definite commitments in the "cold war"? We might raise the question as to what ought to be the underlying bases of American aid policies toward India. There is a viewpoint which postulates that American aid should be given primarily to cultivate the friendship of India so that the two countries might deal with each other on the basis of mutual equality and benefit. Some understanding of this viewpoint, too, is needed. Although the writer recognizes that he has certain strong convictions regarding this problem which he cannot hope to disguise, it is not his intention in this study merely to marshall arguments in favor of his point of view. The purpose of this study is to identify and to analyze as objectively as possible pertinent factors involved in this problem. To this end it is important to understand that in addition to India's position as democratic example for and
unofficial leader of much of non-communist Asia it is also the source of many strategic raw materials essential for the industries of Western nations. The question of Indian-American trade should also be examined.

It is believed that American policy makers in order to make wise decisions regarding American relations with India and Asia, should understand more than they now know about the life and conditions and state of mind of the peoples toward whom their policies are directed. It is hoped that an analysis of the central problem of this dissertation might provide such pertinent data. In this study the writer has relied as much as possible on an analysis of the views of the key personages who are in a position to appraise American policy making or Indian political life. Many of these views were gathered by the writer in personal interviews in the course of his study in India during 1954-55.
CHAPTER II

UNITED STATES FOREIGN POLICY
AND FOREIGN ASSISTANCE TO INDIA

The relative immunity of the United States from the entanglements of international politics has been irrevo-
cably lost. Crucial, intimate, and complex relationships between the United States and the rest of the world are inescapable. Today foreign relations touch all the sign-
nificant phases of American national life, and the making of foreign policy has become a part of the total polit-
ical process.

This deep involvement of the United States in inter-
national politics has not been a matter of deliberate choice. For nearly one hundred and fifty years, historical accident, geographical position, and a relatively stable balance of power system in Europe virtually guaranteed the desire of the United States for peace, profitable trade, and the opportunity to carry on a unique political experiment with a minimum of disturbances from foreign influences or responsibilities. World War II was the culmination of a set of forces -- technological changes in transportation and communications, decline of British power in Europe, breakdown of the old balance of power system in Europe, and the emergence of the Soviet Union
as a world power — which have now reversed this situation. New problems, conflicts, interests, and responsibilities have been thrust upon the United States. Conditions in the remotest parts of the earth are likely to affect directly or indirectly the national security of the United States. Likewise, the power and aims of the United States in international affairs have a great impact on other nations and peoples. To some, America's power is a guarantee of peace, to others it appears as a threat; but few can escape the ultimate consequences of action or inaction by the United States.

Ideology, or the core of ideas or values which most Americans consciously or unconsciously accept, is especially significant in the analysis of American foreign policy. It is significant to note that there seems to be a very strong conviction in the United States that there is something unique about the American political system, something which is good not only for Americans but for all humanity as well. The belief seems to be that democracy is valid everywhere if only people have the will to practice it or can be left alone to do so. Freedom is regarded almost as an end in itself.

A second type of conviction is characterized by a distrust of authority. Authority personified by government is inherently bad and, therefore, must be kept in
check. This leads to an equally strong conviction that totalitarianism is more than a domestic form of government abroad; it is a violation of moral principle and, therefore, should be resisted.

Distrust of political authority has sometimes hampered policy makers and has helped to encourage discontinuity of administrative personnel. Government service is not widely recognized as a major social career. Often salaries are lower than in positions of similar responsibility in private life. It has been, and still remains, a slow and difficult process to equip the American government with the means to wage propaganda warfare against its enemies because such power is regarded as too dangerous to be entrusted to governmental agencies.

Stemming from this distrust of powerful governmental authority are the beliefs in constitutional limitations on public power, in the protection of individual liberties including private property, in consent of the governed by their choice of representatives in free elections and in the free expression of ideas, with the accompanying privilege of changing the personnel of government when they no longer reflect the will of the majority. There is, finally, the conviction that rightful obligations must be honored, that men are, by nature, essentially rational, and that the ability of men of good will to compromise
and to settle their differences reasonably and peacefully must be respected.

These American beliefs and attitudes concerning human behavior and politics form what might be called the value framework of American foreign policy. They are manifested, in more concrete form, in key statements by recent Presidents and Secretaries of State. One of these values is a desire for stable, democratic government in every nation of the world resting on firm popular support. Changes should be peaceful and effected through free and unfettered elections embodying the majority rule principle. Individual liberties should be safeguarded.

Secondly, there has been constant reference by American foreign policy makers to "justice and morality." That is to say, that governments as well as individuals must be subject to moral restraint. Hence, it must always be possible to appeal to higher principles of authority above the acts of men and governments. These principles have developed from reason, spiritual inspiration, and the accumulated experiences of humanity. In international affairs they are embodied in the principles of international law and in the customs and practices which have
governed the conduct of civilized nations for centuries.¹

Based upon values or preferences held by societies and also upon necessity, all nations have certain wants or needs which may be called "national interests." These national interests move nations to seek certain objectives. Broadly speaking, these are security from external threats, economic welfare and advantage, power or prestige, and moral or ideological influence. Nations differ, however, in the relative importance they assign to such objectives and in the intensity with which they pursue them at particular times and under particular circumstances.

That is not to say that all national objectives can be neatly labeled "security" or "economic." Indeed, they are likely to be mixed and blend off into one another. Economic objectives are nearly always related to security, and the search for power and prestige are related to each other and to security. Security is the dominant national objective because the modern nation-state could hardly survive if it did not provide minimum protection for its citizens. Few would quarrel, therefore, with the view that the national security and independence of the United

States are the dominant primary objectives of American foreign policy. It has been said repeatedly by American foreign policy makers that "the objective of the policy of the United States is to strengthen our own security...

In the present day world where the oceans and skies have become highways rather than protective barriers, the security of the United States depends as much upon helping to create greater freedoms, better living conditions, and a happier and more secure existence for other peoples of the world as it does upon its own military defenses. It is not surprising, therefore, that such things as the Marshall Plan, aid to Greece and Turkey, Point Four, and the various alliances and military assistance programs have been significant chapters in the evolution of postwar American foreign policy.

Postwar Evolution of the United States Foreign Policy

The most potent motivating factors in shaping the postwar foreign policy of the United States have been the

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assumptions concerning the aims, powers and probable moves of the Soviet Union. During the latter stages of World War II and in the early postwar period it was assumed that the wartime collaboration among the major powers would continue into the postwar period and that the use of military power for solving international problems would be renounced. Consequently, the United States withdrew the bulk of its troops from Europe and demobilized its armed forces. In addition, the United States participated in a vast relief and reconstruction program through UNNRA, helped to formulate and establish the United Nations, made numerous proposals for the international control of atomic energy, attempted to bring the Chinese Nationalists and Communists into a working coalition, concluded peace treaties with wartime German satellites, and made important agreements with the Russians and the British at Yalta and Potsdam. This period was characterized by a real desire for and a strong belief in the possibility of cooperation among the major powers on important international issues.

However, this American dream was short lived, because by the middle of 1946 the problem of the Soviet Union had come to the fore where it has remained until the present time. Even before the end of the war the United States had become alarmed at Russian policy in Eastern Europe, which was believed to be in violation of those provisions
of the Yalta agreement permitting the establishment of free governments. Controversies at the United Nations founding conference in San Francisco, disagreements over the occupation of Germany and the unification of Korea, the civil war in Greece, Soviet demands on Turkey, and deadlocked negotiations over the international control of atomic energy put the policy of trust and co-operation to a severe test. Already men such as presidential adviser W. Averill Harriman, Soviet expert George Kennan, and Secretary of State James F. Byrnes were beginning to question whether the co-operative approach was the best way to deal with the Soviet leaders, who, they contended, understood and respected only firmness and strength.

President Truman's appeal to Congress in March 1947 in which he proclaimed the "Truman Doctrine" was a recognition of the need for a firmer policy toward the Soviet leaders and toward the dangers of the continued spread of communism. The President's proclamation was occasioned by the Greek Civil War and the British expression of intention to withdraw their military forces from that country. The President declared it to be the policy of the United States to "support free peoples who are resisting attempted subjugation by armed minorities
or by outside pressures,"^4 and "our help should be primarily through economic and financial aid."^5

To implement this policy the President asked the Congress for an appropriation of $400,000,000 to give economic and military aid to Greece and Turkey. The "Truman Doctrine" marked the real turning point in American foreign policy after World War II. What has since followed -- the Marshall Plan, Point Four, the Mutual Defense Assistance Program, N.A.T.O., and other defense arrangements -- is simply a logical development from the principle "to support free people ... resisting attempted subjugation by armed minorities or by outside pressure."^6 It is designed, in short, to contain communism. The basic components of this policy have been continued through the Truman Administrations and by the Eisenhower Administration as well, despite campaign talk in 1952 about substituting liberation for containment.

Point Four in United States Foreign Policy

On January 20, 1949, President Truman made what has become one of the most challenging and widely accepted

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^5Ibid., p. 536

^6Ibid.
foreign policy proposals of our decade when he said:

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.

We should make available to peace-loving people the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development.

These challenging words of the President evoked a lively response everywhere outside the Soviet-dominated world, and they were warmly welcomed by the leaders and peoples representing at least half of the population of the world. Point Four, as the President's proposal has been popularly labeled, has been an essential element of America's policy of containing communism by giving aid to those countries more susceptible to communist pressures and influences.

What are some of these conditions conducive to communist growth, about which the President spoke, and which American aid was designed to alleviate? First, two-thirds of the world's population live in economically underdeveloped areas. The efforts of the people of these areas to realize their full human capabilities and to utilize the resources of the lands in which they live are

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hindered by deficiencies in technical skills and in capital for essential productive machinery. The average income of the people in these areas, for example, has been less than one-tenth of that of the people in the more highly developed areas. The economic situation of most of the people of the underdeveloped areas is far from good.  

Second, the authors of Point Four recognized that primitive agricultural conditions and inadequate transportation so limit the growth and distribution of food that the average food intake for people in these areas is only 2000 calories per day — well below the average in the more highly developed countries — and the diet is usually lacking in food elements essential to health. Lack of basic public health programs, of doctors and nurses skilled in modern medical science, and of hospitals and drugs, leaves many large sections of the world's population prey to preventable and curable diseases. Their life expectancies are no more than 30 years — far short of the span of which the human body is capable and of the more

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than sixty years which modern science makes possible in advanced areas. The vocational skills of many of them are limited to handicrafts assisted by primitive implements. The skills which others have are made unproductive by lack of modern equipment. 9

In recent years these people have been stirred by a growing awareness of the possibilities of human advancement. They are seeking a fuller life and striving to realize their full capabilities. They aspire toward a higher living standard, better health, and physical well-being. The significant thing for American foreign policy is that these underdeveloped countries are today in the process of deciding which offers the best hope for advancement, the democratic path to development or the Communist path to development. It has been assumed that it is in the interest of the United States and the free world to make the democratic path more feasible and attractive.

There are, in short, five basic assumptions underlying the Point Four program: First, that the United States

should assume leadership in a cooperative effort to raise the living standards of the more than two-thirds of the earth's people who are now the victims of undernourishment, disease, and ignorance; that the United States and other free nations of the world have a common concern for the material progress of these people, both as a humanitarian end in itself and because such progress will further the advance of human freedom, the secure growth of the democratic way of life, the expansion of mutually beneficial commerce and the development of international understanding and good will; that the material progress of these people can best be promoted by the cooperative endeavor of all interested nations to help them meet their deficiencies. Second, that through such an effort the economies of both advanced and underdeveloped countries can eventually be strengthened. Third, that technical assistance and capital investment can be combined in a program which will help the underdeveloped areas to attain a balanced economic development while avoiding the evils of exploitation and social disruption. Fourth, that the free world will benefit from the continued and expanded production of certain strategic raw materials. Fifth, that the peoples of such areas can thereby be rallied to the cause of democratic freedom and against Soviet communism; that by leaving them unable to
fulfill their reasonable aspirations, their misery makes them fertile ground for an ideology which will hold out to them promise, however false, of means toward a better life. Those who adhere to such assumptions must base their stand on certain premises which are either assumed to be correct or have been demonstrated to be so.

First, the assumption that the extending of aid to the underdeveloped countries would foster economic progress and expand world production was based, in part, upon past performance of piecemeal technical and economic assistance from both government and private sources. Prior to 1949, programs in Latin America and elsewhere had produced encouraging results. Since the Point Four idea has elevated the provision of technical assistance to the plane of a continuing national policy and stresses the importance of planned as against piecemeal economic development, it was hoped that it could become a significant factor in helping to restore the economic balance of the world.

American policy makers have come to accept the fact that widespread poverty, whether it is at home or abroad, is ultimately a retarding influence on the economies of even the most advanced countries, and that full employment and an expanding economy are complementary. Moreover, the developed countries of the world have always provided the United States with its best markets and the volume of its
foreign trade has been far greater with highly developed countries than it has been with countries having a low standard of living and inadequate industry.\textsuperscript{10} It stands to reason, therefore, that the United States cannot hope to improve its trade with the underdeveloped countries unless their purchasing power is enhanced. It has been demonstrated that as countries become developed and industrialized, their national incomes usually increase, thus making them better markets for the goods of other countries. Since they buy more foreign goods than they formerly did, they have the foreign exchange with which to pay for greater imports. The great disparity in purchasing power between the developed and underdeveloped countries of the world is amply illustrated by the fact that in 1952 the United States sold to the industrialized countries good valued at $5.80 per customer, while to the underdeveloped countries it sold only $.70 worth of goods per customer.\textsuperscript{11}

There is, moreover, ample evidence to support the view that one of the basic characteristics of international trade as a whole is its tendency to increase among industrialized

\textsuperscript{10}The President's Recommendations for Technical Assistance Program for Underdeveloped Areas, House Document 240 81st Congress, 1st Session. See also the same title in Department of State Bulletin, Vol. 21, No. 522 (July 4, 1949), pp. 862-65.

countries. For example, in the nineteenth century when Germany and England were both intensifying and expanding their industrial activities and vigorously competing against each other for markets, trade between them increased. Figures compiled by the League of Nations show that in 1938, the five major industrial powers at that time -- the United States, Great Britain, Germany, France, and Japan -- provided markets for over 43 per cent of the world's imports and accounted for over 42 per cent of the world's exports.

An oversimplified version of the ultimate effect of foreign assistance on underdeveloped countries might be stated in these terms: As investment, both technical assistance and venture capital, flows into the underdeveloped countries it will have a tendency to widen existing markets and to create new ones for the heavy and consumer industries of developed countries. The expenditures made in the recipient countries in the form of capital equipment, expenditures for labor, land materials, and services will enhance the power of these nations to make increased

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purchases abroad which will, in turn, again enlarge the markets for the export industries of the developed countries. As this process continues the production of the underdeveloped countries will expand, thus increasing their consumer goods as well as goods to sell abroad. The more they sell abroad the more they can buy abroad. When applied particularly to India the validity of these assumptions and the premises on which they are based can be more readily assessed.

Until recently American-Indian trade had been very limited because of the extreme poverty of the Indian people, India's retarded economic development, and the special privileges of Great Britain in the Indian market. However, in the past few years, under changed conditions, the total trade between India and the United States has risen considerably.

Before World War II the United States regularly bought more from India than it sold to that country. In the three decades 1911-1940 American purchases from India averaged slightly more than three per cent of total American imports. This trade, however, formed a more significant part of India's overseas imports and ten per cent of its exports. The highest percentage point was reached in the fiscal year 1920-21, when India bought 12.1 per cent of its imports from the United States and sold 15.5 per cent
of its exports to the United States.\textsuperscript{14}

During World War II the United States assumed a larger economic role in relation to India. Due to the accelerated decline of Great Britain and to the lend-lease program, American wartime cash-purchase imports from India were substantial.

Since World War II this American-Indian trade has expanded beyond all prewar totals. It is a reflection of a number of factors, chief among which are (1) the high general level of American foreign trade as compared with the period before World War II and (2) the general improvement of Indian conditions internally. The acceleration of India's industrial and economic development under a nationalist government has greatly enhanced the purchasing power of that country, so much so that in 1948 India's imports from the United States totaled $298.1 million.\textsuperscript{15} Ten years earlier, in 1938, American exports to India were less than one third this total.

One desire of American policy makers, therefore, in extending aid to India was that of aiding in eradicating

\textsuperscript{14}See H. Venkatasubbiah, \textit{Foreign Trade of India: 1900-40} (New Delhi: Indian Council of World Affairs, 1946), pp. 32-63. India's trade statistics are compiled for the fiscal year beginning on April 1 and ending on March 31.

\textsuperscript{15}Foodstuffs accounted for $66.3 million (22.2\%), while machinery accounted for $99.6 million (33.4\%).
poverty and in raising living standards, not only as a humanitarian end itself but as a hard-headed enterprise which, if successful, would benefit not only the Indian people but also the people of the United States.\textsuperscript{16} In recommendations to Congress for a technical assistance program President Truman said: "To increase the output and the national incomes of the less developed regions of the world is to increase our own economic stability."\textsuperscript{17} Moreover, it could help to restore multilateral trade.

The economies of the more developed countries of the world are, likewise, becoming more and more dependent upon the import of many basic minerals and raw materials. In many cases the sources of these commodities now being drawn upon are becoming exhausted. At the same time high levels of production are causing increasing demands. It is important to the economies of the free world that new sources be developed to the maximum extent. The possibilities of great expansion in the production of these important commodities exist in a number of the underdeveloped areas of the world. This can be a process of great mutual benefit by increasing the world supply of these commodities while expanding purchasing power in the countries of origin.

\textsuperscript{16}Andrews, op.cit.
\textsuperscript{17}House Document No. 240, op.cit.
Such have been the appraisals of American officials since 1949. 18

Aid in the production of these essential strategic raw materials for the industries of the more highly developed countries was, thus, a second objective of the Point Four program. Foremost among the commodities of the underdeveloped countries essential to the industries of the developed countries is oil, of which over half of the world's known supply lies in Saudi Arabia, Iran, Kuwait, Iraq and other Middle Eastern countries. 19 Other commodities essential to both American and European industries and which are found in large quantities only in the underdeveloped countries are chrome for high speed cutting tools, manganese used in making steel, graphite for radios and lubricants, and natural rubber for a variety of industrial uses. In addition, about 90 per cent of the industrial diamonds used in high precision instruments, 75 per cent of the sisal fiber used in rope and 20 per cent of the world's supply of copper are all supplied by Africa. And uranium

18 Such appraisals have been made repeatedly by key Truman and Eisenhower Administration figures. Notable is the statement by Dean Acheson made before the Senate Committee on Foreign Relations on Point Four legislation on March 30, 1950. It is entitled: Aid to Underdeveloped Areas as a Measure of National Security, Department of State Bulletin, Vol. 22, No. 562 (April 10, 1950), pp. 552-55.

is just one of the many strategic materials supplied by the Belgian Congo.20

President Truman himself declared in May 1951 that the underdeveloped countries of Asia, South America, and Africa produce strategic materials which are essential to the defense and economic health of the free world and that these materials must be increased by extending to these areas loans and developmental help. With special reference to the Asian countries, he suggested that the funds requested of the Congress would be used to send out technical experts and equipment needed to help the people of the underdeveloped areas improve their health, agriculture, transportation and communication services, and to assist them in the development of their natural resources.21

What importance was attached by American policy makers to India as a producer of certain strategic raw materials? The first point to be made is that American imports from India have long been much more important to the American economy than either percentage or dollar figures would suggest. If we take the first nine months of 1948,

20Ibid.
for example, we will see that sixty five per cent of the commodities arriving from India consisted of materials classified by the government of the United States as strategic or critical. Among these imports were jute and jute manufactures (especially burlap) which accounted for $152.1 million of total imports of about $265 million from India in 1948. Among other principal imports from India in 1948 were: shellac and lac, $16.3 million; tea, $14.8 million; mica and manufactures, $12.9 million; cashew nuts, $12.6 million; hides and skins, $11.2 million; wool, $8.5 million; pepper, $7.7 million; short staple cotton, $4.8 million; manganese ore, $4.4 million; and ilmenite, including sand, $1.3 million.  

Equally important has been the fact that the above American imports from India have been largely non-competitive with American domestic products. These commodities fall into two distinct categories: those not produced in the United States at all (jute and burlap, shellac and lac, tea, cashew nuts) and those produced in insufficient quantities to meet American needs (manganese and certain forms of mica).

In recent years, though other products have been substituted for some of those of India and synthetic or

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natural substitutes are constantly being sought for others, some of the Indian products are still quite important.

Burlap is used extensively to produce bags for packaging agricultural products; manganese is essential in manufacturing steel, mica is crucial in making electrical equipment. Moreover, a number of America's imports from India are not produced elsewhere or face only limited foreign competition, such as jute which is in the main a product of India and Pakistan. The world's burlap, cashew nuts, shellac and lac come mostly from India; and in the tea, pepper and manganese trade, India is one of a few competing countries. The continued importance of some of these commodities to the American economy is amply illustrated by the fact that in 1950 the United States received from India 36.7 per cent of its manganese imports, 87.4 per cent of its mica imports, 55.3 per cent of its kyanite imports, and 82.5 per cent of its burlap imports.

So much, then, for America's interest in the expansion in the production of strategic raw materials. Let us now

\[\text{Ibid. pp. 68-69.}\]

turn to another phase of the same question; namely, the firm resolve and determination of the United States to contain communism within its present frontiers.

The desire to foster economic progress and expand world production and the desire to expand production of strategic raw materials are inseparably linked with the resolve to contain communism. Foreign assistance for the former two purposes is just one of the means of aiding in the process of eradicating conditions in which communism breeds. Moreover, the United States could not hope to maintain its world position of moral prestige and political leadership unless it did positively support the aspirations of the people in the underdeveloped countries to eradicate poverty and raise their living standards.\textsuperscript{25} No one would seriously suggest that these conditions are the creations of the Communists. But it goes without saying that the Communists seize upon every opportunity to systematically and effectively exploit this misery, unrest, and discontent wherever found in the non-communist world. There is little doubt that American security would be seriously impaired if all of the underdeveloped countries were to succumb to the pressures of communism.

Point Four aid was seen as an effective tool in helping to eradicate the allies of anti-democratic forces --

\textsuperscript{25}Council of Economic Advisors, \textit{Annual Economic Report to the President} (January, 1949).
hunger and poverty, despair and hopelessness. Economic development, said one State Department spokesman, "is a potent tool for molding a world dedicated to democratic and peaceful ideals. In this way the fostering of economic development indeed becomes a most important element of a positive and constructive United States foreign policy." It is not too much to say that American policy makers hoped that American aid not only would help to create a firm economic base for the growth of democratic institutions in the underdeveloped countries thereby enabling them to more effectively resist communism, but that they would want increasingly to associate themselves with the West. This was made clear by George C. McGhee, Assistant Secretary of State for Near Eastern, South Asian and African Affairs when he said:

In the so-called struggle between the Soviet Union and the Western Powers we are hopeful that the nations of South Asia will desire increasingly to associate themselves with the free world on all issues of fundamental importance, on their own volition and on the basis of full equality and partnership. In support of this objective, we seek to make it clear to them that we genuinely desire their development toward complete self-government

27 House Document No. 240, op. cit. See also Harry S. Truman, Point Four - A Revolution Against Hunger, Disease and Human Misery, Department of State Bulletin, Vol. 26, No. 669 (April 21, 1952), p. 608, and Dean Acheson, Crisis in Asia - An Examination of United States Policy, Department
internally, without foreign interference; that we do not wish to mould them to our pattern of thought; and that we desire to benefit from a deeper understanding of their distinguished culture, traditions and philosophy.\textsuperscript{28}

The concern of the United States with the influence of communism in the underdeveloped countries and what American foreign assistance programs might do to forestall its further expansion is understandable in view of the fact that the brunt of the communist attack has shifted from the highly developed countries to the underdeveloped countries of the world. While the modern Communists have continued to prophesy a "revolutionary crisis" for the United States and other highly developed countries, it is quite evident that their more realistic and immediate hopes today are directed at the underdeveloped areas of the world. From the point of view of communist strategy, if they can win control over more and more of the underdeveloped countries this will add to the strength of the communist bloc and subtract from the strength of their opposition, shifting more and more countries to their side and

eventually putting them in a favorable position for a showdown with the United States and its allies. The underdeveloped countries have a high importance for the Communists because of (1) sources of special raw materials, which would add strength to the Soviet bloc while weakening the Western Powers; (2) location of strategic bases; (3) manpower; and (4) the psychological impact on other uncommitted areas if the more important of the underdeveloped countries should switch to the communist camp.

In the final analysis, then, it was hoped that as a result of Point Four aid the peoples of the underdeveloped areas would begin to see new opportunities for a better life, and that they would associate these opportunities in their minds with the helping hand of the United States.

As Secretary of State Acheson once said:

What the Point Four Program is intended to do is to say we have knowledge, we have skills which you have seen and which are in part the cause of this great ferment which is going on in your minds. We are ready to share them with you. And we wish to work out with you methods by which you can know what we know and we can help you develop your own resources for your own purposes.29

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This statement, however, only emphasizes the more altruistic side of the question.

As in the expansion of world production and trade and in the production of strategic raw materials, so too, in the considerations of collective security against further communist expansion in Asia, India held an important place in the calculations of American policy makers. Certainly by 1949 this desire to win Indian adherence to the Western policy of collective security had become of tremendous importance because of the impressive victories of the Communists in China and the apparent inability of the Nationalist Government of China to hold even a part of the mainland. As it became apparent that the Communists would control all of China, American policy makers began to look around for a new leader in non-communist Asia around whom some sort of anti-communist security arrangement might be built. India's Jawaharlal Nehru seemed the likely candidate for this role. This is

30America's immediate post-war Asian policy was pegged to China and Japan as bastions against the further spread of Soviet imperialism in Asia. But with the apparent victory of the Communists in China, American influence in Continental Asia was destroyed. Moreover, French, British, and Dutch power and positions in South and Southeast Asia had been greatly reduced by the upsurge of nationalism during and after the war. These circumstances had the effect of directing Washington's attention toward the sub-continent of India as a possible leader of a non-Communist Asian bloc which would be capable of resisting further advances of communism in Asia.
probably the chief reason for which Prime Minister Nehru was extended an invitation to visit the United States in 1949. It was felt in some quarters that Mr. Nehru might be persuaded to head such a union if he were to come to the United States to talk with the President and other government and business leaders. Andrew Roth, of The Nation, reported later in 1949, that "top-drawer British and American diplomats have long felt that India, as the largest non-communist country in Asia with a stable conservative government, is the logical core around which any union of non-communist states must be built. And in Nehru they have felt that they have not only the most important leader in non-Communist Asia, but also a statesman of consummate skill." As events have since unfolded there seems little doubt but that there were high hopes in Washington that Mr. Nehru could be persuaded to head an anti-communist bloc of Asian nations favorable to the West. 

American officials have not been successful, however, in getting India to see eye-to-eye with the United States on a Southeast Asian defense arrangement and on the attitude to be assumed in regard to the "cold war".

Probably the best that can be hoped for at the present time is a neutral India allied neither with the West nor with the Soviet bloc but, hopefully, a friendly government based on democratic principles.
CHAPTER III

AMERICAN ASSISTANCE TO INDIA 1949 - 54

Over the past decade the United States, for the second time in its history, has been providing large amounts of financial assistance to other countries. During World War I and in the period immediately following that war the United States made loans to its European allies. During World War II the United States again adopted a policy of assisting the countries that were resisting aggression even before it was itself a belligerent, and assistance has continued since the war on a scale unprecedented in peacetime. In both periods, the broad purposes of American policy have been the same: to strengthen countries making common cause with the United States in resisting aggression, and to strive for the establishment throughout the world of the conditions of stability and progress essential to the security and well-being of the United States. But the methods of giving assistance, the types of assistance given, and the obligations incurred by the recipient countries have differed widely.

American assistance to other countries -- as defined in this study -- involves the use of public funds to finance the transfer of goods and services abroad as a
means of obtaining stated objectives of American foreign policy. It also includes investments, loans, or gifts by particular non-governmental institutions as well as loans from the International Bank for Reconstruction and Development.

The United States has likewise supported the assistance efforts of the United Nations, especially those designed to aid the underdeveloped areas of the world. This practical assistance which has been provided both by American sources and United Nations sources has significantly aided the efforts of underdeveloped countries of the world to improve themselves. As early as 1945, the need for international action to deal with problems of economic development in underdeveloped countries had been realized. Hence, a pledge was given in the United Nations Charter to which both developed and underdeveloped countries adhered that:

With a view to the creation of conditions of stability and well-being ... the United Nations shall promote ... higher standards of living, full employment, and conditions, of economic and social progress and development.¹

While the long-range development of the underdeveloped areas can come essentially only from the efforts of the

¹Charter of the United Nations, Chapter IX, Article 55.
peoples and governments of these areas themselves, and while foreign assistance must necessarily remain marginal to indigenous efforts, American aid has acted and can continue to act as an indispensable catalyst. It may, at times, mean the difference between success and failure.

India is one of the underdeveloped countries which has made great strides in economic development since 1947. It has embarked upon a bold program of economic planning. In the first Five Year Plan major emphasis has been placed on increasing agricultural production and improvement and stabilization of the food situation. New lands have been brought under cultivation. New and improved seed and artificial fertilizers are being used on an ever-widening scale. The Indian government has established one of a projected series of fertilizer plants in the country. Improved methods of cultivation and new and improved implements are also features of the newly established Community Development Projects and the National Extension Service. New industries have sprung up and old ones are being expanded and modernized. Irrigation and electric power developments are in progress. Advances have been made in the fields of public health, disease control and in education. Many of these developmental efforts have been aided by foreign assistance.
To record and appraise, in the light of American foreign policy objectives, the foreign assistance, as defined above, given during the five years 1949-54 is the purpose of this chapter.

World Bank Loans and Services

The Articles of Agreement of the International Bank for Reconstruction and development were drawn up at Bretton Woods, New Hampshire, in the summer of 1944. The stated purpose of the Bank is that of assisting in the rebuilding of the world's resources -- an effort to supplement private investment for reconstruction and development in the postwar years.

Special note should be taken, however, of the preeminent position of the United States as a member of the International Bank. First of all, the major source of funds is the American capital market. Of the total subscribed capital ($9.1 billion), 34 per cent or $3,175,000,000 is American. Moreover, of the total disbursements through June, 1954 ($1.3 billion), 88 per cent were repayable in American dollars. For the same period of total purchases by borrowers from the Bank, 67 per
cent have been made from suppliers in the United States.\(^2\) In October, 1954 the Bank had outstanding twenty bond issues totaling $851 million. Of this total amount, nine issues were in American dollar bonds totaling $715 million. The remaining $130 million were in Canadian dollars, pounds sterling, Swiss francs, and Dutch guilders.\(^3\) Secondly, both the president and vice-president of the Bank are American. Hence, it might be safe to say that American support for a loan, or at least the absence of active American opposition, gives it a greater chance for approval.\(^4\)

On August 18, 1959, the International Bank for Reconstruction and Development granted a loan of $34 million to India for the reconstruction and development of its railways.\(^5\) Since the war the railways have been owned and operated by the state, and they constitute a key factor

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\(^3\)Ibid.

\(^4\)The United States has 30 per cent of the total vote based on capital subscription.

in India's entire economy. As the railways are the most important means of transport in India, their speed, efficiency, and increased carrying capacity are essential in the distribution of goods within the country and the movement of export products. As a result of normal wear and tear and heavy use for military transport during the war, their motive power has considerably deteriorated.

The loan helped to finance part of the purchase price of 653 locomotives ordered in the United States and Canada. 6

This loan to India was the first granted by the Bank to a member country in Asia. It came at a time when India was having considerable balance of payment difficulties. Its balance of payments position before the war was generally favorable. However, as a result of heavy imports of grain, machinery, and capital equipment since the war, much of which could be obtained only from the hard-currency area, India has incurred considerable deficits. Its exports have not yet reached the prewar level. One strong factor in its favor, however, is the fact that during the war India repaid almost all of its foreign debt and became a creditor nation vis-a-vis Great

Britain. This ability to draw on its accumulated sterling balances has helped to finance its dollar deficit. The International Bank loan was made in accordance with the Bank's policy of assisting the reconstruction and development of productive facilities of member countries.

The second International Bank loan made to India was for the improvement of agricultural production. The proceeds of the $10 million loan have been used to finance part of the cost of agricultural machinery needed for the reclamation of lands infested with a weed known as kans grass, and for the clearing of jungle lands.

Since India is basically an agricultural country, an increase in its agricultural production will directly affect the lives of millions of people. Food deficit has been one of its most critical problems since the war. The valuable foreign exchange resources expended for the import of food grains since 1947 might otherwise have been used for the purchase of capital goods. The government has recently inaugurated a "Grow-More-Food" campaign aimed at the attainment of self-sufficiency in food which is basic to India's economic development. Moreover, the

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current rate of population increase of between four and five million per year makes it all the more necessary that some solution to the food problem be found. The reclamation of lands infested with kans grass and the clearance of jungle lands, which the Bank's loan has helped to finance, therefore, constitute an important part of the food production program.

Specifically, the Bank's loan financed the dollar cost of the reclamation program, amounting to $8,750,000, for the purchase in the United States of 345 heavy tractors, ancillary equipment, and spare parts. The total capital outlay for reclamation and subsequent cultivation of these lands, the major part of which will be financed by India out of its own rupee and sterling resources, amounts to the equivalent of $24,900,000.9

The balance of the $10 million loan was spent by the Government of India to finance a pilot program of clearing about 100,000 acres of jungle lands in northern India. This operation consists of removing trees, eliminating brush, plowing, and harrowing. The dollar cost of this project amounts to $1,250,000 which has been spent in the United States for the purchase of thirty heavy tractors,

ancillary equipment, and spare parts. Additional costs of the project such as construction of roads, housing and control of malaria, and other incidentals are the responsibility of the Uttar Pradesh State Government.

Electric power is another factor which is basic to the economic progress of India. Its electric power potential is tremendous. A third International Bank loan of $18,500,000 was made to India in April, 1950, to help finance three power plants in the Damodar Valley, the richest mineral and most highly developed industrial area in India.¹⁰ The power will feed iron and steel, fertilizer, aluminum, and other industries which are engaged in the production of items ranging from locomotives to plows and other farm tools, all critically important to the growth of India's economy. The power from these generating plants will also help to raise India's coal output and lower the cost of coal production. Upon completion and integration the Damodar Valley Scheme will, in addition to supplying power for this industrially rich region, contribute to flood control, irrigation, and water supply in the region.

The World Bank loan made on December 19, 1952, was the first made directly to a manufacturer. The loan was made directly to the Indian Iron and Steel Company, Ltd., a privately owned Indian company whose works are situated in West Bengal. The $31.5 million loan is being used to aid the company in carrying out a five-year project for increasing its blast-furnace capacity from 640,000 tons to 1,400,000 tons of iron a year, and for raising finished steel capacity from 350,000, to 700,000 tons annually. When completed, the company's program will double the quantity of foundry iron now available from domestic sources in India, and will increase the country's present output of finished steel by about one-third. As usual, the loan from the International Bank was designed to meet dollar costs or other than rupee cost for imported equipment and services.

A supplementary loan for the further development of the Damodar River Valley was granted on January 26, 1953. The specific projects for which the loan was made include two multi-purpose dams, each with a hydroelectric plant, and an extensive irrigation system, including a diversion dam on the Damodar River.

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11Ibid.
Three Tata electric power companies, sole suppliers of power in bulk in the city of Bombay and the surrounding area were the recipients of a World Bank loan of $16.2 million in November, 1954. The loan has been used to finance the foreign exchange costs of a thermal electric power plant in Bombay.\textsuperscript{13} The Bombay area is especially noted for its textile industry. It is also one of India's leading producers of heavy chemicals, rayon, soap, glass, matches, automobiles, bicycles, asbestos sheets, plastic, and tobacco products. In addition, India's two largest oil refineries have recently opened in the Bombay area. A new rayon factory and port facilities are being completed there. This rapid industrial expansion, combined with increasing demands for power for commercial and residential purposes, has necessitated the creation of new power facilities to meet and help relieve the acute power shortage in this vital industrial area.

The latest in a series of loans to India by the International Bank was secured by an agreement of March 14, 1955, to lend $10 million to the Industrial Credit and Investment Corporation of India, a corporation newly formed by private investors of India, the United Kingdom and the

\textsuperscript{13}IBRD, Ninth Annual Report, p. 16. Also see Press Release No. 379 (November 19, 1954).
United States to assist the growth of private industry in India. The Bank's loan is for a period of fifteen years and is guaranteed by the Government of India. The new corporation will be empowered to make long-term and medium-term loans to industrial enterprises, to purchase shares of industrial enterprises, to underwrite new issues of securities, to guarantee loans by other investors, and to help industry to obtain managerial, technical, and administrative advice and assistance. As rapidly as is prudent the corporation will sell its loans and share holdings to other investors, thereby expanding the capital market and recovering its own capital for further investment.

The total International Bank loans to India through March 1955 amounted to $126.7 million. These loans have covered a multiplicity of fields in agriculture, industry, and electric power. These loans have, no doubt, played a vital part in India's development activities since 1949.

Of what significance have these loans and the development activities which they have helped to finance been to the United States? These loans and the activities

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14 Times of India, March 14, 1955.
15 Ibid.
which they have helped to finance are consistent with the major primary objective of American foreign policy—that of national security. As one of the means of insuring national security the United States is committed to a policy of aiding the efforts of the peoples of the economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital. American support for the International Bank loans to India is just one of the ways in which this policy has been put into effect.

The United States is, moreover, concerned with the expansion of international trade. A developed country makes a much better market for the export industries of other developed countries than does an underdeveloped country. Aid to underdeveloped countries means an increase in output and a steady supply of the critical and strategic raw materials needed by the industries of the more highly developed countries. A measure of the economic benefits which the United States has received from World Bank loans to India can be briefly illustrated by the fact that most of the purchases of equipment and supplies for the major development projects of India have been made in the United States, and most of the foreign
technical experts employed by India have been American. In 1949, for example, India purchased 345 heavy tractors, spare parts, and ancillary equipment in the United States. The railway locomotives, spare boilers and parts, and tank cars financed by the $34 million railway reconstruction and development loan were purchased in the United States and Canada. The $18 million loan for the Bokaro-Konar steam electric project was used to finance dollar payment in the United States and Canada for power house equipment for the Bokaro steam plant, construction equipment for the Konar dam; conductors and accessories for the transmission lines, equipment for the sub-stations and ocean freight. Moreover, the contract for the design, engineering, and construction of the Bokaro-Konar power plant was awarded to an American firm. The loans have, in short, helped to facilitate the sale of American goods and services.

United States policy of support to the development efforts of economically underdeveloped countries, therefore, would seem to be economically sound, in view of the fact that a high proportion of the goods which United

States producers offer on the world market are the kind for which the demand is especially stimulated by economic growth and betterment. They are goods which are needed in economic development. This means that American business, agriculture, and labor are in a good position to benefit over the long term rather than suffer as a result of economic development of underdeveloped countries.

In pursuit of its major objective of national security, the United States has also resolved to fight communism, especially in countries where poverty and social unrest have created fertile ground for communist propaganda and direct action. Hence, the decision that every effort should be made to improve conditions in the underdeveloped countries in keeping with the pledge of the United Nations Charter.

The seven million dollar International Bank loan made to India in 1949 is aiding in eradicating conditions in which communism breeds so successfully. It is, for example, helping India to bring back to productive life an area larger than the state of Connecticut. For many years, farmers in central India have been plagued by kans grass, a deep-rooted weed which creeps slowly across fertile farmland, chokes the crops, and leaves the fields

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18"World Banking," loc.cit.
desolate and uncultivable. Efforts to root out this weed with bullock-drawn plows were futile because the roots were tough and deep. Chemicals were tried, but they proved expensive and ineffective. As kans grass spread, the economy of the area declined. Trade in the village withered and died. Many people moved away and those who stayed managed to eke out only a marginal existence by planting their food crops in the few fields which were not infested by the weed. By 1949, almost ten million acres were infested.¹⁹

Shortly after World War II, engineers and technicians had discovered that kans grass could be successfully eradicated with special deep-cutting plows drawn by heavy duty tractors. In 1949, encouraged by this discovery, India embarked on an ambitious program to rid these lands of kans grass, once and for all. A Central Tractor Organization was established. But purchasing tractors presented a serious problem. In meeting that problem, the Government of India sought the aid of the World Bank. The Bank's loan of $7 million has provided some 200 tractors, purchased in the United States, which had, through 1954, cleared kans grass from more than a million acres. The program is still being carried forward.

¹⁹Ibid.
On the cleared lands, life has again returned to normal. Wheat and vegetables are again being grown. People have come back to their villages. New stores, and in some cases even branches of commercial banks have been established. It is estimated that the cleared land will add more than 300,000 tons of wheat annually to domestic markets — wheat that would cost the Indians nearly $25 million to import.  

This kind of assistance, supported by the United States, helps to demonstrate the falsity of the communist charges against the United States as being ever ready to exploit the underdeveloped areas and indifferent to their poverty. Although improvement in economic and social conditions in the underdeveloped countries can come only slowly, a beginning has been made in assisting these countries in order to offer their peoples hope for the future as an offset to the glib promises of communist propaganda.

Point Four and Mutual Security Assistance

The Indian-American technical assistance program originated with the signing of the general or "umbrella" agreement of December 28, 1950. As the name implies, the

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20Ibid.
general agreement states the terms under which the Technical Cooperation Administration and the Government of India should operate. It includes a definition of purposes and methods, and commitments by the cooperating governments to share costs, to supply information regarding progress made, and to make effective use of assistance. In addition, the general agreement contains a provision for the conclusion of subsequent program or project agreements dealing with specific undertakings on such matters as the budget, personnel, and the duration of the particular projects or programs. 21

The $34.5 million of Point Four funds appropriated by the Congress in 1950 was specifically for technical assistance operations, including the American contribution to the United Nations programs, but the funds were not allocated geographically. Out of this appropriation the Administrator of the Technical Cooperation Administration (TCA) allocated $1.2 million for five pilot projects in India: two in agriculture, one in child welfare, and two in geological investigations -- ground water research and

mineral development respectively. Probably the most notable of these projects was one of the agricultural projects headed by Horace Holmes, a County Agent from Tennessee, who conducted a successful pilot project at Etawah, demonstrating ways of increasing crop yields per acre by using improved seed, crop rotation, and simple farm machinery. The work at Etawah provided the stimulus for the present Community Development program.

The Indo-American technical cooperation program, in its present form, dates from the signing of the Technical Cooperation Agreement between the Government of India and the Government of the United States on January 5, 1952. The program is similar to many other programs now in existence in Central and South America, the Middle East, Southeast Asia, and Africa. It also has the same basic intent of the Colombo Plan and the United Nations technical assistance program — to aid in economic and social development of the recipient country.

Joint projects under the Indo-American program, all in support of India's current Five Year Plan, are developed by the Planning Commission of the Government of India, constituted as a special committee, and the United States Technical Cooperation Mission in New Delhi, representing the International Cooperation Administration of the Government of the United States. All joint programs
in India, when instituted, are administered by the appropriated Ministries of the Government of India.

The Indo-American program is organized on the basis of the United States fiscal year, which runs from July 1 of one year through June 30 of the next. For the fiscal year ending June 30, 1952, the United States Congress appropriated $54.5 million for the Indo-American program; for the fiscal year 1953, $45.4 million; and for the fiscal year 1954, $89.1 million. In the fiscal year 1954, Congress designated $60.5 million as special economic aid funds. 22

Of the total of $189 million for the above three years, $170.8 million was allocated to thirty one joint projects, covered by operational agreements, in which there were both dollar and rupee 23 contributions. India's contribution to these same joint projects over the three years was Rs. 1,341,970,360 (about $218.93 million at the rate of Rs. 4.76 to the dollar). In addition, $632 thousand of "Fund A" 24 contributions were devoted in 1954

23 There are 4.76 rupees to the dollar.
24 This is a dollar fund contributed to only by the United States Government, administered jointly by the United States and India, and which can be utilized only for the execution of agreed projects of technical cooperation. See Article II, Section 1, and Article V, Paragraph 2 of the Indo-American Technical Cooperation Agreement.
to an extension of the Harza Engineering contract for the Damodar Valley Corporation. 25

Broadly speaking, the United States contribution to the joint projects is used to buy supplies and equipment not readily available in India and to transport them to India and to pay the cost of contracted services such as in the drilling of tubewells. Rupee expenditures, broadly speaking, are used for transportation and handling costs within India, salaries of Indian personnel and construction costs. 26

Where imported commodities such as fertilizers and iron and steel are sold in India, rupee proceeds go into a "Fund B" 27 from which India may draw rupees to apply to the joint projects. The greater amount of such proceeds have gone into India's large rupee contribution to community projects for rural development. In the case of the 1954 steel agreement, for example, the equivalent of $15 million in rupees was earmarked for part of the revolving fund for an industrial development corporation.

26Ibid.
27This is a special development fund in rupees which the Indian Government, according to the terms of the 1952 agreement, agreed to set up in order to provide supplementary finance, in rupees, in agreed proportions as required, for each duly agreed upon project. See Article II, Paragraph 2 of the agreement.
to assist private industrial development.  

In the first two years, the emphasis of the Indo-American program was largely on agricultural development, since this occupied top priority in the First Five-Year Plan of India. It is worth while to emphasize that India's ability to produce enough food for its people is a basic factor in that country's economic development. A measure of the need in this regard can be seen partially from a look at statistics on comparative crop yields (pounds per acre) of such crops as rice, wheat and cotton, among countries such as India, China, Pakistan, Egypt, Japan, and the United States. The overriding fact revealed about India's agricultural production by these statistics is that yields per acre are very low. And low yields result from a number of factors chief among which are the following:

1) Subsistence type of farming. The average farm holding is less than five acres.

2) Fragmentation of the small holdings into scattered bits. Areas of less than one-hundredth of an acre are not uncommon.

3) Limited use of fertilizer. In India 400,000 tons of fertilizer are used annually, compared with 20 million tons in the United States. Manure in India is commonly used as fuel.

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28 See pp. 50-51 above.
29 See Table p. 62.
### Comparative Crop Yields
*(Pounds per acre)*

<table>
<thead>
<tr>
<th>Crop</th>
<th>India</th>
<th>China</th>
<th>U.S.</th>
<th>Egypt</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice (rough)</td>
<td>1,132</td>
<td>2,230</td>
<td>2,438</td>
<td>2,037</td>
<td>3,663</td>
</tr>
<tr>
<td>Wheat</td>
<td>558</td>
<td>906</td>
<td>1,098</td>
<td>1,692</td>
<td>1,902</td>
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<tr>
<td>Cotton</td>
<td>89</td>
<td>210</td>
<td>283</td>
<td>481</td>
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</tbody>
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4) Antiquated methods of cultivation, and antiquated tools and equipment.

5) Lack of equipment. Manpower used per acre is eight times the United States' average.

6) Lack of agricultural credit. The tenant has to rely for credit on the money-lender who often charges 100% interest.

7) Lack of adequate seed. Lack of scientific facilities for improvement of seed.

8) Lack of water. Yields are uncertain because of wide variations in annual rainfall. India has more land under irrigation than any other country in the world, but over 80% of the cultivated land is not irrigated. Only five to six percent of the available water supply is now being utilized for irrigation or power.31

Let us look briefly, now, at the particular phases of the Indo-American Technical Corporation program in an effort to ascertain the nature and extent of assistance and some of its achievements so far.

The first phase of the Indo-American program has been the American contribution to agricultural development. The principal agricultural projects under the program have been community development, tubewells, river valley development, fertilizer, and steel programs. The first of these, the Community Development program, is based on the assumption that improvement of rural life is

improvement of India since more than three-fourths of India's population earn their livelihood in rural areas. Community development is used in this discussion only to describe the methods by which the people who live in local villages or communities become involved in helping to improve their own economic and social conditions and thereby become effective working groups in programs of national development.

The Community Development program began officially on October 2, 1952. At that time there were 77 development blocks (a block is made up on 100 villages); by June 1954 there were 220 blocks, covering 23,650 villages and a population of 21.5 million people. In addition, the Government of India on October 2, 1953, initiated its National Extension Service for less intensive development. Many of the original National Extension Service blocks have now become full-fledged Community Project blocks and additional National Extension Service blocks have been initiated. 32 With a small amount of technical assistance and the very minimum of material assistance, thousands of local communities are building hundreds of miles of village feeder roads, building hundreds of schools, digging hundreds of wells to supply both domestic and

32 From an interview with Walter McPherson, Program Relations Officer, American Technical Cooperation Mission in New Delhi, January 17, 1955.
irrigation water, and improving sewer systems. Equally important too, or probably more important than these accomplishments is the development of the responsibility, initiative, and self-confidence of village community groups.33

Recognizing the virtual impossibility of an economically underdeveloped country such as India to provide enough financial or technical assistance to make all the economic and social improvements which are needed and desired in their local communities, the United States had, through June 1954, contributed some $12 million to the Community Projects program. These funds have been used to obtain jeeps for use by Community Projects staff to reach villages, for tractors to be used in road-building and land reclamation, for agricultural demonstration equipment, for mobile cinema units to be used in instruction in villages and for a great variety of other supplies and equipment. As of June 1, 1954, about $4 million worth of equipment had arrived and had been distributed to the states for community projects use. The list included some 426 jeeps, 89 other vehicles including

pick-up trucks, station wagons, cinema vans and health vans; 119 tractors, some equipped with bulldozers; plows and other agricultural implements, motor graders, film projectors, microscopes, public address sets, and other items.34

Basic to community development is the establishment and operation of programs to train persons who will live and work among villagers (a) to stimulate and assist them in organizing self-help undertakings and (b) to act as a bridge or channel between villagers and the agencies of government which stand ready to aid them in these undertakings. The United States has likewise extended aid to the program of training village workers. The Indo-American program has furnished, in addition to the vehicles, demonstration equipment and supplies and other training aids, American agricultural extension specialists who have worked with the training centers, helping the staff to train the village workers who in turn carry better agricultural techniques to the farmers of India. As of July 1, 1954, 34 training centers had trained more than 4000 village workers who were on the job in the Community Projects and an additional 1600 were in training. More than 600 supervisory personnel had also been trained.35

34 From an interview with Walter McPherson, op.cit.
35 Ibid.
In 1954, a supplement under the Indo-American program provided for additional equipment to enable existing training centers to expand their work. Support also was given to seven additional centers which were established early in 1955. Under the same supplement, courses were set up in twenty five existing training centers to train women in Home Economics extension work. Instructors were receiving part of their training in India and part in Japan. New courses in farmer leadership training were also instituted. In this case fifteen instructors were sent to Denmark to study Danish folk schools, famous for many years for their contribution to improving farm life.36

The second principal agricultural project under the Indo-American Technical Cooperation program has been tubewells and ground water development. The value of tubewells for irrigation in India, especially in the Gangetic plain where ground water resources are excellent, has long been known. Each tubewell is capable of irrigating 300 acres of land. Under the "Grow More Food"

36From interviews with Martin Cramer (Training Officer), Patsy Graves (Home Economist), and James Peterson (Agricultural Economist), American Technical Cooperation Mission in New Delhi. The total American contribution to the Village Worker Training Program to June 1954 was $735,200.
campaign the Government of India sponsored construction of 905 tubewells in the states of Uttar Pradesh, Bihar, and Punjab. Additional goals have been set and are being pursued under the Five Year Plan.

In the first year of its operation, the Indo-American program provided for 2,000 new tubewells in Uttar Pradesh, Punjab, Bihar, and Pepsu. The program was well under way by June 1954, and about one-half of the 2,000 tubewells had been drilled.\(^{37}\)

However, the full potential of the more arid areas of India have not been developed because of the lack of water other than during the monsoon season. To discover ground water possibilities in other than the proved areas of the Gangetic Plain, an exploratory project was set up under the Indo-American program in 1953 for drilling 350 tubewells in sixteen selected areas, where ground water sufficient for tubewells may occur. These areas included the Purna Basic in the state of Madhya Pradesh, the Tapti Valley in Bombay State, the Narboda Valley in Madhya Pradesh and other sites in the states of Kutch, Saurastra, Travancore Cochin, Madras, Orissa, Assam, Bengal, and Rajasthan, as well as unproved areas.\(^{37}\)

in Punjab, Pepsu, Uttar Pradesh, and Bihar. American technical specialists have been working with Indian counterpart personnel on this project. \textsuperscript{38}

It was stated above that the limited use of fertilizer and the common practice of using manure as fuel are two of the factors responsible for such low yields in India's agricultural production. The more extensive use of fertilizer as a primary means of increasing India's agricultural production as quickly as possible was one of the major agricultural objectives of the Five Year Plan. As the third principal agricultural project under the Indo-American program, the import of fertilizer, largely ammonium sulphate, was agreed on by the United States and India in 1952. Since the original project was set up, India's big Sindhri fertilizer plant has become the main source of supply of ammonium sulphate for India's needs, producing some 265,704 tons in 1953. \textsuperscript{39} In 1954, accordingly, the Indo-American fertilizer program was confined to additional types of fertilizer to be tested under Indian conditions. Funds have been provided for a survey of Sindhri, leading to its expansion which will enable it to produce these additional types of fertilizer. An industrial engineer has also been provided to work with officials of Sindhri on production problems.

\textsuperscript{38}Ibid. pp. 10-11.
\textsuperscript{39}Ibid. p. 2.
The original soil fertility and fertilizer use project was also set up in 1952 mainly to expand the work already being done at various Indian research institutes. Since India has a wide variety of soils and climates, much more needs to be known before recommendations based on agricultural science can be made on what fertilizers are to be used on particular soils, what crops can be most productive, and what can be expected under particular conditions.

Under the original program a nationwide classification system of six zones was set up, with centers in Poona, Delhi, Kanpur, Coimbatore, Nagpur, and Sabour, to obtain and classify data. Several thousand agronomic field trial or fertilizer experiments have been conducted all over the country. Data are also being assembled by statisticians of the Indian Council of Agricultural Research and the Indian Agricultural Research Institute. A recent supplement to this project provides for establishment of sixteen soil laboratories in various states of India, expansion of the soil survey zones, establishment of soil physics laboratories at two existing state soil laboratories and use of a mobile soil testing laboratory.\footnote{The author had the opportunity to visit one of these laboratories in Allahabad and was able to get some idea about some of the work being done with different types of soils.}
One part of the original project called for establishment at the Indian Agricultural Research Institute of a laboratory for research in agriculture with radioactive isotopes, one of the latest and most valuable tools of agricultural research. The equipment was purchased in the United States and an American technician experienced in this type of research is assisting with the work.\footnote{41From an interview with Walter McPherson, \textit{op.cit.}}

A fourth agricultural project assisted by the United States is river valley development. The primary objective in most of India's river valley development programs is to get more land under irrigation and producing crops. At the same time, production of electric power is highly important for industrial development. In river valley development and the production of electric power India's potential is tremendous. Yet, at the beginning of the First Five Year Plan only about five percent of the water from India's rivers was being used for irrigation. This accounts in part for the great number of river valley development projects, some of them among the largest in the world, that are now being undertaken.
Support from the Indo-American program is largely in the form of technical assistance and heavy equipment to help with dam construction and speedy completion of particular projects. In a recent instance a substantial contribution was made to an entire project — the Rihand Dam in the state of Uttar Pradesh. Also to help cope with the problem of efficient use and maintenance of construction equipment, two training centers for operators and mechanics have been established. Equipment is also being supplied for the Kakrapar, Nahi, Ghatprabha and Gangapur projects in Bombay state, Tunga Anicut in Mysore, Jawai project in Rajasthan, Chambal in Rajasthan and Madhya Bharat, Pathri power station in Uttar Pradesh and several projects in Saurashtra.

American engineers and river development specialists, requested by the Government of India, work with Indian counterparts of the Central Water and Power Commission. An American engineering concern working on the Damodar Valley development also is under contract covered by technical assistance funds of the Indo-American program.

Finally, the United States has provided India with

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42 Indo-American Technical Cooperation, op. cit.
43 From interviews with Clarence Rawhauser (Dams Design Engineer), and Donald D. McGregor (Mechanical Engineering Advisor), Central Water and Power Commission, Government of India, (New Delhi). January 17, 1955.
iron and steel for the manufacture of farm tools and implements, since India's production of steel, though large for Asian countries, is not sufficient for developmental purposes. An operational agreement in 1952 provided for the import of iron and steel for use by farm implement factories and village blacksmiths as another means of stimulating agricultural production. In the three years 1952-54 the program provided an average of some 55,000 tons per year.44

With special economic aid funds available in 1954, transport and industry received major attention, with programs for railway equipment, steel for railways and industry, for the Rihand hydro-electric development and increased electric power facilities in the city of Madras and the state of Rahasthan.

Other projects to which the United States has contributed assistance through the Indo-American Technical Cooperation program are as follows: (1) the United States is assisting with an international locust control and plant protection project; (2) it is helping to develop fisheries along the coasts of India; (3) it is supplying the necessary supplies and equipment to aid India's malaria control program; (4) forest research is receiving

44Indo-American Technical Cooperation. op. cit. p. 3.
major attention; (5) building materials development — an attempt to find low-cost building materials that are close at hand — is another project of the Indo-American program; (6) an American engineer is working with Indian engineers and geologists on a pilot project in Madras state assembling the data necessary for development of about a one hundred square mile deposit of lignite or "brown coal"; (7) American specialists are working with Indian health authorities on a national health program; (8) the United States is also giving assistance to industrial research and technical service organizations, technical education institutions, agricultural research, education and extension organizations, medical colleges and allied institutions, and health instruction training centers.45

The Indo-American program has two other important phases in addition to the joint projects. One is the supplying of American technical specialists, the other is the training of Indian technicians in the United States. Let us consider briefly these two aspects of the program.

Technical specialists from the United States are sent to India on request of the Indian Government to

45 Ibid.
assist development work in particular fields. Some are assigned to agencies of the Central Government, some to the states, and still other to groups of private concerns or educational institutions. Salaries and travel expenses of the American specialists to India are paid entirely from dollar resources made available for the Indo-American program.

As of June 30, 1954, there were 94 American technicians assigned to India. These included 42 in agriculture and natural resources development; 10 in industry, mining and labor; 8 in transportation, communications, and power; 16 in education; 9 in health, sanitation, and social services; and 9 in community development. Some of these specialists were assigned to Ministries of the Central Government, some to the states, and others were on inter-university contracts with specified Indian educational institutions.46

We have tried to make clear that the basic intent of technical co-operation programs is to make the technical advances of one nation available to another for economic and social development. Advanced training of

46Ibid. p. 22.
the technicians of one country in the educational institutions, industrial plants, and research laboratories of the other is a highly important means of transfer of technical knowledge. Consequently, under the Indo-American program provisions have been made for Indian technicians to study in the United States as well as in other countries.

As of June 30, 1954, 199 Indian trainees had studied in the United States, had completed training and had returned to their work in India; 54 other trainees were in the United States; 60 were in various stages of preparation for departure; and more than 100 additional assignments were under consideration. Costs of the training and travel to the United States are paid entirely from dollar funds.\textsuperscript{47}

The period of specialized training for most Indian trainees has lasted from six months to one year. The trainees have been from various fields: industry, trade, labor, agriculture, forestry, fisheries, and health and sanitation.

Emergency Food Grain Loan

India has spent tens of millions of dollars in valuable foreign exchange since World War II to purchase

\textsuperscript{47}Ibid.
wheat and other food grains in the United States. Despite its intensive "Grow More Food" campaign, a series of natural disasters -- floods, droughts, and locust plagues -- have inflicted large areas of the country and have robbed the people of the expected surpluses which would have enabled the government to discontinue grain imports altogether by 1951 or 1952. As a result of these disasters and some hoarding, the Government of India estimated in 1950 that at least six million tons of food grains would have to be imported in 1951 in order to prevent further hoarding, to prevent starvation, and to keep down inflation. The government was able to purchase roughly four million tons and appealed to the United States for the balance.

In December 1950 Madame Pandit, India's Ambassador in the United States, formally requested two million tons of grain on a long-term loan basis. The President sent a message to Congress on February 12, 1951, requesting prompt action in view of India's critical need for the aid. Congress finally passed the "India Emergency Food Aid Act" in June 1951. The Act authorized the President to utilize a sum not in excess of $190,000,000 for the provision of the necessary food grains to India on a loan basis. Section Seven of the Act provides for the establishment of an educational exchange program with India to
be financed out of the interest accrued before January 1, 1957. 48

Few will deny that the granting of this loan of food grains to India in 1951 was done out of humanitarian considerations for a suffering people. Although some Congressmen wanted to mix the grain loan with international politics, the overwhelming sentiment in the United States as a whole and in the government favored immediate action to get the grain to India as soon as possible. President Truman, Secretary of State Acheson, and United States Ambassador to India, Loy Henderson, all stressed the urgency of India's need. Secretary Acheson particularly stressed what he called the "fundamental American principle that human need overrides political differences." 49

A small minority in the Congress, despite the appeal from the Administration, blocked immediate consideration of the "India Food Aid Bill." The measure was stalled for a time in the Rules Committee of the House of Representatives. Representatives Allen of Illinois and Cox of Georgia were two of the most vigorous opponents of the bill. However, despite this minority opposition, the

most influential members of both Houses of Congress supported the measure. It was introduced in both Houses of Congress by a bi-partisan group of Senators and Representatives.50

This controversy in the American Congress over the Indian Emergency Food Grain bill aroused deep resentment in India and evoked certain pointed responses from official quarters in that country which are indicative of the continuation of India's policy of rejecting all aid with "political strings" attached. In a formal broadcast to the Indian people Prime Minister Nehru stated that,

While we welcome all the help that we can get from foreign countries, we have made it clear that such help must not have any political strings attached to it, any conditions which are unbecoming for a self-respecting nation to accept, any pressure to change our domestic or international policy. We would be unworthy of the high responsibilities with which we have been charged if we bartered away in the slightest degree our country's self-respect or freedom of action even for something which we need so badly.51

On the demand by some Congressmen that India provide certain atomic materials in partial payment for the grain Mr. Nehru continued:

50Congressional Record, 82nd Congress, 1st Session, 1951, Vol. 97, Part 12, p. 2372.
51Hindu, May 2, 1951. See also Gordon P. Hagburg, U.S. Food Aid to India - How it Was Given (Foreign Service Institute Monograph Series, May 1953), p. 33.
There is a reference to our providing various kinds of materials to the United States in part payment for the grain supplied. We shall gladly supply such materials as are available to India and can be spared by us. But I should like to make it clear that it is a fundamental part of our foreign policy that such materials as are related particularly to the production of atomic or like weapons should not be supplied by us to foreign countries.\footnote{Indian Information Service, Washington D. C. See also Congressional Record, 82nd. Congress, 1st Session, 1951, Vol. 97, Part 12, p. A-2372.}

Further emphasizing the American Government view that political differences must be subordinated to human need Secretary of State Acheson states:

We face frankly the fact that there exist some important political differences between our Government and the Government of India. These concern the different courses which our two Governments have followed towards the acts of aggression which have taken place in Korea and the danger which exists of further aggression. Both Governments have been striving to restore peace in the Far East and to prevent an extension of the Korean conflict to other areas. We have differed as to the most effective ways of achieving these objectives;

This Government is convinced that the measures which it proposed and which the General Assembly of the United Nations adopted, provide the most effective means to restrain aggression in Asia. We are also convinced that the Government of India is entitled to make its own independent judgments on these and other matters which concern it. The fact that these judgments differ from ours has nothing whatsoever to do with our feelings toward the people of India or to our humanitarian desire to help avert the dread threat of hunger which overhangs them.\footnote{Dean Acheson, The Indian Emergency Food Aid Program, Department of State Bulletin, Vol. 24 No. 610, pp. 424-26.}
When on June 15, 1951, President Truman declared that the Emergency Food Aid Act "is an expression of spontaneous, heartfelt desire of the American people to help the Indian people in their time of need," he was voicing public sentiment. The press overwhelmingly supported the measure. The New York Times, Washington Post, Christian Science Monitor, Salt Lake City Tribune, St. Louis Post Dispatch, and the St. Louis Globe Democrat are just a few of the major American dailies which published forceful editorials favoring the food grain aid to India.

After the legislation was enacted by Congress, Mr. Nehru and other Indian officials heartily thanked the American Government and the American people for their generosity and their sympathy. In his remarks of appreciation the Prime Minister said:

The United States Government and the United States Congress have undoubtedly reflected the views of the vast majority of the American citizens in giving this welcome aid. ... I am sure that this generous gesture of the American people will evoke friendly responses in India and bring the two people nearer to one another.55

The Minister of Foods joined the Prime Minister in expressing appreciation for the much needed food grain.

55 Hindu, June 13, 1951.
In a broadcast to the Indian people he said:

The hearty goodwill of the people of the United States toward the people of India has been evident in the support the public opinion of that country has given to this deal. ... Naturally, our gratitude goes out to the people of America for their generous gesture. It shows that in spite of differences in some fields, the hearts of democratic nations throb in unison for the common welfare.50

Madam Pandit, Indian Ambassador in the United States, had said, even before the legislation was passed, that "the efforts of the State Department to secure congressional approval for the grant of food aid to India constitutes the most eloquent testimony to the underlying bond of friendship which characterizes the relations between the two governments."57 One can safely assume that these expressions of appreciation and of gratitude by Indian officials were sincere.

It seems fair to state that though the food grain was given primarily out of humanitarian considerations, it was bound to enhance the goodwill and prestige of the United States among the Indian people. From this point of view the aid served a very useful political purpose.

50 Ibid.
United States Voluntary Agencies' Assistance

The Ford Foundation has been assisting India in a broad range of economic and social development programs since the fall of 1951. Paul Hoffman, then president of the Ford Foundation, visited India in August, 1951, at the invitation of Prime Minister Nehru to discuss the possibilities of financial assistance.

After consultations with Indian officials it was mutually agreed that the Foundation's assistance could best be used in two ways: (1) to initiate programs, deemed urgent by the Indian Government, for which financing by ordinary Government procedures might be delayed; and (2) to test out certain proposed development methods for which the Government could not readily release funds, but on which it was anxious to get test results on a scale broad enough to prove their feasibility for national application.

In the initial stages Ford Foundation supported programs were concentrated mostly in the area of agricultural development. Today Foundation supported activities in India include: rural development, development of small industry, education, public administration, research and training, and cultural exchange. 58

the last four years the Foundation has spent more than $8 million on its various projects in India with a special emphasis on training of village workers for community development projects.

The activities of the Rockefeller Foundation have been concentrated mostly in the public health field. Contributions have been made for the purchase of valuable equipment for various scientific research institutions. The Foundation assisted the Indian Council of Medical Research in setting up the Virus Research Centre in Poona which still receives Foundation support. It is the most important institution of its kind in India. The Indian Cancer Research Centre, the Agricultural Institute of Allahabad, and the Poliomyelitis Research Unit of the Indian Council of Medical Research in Bombay have all benefited from assistance of various kinds from the Rockefeller Foundation.59

The American Friends Service Committee has been operating two training projects, financed in part with technical cooperation funds. Other United States voluntary agencies operate some 425 schools and more than 200 hospitals, dispensaries, and other health facilities,

59Rockefeller Foundation Annual Report.
carry on agricultural research, provide agricultural and industrial training, and operate various social service facilities.

Voluntary agencies such as the American Friends Service Committee and other religious groups originate and operate their own projects, while others such as the Ford Foundation and the Rockefeller Foundation do not administer projects or engage in direct operations, but carry on their programs by making grants of financial assistance to the projects of other agencies, public or private, active in their fields of interest. The grant-in-aid is in fact the core of the Ford Foundation's activity.

American voluntary agencies have been contributing their assistance to India's development efforts in the belief that India's continuing progress can help fulfill the high purposes to which both the Indian and American people are dedicated, and for which the agencies themselves were founded -- the advancement of human welfare.

Private agencies such as the Ford Foundation and the Rockefeller Foundation from the beginning considered

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62 Ibid.
it of cardinal importance that any contribution they might make to the welfare of the Indian people should be one which accorded closely with their own plans for the advancement of human welfare. It has been of particular satisfaction to leaders of the Ford Foundation, for example, that "the programs chosen by the Indian Government to receive Foundation assistance are basic parts of Indian plans for national development, and that most of them will find a permanent place in its national life."\(^6^3\) It was the hope of the Foundation that in this manner its funds could give not just temporary or scattered assistance, but make an enduring contribution to India's advancement.

Private voluntary agencies in making their assistance available to India have also remained entirely outside the political arena and do not seek to further any particular ideology or purpose of any one party or group. They seek only to promote the single aim to which they are committed, the advancement of human welfare in peace and freedom for all.

To summarize briefly private voluntary agencies are devoting their assistance to six major problems bearing on the advancement of human welfare. They are:

\(^6^3\)Ibid.
(1) Promotion of international understanding and world peace.
(2) Strengthening of democratic institutions and processes.
(3) Advancement of economic well-being.
(4) Expansion and improvement of education.
(5) Improvement and expansion of health facilities.
(6) Enlargement of scientific knowledge and understanding of man.

Assistance from voluntary agencies, like assistance from other foreign sources, has been marginal and just a small part of the tremendous effort of the governments and the people themselves. But it has been important both as an indispensable catalyst and in providing funds for worthwhile activities.

Over the past ten years India has become a significant factor in international affairs. In recent years it has become a significant participant in international trade because of its improved foreign exchange position, occasioned by improved internal conditions. It is able buy and sell more goods in the international market than previously. Its supply of raw materials considered essential to the industries of the more developed countries of the world has continued. The menaces of hunger, disease, poverty, and subsistence living standards -- all powerful allies of communism -- are being attacked in a vigorous fashion.

Nothing conclusive can be said at this time about the extent to which American aid has helped to produce this
state of affairs. It might be assumed, however, that if India continues to develop economically and politically, and if its government remains stable, democratic, and neutral in the East-West conflict the primary objectives of American foreign policy will be served. But even this assumption cannot be proved conclusively.
CHAPTER IV

SOME HISTORICAL AND CULTURAL BASES
OF INDIAN FOREIGN POLICY

The conduct of Indian foreign policy will determine very largely whether the major objectives of American foreign policy with respect to that country will continue to be served. Moreover, the basic values underlying Indian foreign policy need to be studied in order to more fully appreciate the problems involved in the Indo-American Technical Cooperation program. To record and analyze some of the basic values underlying Indian foreign policy, especially as regards its relations with and its attitude toward the West, is the purpose of this chapter.

Indian Colonial History and Aversion to Imperialism

One of the most important factors influencing India's approach to the West and to world affairs today is that of its long colonial history and its natural aversion to colonialism and imperialism. The present generation in India grew up under a colonial regime. The present leaders of India have spent terms of varying lengths in British prisons. And though the Indians are not harsh and bitter toward the British today, it would be presumptuous to assume that the long years of British rule have been forgotten.
It is probably natural, therefore, that Indians should react cautiously, suspiciously or even at times negatively to Western schemes and programs even when these programs are designed to promote the welfare of India itself. Today, Indians are quick to remember that the British came initially to trade but remained to rule. Thus the economic policy enunciated by the Indian Government in April, 1948, was designed in large part to guard against a much-feared "economic imperialism" and to protect the Indian economy against the control of foreign economic interests.¹

In 1949-50 when Point Four was being discussed, the standard for acceptance of any form of external assistance, adopted by India, required that there be no political or economic conditions attached. That is to say that India should not be required to perform any function beyond the provision of the normal and necessary facilities and services requisite to the initiation and operation of the mutually agreed upon projects and programs.

Up to the middle of the nineteenth century, though the sheer weight of the government machine pressed hard

¹See the "Resolution on Industrial Policy" dated April 6, 1948 and the Prime Minister's elaboration of it one year later in G. D. Binani and T. V. Rama Rao, India at a Glance (Calcutta: Orient Longmanns, Ltd., 1954), p. 360.
on the Indian people, educated Indians were almost without exception pro-British. Many of the outstanding Indian patriots and reformers during this period have testified to the benefits which India (at least educated India) enjoyed under the British regime — men whose names are quite familiar in Indian history: Raja Ram Mohan Roy, Dadobhai Naoroji, Surendrenath Banerjea and Gokhale.

Mr. Gokhale, praising the British, said:

The blessings of peace, the establishment of law and order, the introduction of Western education and the freedom of speech and appreciation of liberal institutions which have followed in its wake -- all these things which stand to the credit of your (British) rule.  

The educated Indians of the day seemed to have had an almost pathological faith in the good intentions of the British.

However, in the latter half of the 19th century Indian attitudes toward the British began to change. With the establishment of the administrative services and with the influx of young career officers from England went a kind of aloofness and outward consciousness of superiority which was deeply resented by educated Indians. Sir Percival Griffiths, a civil servant who spent a number of years in the Indian Civil Service, explains British

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attitudes in the latter half of the 19th century in these terms:

The men who built British India in the latter half of the 19th century were, in the main, stern moralists full of the earnestness of the Mid-Victorian Age. They had no doubt that Christianity was superior to all other religions and that the European way of life was better than that of India. They believed, in all sincerity, that it was their mission to lead India toward English ways of thought and feeling.3

Whatever the rationalization for the actions of the British administrators toward the Indian people, this long period of colonial rule has produced certain marked effects on Indian ideas and ideals. The racial exclusiveness of clubs, parks, hotels, and other places of leisure and public accommodation caused resentment which has been carried over into the present post-independence era. Moreover, Indians were, for a long time, excluded from the civil service. There were no opportunities, for example, for Indians to occupy high administrative posts in the government, so most of them turned to the professions, especially law. The British administrators became a kind of ruling caste outside the main stream of Indian life, thought, and feeling.

3Ibid. p. 203.
The resentment resulting from this racial exclusiveness has produced in the Indian mind a firm determination that all vestiges of racial inequalities shall be eliminated. As late as 1947, during the Dutch-Indonesian conflict, The Hindustan Times, a widely read Indian daily, suggested that "perhaps the Anglo-American democracies had a sneaking sympathy for the white colonial rulers," and that this might explain why a small nation like the Netherlands found it possible to carry on the campaign in Indonesia.4

Indian politicians today, while recognizing the achievements of the British, complain that the British made no attempt to understand the people's wishes and desires. This British attitude of superiority helped to lay the groundwork for the various reform movements and later the nationalist movement which culminated in independence for the country.

Although there is evident today a large measure of goodwill and co-operation between the Indians and the British, one thing which has not been eradicated is that deep-seated sense of inferiority engendered by centuries of foreign rule. It is manifested in many ways. First

of all, it is manifested in a kind of slavish desire today on the part of not only India, but of all the newly independent Asian countries, to develop and industrialize and to do it quickly, using Western methods and help if possible, without it if necessary. A second manifestation of this national inferiority complex is seen in a kind of aggressive self-assertiveness in foreign affairs as well as in domestic policy. In their domestic development the Indians are determined that their programs shall be essentially Indian, although some forms of assistance are being accepted from the West. Thirdly, this inferiority complex is seen in the continuous insistence on mutual equality in all international relationships and in the breaking of all possible ties with former metropolitan powers consistent with the demands of national self-interest. There is an almost universal demand throughout Asia today that all of their dealings with Western Powers shall show a *prima facie* regard and respect for the independence and equality of Asian peoples and states. This sense of self-assertiveness and inferiority tends to give a certain sense of unreality to the Indian approach to many of the problems of the world.

British as well as Indian leaders early began to note the adverse effects of this detachedness of the government and the services from the main stream of Indian
life. They saw in this kind of British rule the suppression of human personality and character to the point whereby Indians began to lose hope for any changes in their status in this world. Sir Thomas Munro, an able servant of the East India Company and keen observer of the demoralizing effects of British policy on Indian life and society during the 19th century, has said:

The strength of the British Government enables it to put down every rebellion, to repel every foreign invasion, and to give its subjects a degree of protection which those of no Native Power enjoy. Its laws and institutions also afford them a security from domestic oppression unknown in Native States; but these advantages are dearly bought. They are purchased by the sacrifice of independence, of national character, and of whatever renders a people respectable. The natives of British provinces may, without fear, pursue their different occupations as traders or husbandmen, but none of them can look forward to any share in the civil or military government of their country. It is from men who hold or are eligible for public life that nations take their character. Where no such men exist, there can be no energy in any class or community.

Sir Sayyid Ahmad, the greatest Indian Muslim leader in the 19th century and a keen observer of developments in India, blamed the Mutiny of 1857 on the lack of contact between the government and the people. In his opinion:

--Ibid. pp. 231-32.
The government could never know the inadvisability of the laws and regulations which it passed. It could never hear the voice of the people on such a subject. ... But the greatest mischief lay in this, that the people misunderstood the views and intentions of the government. ... There was no real communication between the government and the governed, no living together or near one another. ... Worse still, in the first years of the British rule in India the people were heartily in favor of it. This good feeling the government has forfeited, and the natives very generally say that they are treated with contempt. ... 6

Some Basic Concepts of Indian Nationalism

One of the keys to an understanding of the Indian position in the world today is the rise of nationalism in Asia. Asian nationalism is in large part the re-emergence of cultures and civilizations that have been submerged for centuries by foreign invasions and influences.7 The Indians, like other Asians, have set themselves the task of resurrecting and revivifying their own particular cultural traditions and taking from the West those aids which are needed to raise the standard of living of the masses and to industrialize the country. What we witness in Asia today, therefore, might be more accurately

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6 Ibid. p. 274.
termed culturalism rather than nationalism as traditionally understood in the West.

It is not without significance that the first nationalists in India were not seeking to throw off foreign rule but were seeking ways by which their own culture and civilization might be enriched and reformed through contacts with other cultures. The great reformer of the nineteenth century, Ram Mohan Roy, was a scholar who was deeply imbued with the culture of both East and West and wanted to revolutionize Hindu society and eliminate many of the social evils such as child marriage, Sati, caste, and idolatry. Inspired by Christianity and Western civilization he established the Brahmo Samaj a socio-religious organization for the social and religious uplift of the community. Mohan Roy was a nationalist, not in the narrow-minded sense, but in the sense that he saw good in all cultures and people and wanted to see his own community raised to a higher state. Thus, he sought through the Brahmo Samaj to give a new life and vitality to the Indian Hindu culture. One of the leading authorities on Hindu religion and customs indicates that Roy's organization was open to "all sorts and conditions of men for

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Sati (sometimes spelled Suttee) was the practice by which Hindu widows would throw themselves on the funeral pyres of their dead husbands and be burned alive. This practice was outlawed by the British and today there are only occasional reports of such happenings in remote parts of India.
the 'Worship and adoration of the Eternal, Unsearchable and Immortal Being who is the Author and Preserver of the Universe. ...' All great religious leaders like the Buddha, Jesus, and Mohamed were to be venerated; and Hinduism was to be interpreted in the spirit of the Vedas and the Upanishads. 9

The second religio-nationalist movement of the nineteenth century was founded by Swami Dayanand Sarasvati. It was called the Arva Samaj. Unlike the Brahmo Samaj, it was entirely Indian in its origin and was intensely patriotic and militant. Dayanand's purpose was to purge Hinduism of the evils of caste, idolatry, and animism and reestablish what he called "real Hinduism" based on the Vedas as the infallible source of all knowledge.

Dayanand and his followers believed India to be the mother of all culture, spiritual and material. 10 Mankind, they believed, originated somewhere in northern India. They further believed that Sanskrit was the mother of all languages of the world. In their calculations ancient Hindus had subdued the whole world and had discovered America long before Columbus did; Europe received its culture and scientific progress through pre-historic Hindu

9 P. Thomas, Hindu Religion, Customs, and Manners (Bombay: D. B. Taraporevalla Sons and Company, Ltd., 1948), p. 60
10 Ibid. p. 61
invaders who had conquered that continent and initiated them into the mysteries of the Vedas.\textsuperscript{11}

The important thing to note about both the \textit{Brahmo-Samaj} and the \textit{Arya Samaj} is that they were primarily cultural in content, seeking to reform and purify Hindu culture and raise it to a higher state. The \textit{Arya Samaj} probably came nearer to a genuinely nationalist movement because of its all embracing cultural concepts and because of its popular appeal. Another factor that gave it impetus is the fact that it was at the peak of its influence when feeling against the British was very intense. The nationalists of the latter part of the nineteenth century found an ardent ally in the \textit{Samaj} in that they were both opposing a common enemy. The \textit{Arya Samaj} was very vigorous in opposing the activities of the Christian missionaries and of the Muslims and began a movement to re-convert to Hinduism those persons who had accepted Christianity and Islam. Indian nationalists of all shades of opinion have long opposed the proselytizing activities of Christian and Muslim missionaries. Today the spirit of the \textit{Samaj} is carried forward by the Hindu Mshasabha, a militant Hindu political organization which is anti-Western and fanatically nationalistic.

\textsuperscript{11}Ibid.
Thus, as Western civilization stems from the Old and New Testaments and from the science and philosophy of the Greeks, so the Indian culture and civilization are rooted deep in the Vedas, the Upanishads, and the songs and legends of the great epics -- the Ramayana and the Mahabharata.

The negative aspect of this nineteenth century militant patriotic culturalism was the revolt against political domination and economic exploitation by foreigners. In India it gained expression on a national scale through the Indian National Congress which was established in 1884. This political nationalism gained great stimulus from the Japanese victory over Russia at the beginning of the 20th century. This marked the first time that an Eastern Power had defeated a large Western Power. Pandit Nehru in his autobiography recalls his jubilation and excitement over this great event:

Japanese victories stirred up my enthusiasm and I waited eagerly for the papers for fresh news daily. ... Nationalistic ideals filled my mind. I mused of Indian freedom and Asiatic freedom from the thraldom of Europe. I dreamt of brave deeds, of how, sword in hand, I would fight for India and help in freeing her.¹²

The Nationalist movements in Asia are directed as

much against economic domination by foreigners as against political control. Without attempting to assess the good and bad points of colonial economic policies, we can safely say that there is enough on the debit side of the ledger to sustain the more important charges against such economic policies. The first charge is that the colonial powers in fostering economic development in the colonies were primarily concerned with increasing their own wealth and economic strength. That is to say,

. . . . They have fostered promotion of export crops, such as rice and rubber. They have extracted minerals like tin and tungsten and oil. They have cut timber like teak. These were the food stuffs or the raw materials they needed for their own use or profit. They built roads and railroads and canals not where they would best serve the lasting interests of the colonial people, but where they were needed to carry the produce of the mines or plantations to the seaports. With part of the proceeds from their exports the colonial people were able to buy manufactured goods exported from the metropolitan countries. These goods tended to replace the products of local handicrafts, but the colonies were discouraged or prevented from manufacturing these goods themselves.13

Political dependence and economic dependence, then became two sides of the same coin.

An important feature of the Gandhian economic program for India was the restoration of handicrafts and cotton

13W. Macmahon Ball, Nationalism and Communism in East Asia (Melbourne: Melbourne University Press, 1952), pp. 56.
industries to the place which they had enjoyed in pre-colonial days. His overall economic plan provided for a decentralized economy with the hundreds of villages operating as self-contained economic units or as, what he called, "Village Republics." Moreover, early in the 1920's the nationalist movement, under Gandhi's leadership, began to boycott foreign goods, especially textiles; and Gandhi and his followers took to the spinning wheel and the hand loom. Although the present Indian industrial policy calls for development of large-scale mass-production industries on Western lines, the government has initiated a support program for cottage industries all over the country.

The second main charge against colonial economic policy is that the colonial powers failed to distinguish between economic progress and social welfare in the countries they controlled. The colonial areas made great

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14Gandhi's idea or definition of "Village Swaraj" originally appeared in Harijan July 26, 1942 and was reprinted in Harijan January, 1953. It also appeared on the front cover of the issue of Economic Weekly for November 1, 1953, a fortnightly organ of the All India Congress Committee in New Delhi. Basically he believed that each village should be a complete republic, independent of its neighbors for its own vital needs, and yet interdependent for many others. Thus every village's first concern would be to grow its own food crops and cotton for its cloth. It should have a reserve for its cattle, recreation and playgrounds for adults and children. Then if there were more land available it would grow useful money crops.
and undoubted progress, and this progress was the direct result of Western influence. Under the stimulus of the new overseas markets, millions of acres of land were reclaimed and brought under cultivation; minerals were discovered, extracted, and exported; railways, roads, and canals were built. With the proceeds of their new exports most colonial countries were able to import clothing and other consumer goods and generally experienced a steady rise in national income and foreign trade. Moreover, the introduction of Western methods of law and order maintained the peace that was essential for the orderly increase of production and trade.

Yet, despite all the colonial countries owe to the metropolitan powers, it is painfully clear that economic progress as measured in the West, and law and order as valued in the West, have not brought political stability to these countries in the post-war era. The reason is that these Western ways did not bring social welfare to the indigenous population. Social welfare is not easy to define. It cannot be measured in purely material terms, though it must include at least a minimum economic security. It is largely psychological. It depends not only on a sense of economic security, but also on a sense of social justice. In the well-worn phrase, the
poor man may be content to stay poor in a poor man's country; he may not stay content in a rich man's country. There is plenty of evidence in India today of the absence of social welfare. The increased wealth of India did not produce a much higher living standard for the average Indian, partly because it was spread over the greatly increased population, and partly because so much of it went to the foreign traders and officials and moneylenders.

Both the positive and negative aspects of this Asian nationalism must be studied in order to get a clear picture of the political forces operating in Asia today. Many contemporary writers on political developments in Asia emphasize only the negative aspects of this nationalism without seeming to really understand this concerted drive to revive and improve art and culture and to create a nation. Through trial and error and through the borrowing of techniques and methods of the more advanced countries of the world, Indian leaders hope to create a nation which shall be essentially Indian in its cultural and spiritual foundations and yet one which shall be capable of meeting the needs of a rapidly increasing population and the demands of the present age.

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15Ball, *op. cit.* p. 7.
The Religious Factor and Gandhian Philosophy

A second key to an understanding of the Indian leaders' image of India's proper position in the world today is the concept of nonalignment. Their approach to most of the problems in international affairs is based on the spirit of the "middle way."

This spirit of non-attachment should be viewed in the context of Hinduism as the spiritual basis of Indian society. The main emphasis of Hinduism is the potential of the divine in man, the possibility of the oneness of man in God. In order to reach such a state, the Bhagavadgita teaches that one must so identify himself with Brahman (the all-embracing spirit) as to live without attachment to any determinate thing.¹⁶

In the Western, Greco-Roman, Christian world the very being of society is based on obedience to the "Law of God." In the New Testament Jesus said that He came to fulfill the Law, not to destroy it.¹⁷

This basic Hindu belief in non-attachment partially explains India's independent stand in world affairs. Mr. Munshi, former Food and Agriculture Minister in the Indian

¹⁷Matt. 5:18.
Government, in explaining India's persistence through the ages while one after another of the nations of the Middle East and the West -- Persia, Arabia, Assyria, Egypt, Greece, and Rome -- have come and gone once suggested that the Bhagavadgita and its doctrine of non-attachment provided the staying power. An American author further elaborating on this idea of non-attachment points out that . . . whereas other nations had their attachments to determinate forms and doctrines which had their day and passed, India's non-attachment to determinate codes and principles and her attachment instead to the intuitively felt, all embracing immediacy in its timelessness and formlessness which is Brahman has enabled India to persist.

This adherence to the spirit of compromise and the "middle way" means that when a dispute arises between two parties on the international scene, India, by being non-attached, will not take sides but rather will be in a position to serve as mediator to assist in bringing the parties together. Moreover, the important thing in such an instance is to bring about a settlement even if it means disregarding determinate laws or rules. The spirit, the willingness to sit down together and through discussion and compromise to settle differences, is the only thing that really matters. This partially explains

18 Northrop, op. cit. p. 57
19 Ibid.
India's attitude toward the Korean War. Although its delegate to the United Nations supported the first United Nations resolution "branding North Korea the aggressor and calling for a cease fire" and providing for a United Nations police force" respectively (the latter only after receiving instructions from New Delhi, however); in subsequent proceedings India's Sir Benegal N. Rau worked painstakingly behind the scenes to bring about a negotiated settlement between North and South Korea, even without regard to affixing blame for the outbreak of hostilities. Moreover, India declined to send troops to Korea and later abstained from voting on the resolution branding Communist China an aggressor.20

The Gandhian political philosophy on non-violence and compromise which still has strong influence on Indian leaders, is also rooted deep in Hinduism. In the introduction to his autobiography Gandhi writes, "such power as I possess for working in the political field /has/ derived /from/ my experiments in the spiritual field."21 Of the latter he adds that "truth is the sovereign principle,"22 and that the Bhagavadgita is "the book par excellence for the knowledge of truth."23 Through the

22Ibid. p. 6
23Ibid. p. 90
application of these indigenous Indian spiritual values Gandhi was able to arouse and control the masses and in part to capture the intellectual, Western-trained, sophisticated leaders of the Indian National Congress, such Jawaharlal Nehru. It is that part of Nehru and his colleagues which was captured, which gives us some insight into Indian foreign policy in general, its attitudes toward Korea, the response of Indian opinion to its foreign policy, and the general Indian attitude toward the West.24

What we witness today, then is a nationalism based in part upon Western ideas and concepts of freedom and democracy and in part upon traditional Hindu society. We are witnessing a major effort to improve Indian culture and to adapt it to the new impulses created by contact with the West. Hinduism today, it might be said, is in a period of renaissance in the sense that much of its dogma, its idolatry, caste, and other social evils are being cast aside for broader and more fundamental principles which are being applied to a new life in new ways.

Some Basic Tenets of Post-war Indian Foreign Policy

There is more, however, to the contemporary mind.

24Northrup, op. cit. p. 64.
of India and to Indian foreign policy than Gandhian techniques, Gandhi's message, and Hinduism. There are significant non-Gandhian elements. There are the facts in daily experience which govern the conduct of leaders of men. These, too, must be understood. This leads to a consideration of the basic tenets of postwar Indian foreign policy.

India's postwar foreign policy reflects the attitudes and moods of Prime Minister Jawaharlal Nehru, Chief spokesman for India in world affairs. One writer has said that "Mr. Nehru is probably the only Indian alive today who has the rare gift of saying what the average Indian feels. As soon as Mr. Nehru takes a stand on an issue people immediately recognize that that is what they have been thinking all the time but did not quite know how to express it." Basically, the first consideration of Indian foreign policy, as of any other country, is that of India's national interest. Mr. Nehru stated in the Indian Parliament in December, 1947 that the art of conducting foreign affairs of a country lies in finding out what is most advantageous to that country. He further suggested that in the ultimate analysis a

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government functions for the good of the country which it governs and that its Foreign Minister thinks primarily of the interests of that country, whether it be democratic or totalitarian. Applying this to India, he went on to point out that his government's instructions to India's delegates to the United Nations "have always been firstly, to consider each question in terms of India's interests, and secondly, on its merit."  

India's interests can best be served, according to its spokesmen, by following an independent line in world affairs and by steering clear of any alignment with either of the big power blocs. The major arguments for an independent foreign policy have been made on moral and idealistic grounds -- a demand for respect, a desire to count in world affairs, standing up for the oppressed, a demand for racial equality, and the firm determination not to become a "camp follower." In this connection, Prime Minister Nehru once remarked that it would be unwise, even from an opportunistic point of view, for India to align itself with "this or that great power and become its camp follower in the hope that some crumbs might fall from their table."  

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26 Independence and After -- Speeches of Jawaharlal Nehru 1946-49 (New Delhi: Ministry of Information and Broadcasting, 1949), --. 204-05.
27 Ibid.
28 A speech delivered at the Constituent Assembly, New Delhi, March 8, 1948.
There are many American observers today who feel that India is gradually approaching the communist line in world affairs. Yet, in principle at least, India still adheres to an independent line. It is difficult for many Americans to understand how politically conscious Indians can assume an independent position in the "cold war". Indians, for their part, see no apparent external communist threat to their security but fear that to line up with the Western Powers would make India more vulnerable to attack in the event of war and would extend the cold war with all of its stresses and implications to Indian soil. This they want to avoid. Most Indians cannot understand why Americans are "so afraid of communism."  

Moreover, although most politically conscious Indians are more sympathetic toward the Anglo-American theory of government than to the Soviet theory, they have been disturbed by their observations of some of the practices in Anglo-American countries. The continuing inequalities between the Eastern and Western nations in their relations with each other constitute a thorn in the side.

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29 From conversations by the writer with Indians in all walks of life during a year's travel in India, 1954-55.
of all Asians. Continued practices of racial segregation and discrimination undermine American influence in Asia. Failure to understand and appreciate this temper of opinion in Asia can have tragic consequences for the West, for this opinion has played a major role in producing and maintaining the original concept of an independent policy in India.

Other basic tenets of Indian foreign policy might be characterized as follows: a desire for world peace, support for the United Nations, desire for racial equality, opposition to colonialism and imperialism. Emphasizing these values in the context of an independent foreign policy, Mr. Nehru stated in March, 1949, that,

Our main stake in world affairs is peace, to see that there is racial equality and that people who are still subjugated should be free. ... I feel that India can play a big part, and maybe an effective part in helping to avoid war. Therefore, it becomes all the more important that India should not be lined up with any group of Powers which for various reasons are full of fear of war and preparing for war. That is the main approach of our foreign policy.30

The last principle of Indian foreign policy that we want to consider at this juncture is that of peaceful co-existence. The principle of co-existence was

30Independence and After, op. cit. p. 205.
expressed in the so-called "Panch Shila"\textsuperscript{31} or the five principles of co-existence announced in a joint statement by the Prime Ministers of India and Communist China in the preamble to the Indo-Chinese agreement on the status of Tibet.\textsuperscript{32} It is Mr. Nehru's belief that the tensions of the world are caused by the fears and the suspicions that different countries have of each other. He reasons that if all countries would agree to refrain from interfering in each other's internal affairs, recognize each other's territorial sovereignty, respect each other and refrain from aggression, the problems of the world would solve themselves. He would have every country take a stand either one way or the other. In a forceful statement to the Indian Parliament in April, 1955 he declared:

I do say that every country that says honestly that it wants peace must accept them(five principles). There is no other way out. ... Am I going to be told by any country that they are for aggression? Then let them say so. Are they for internal interference in other countries? ... The Panch Shila is the challenge of Asia to the rest of the world and each country will have to give a direct answer to it.\textsuperscript{33}

\textsuperscript{31}The Panch Shila has become the basic factor governing the relations between India and China.
\textsuperscript{32}The Five Principles: (1) recognition of each other's territorial integrity and sovereignty, (2) mutual integrity, (3) non-aggression, (4) non-interference in each other's internal affairs, (5) equality and mutual benefit.
\textsuperscript{33}Hindustan Times, April 1, 1955.
The exponents of the five principles of co-existence believe that if each country should declare before the world its agreement with the Panch Shila, this fact in itself would have the effect of lessening world tensions. The ultimate meaning of Panch Shila is the recognition and acceptance of the status quo in the world vis-à-vis the communist and non-communist worlds. The Indians are convinced that the "cold war" persists because each side in this contest is committed to the "liberation" of areas under each other's control or influence and that as long as this state of affairs continues there will always be international tensions. This argument continues by postulating that the people in each country should have the right to determine their own governmental system whether it be communistic or non-communistic, but that once that system has been achieved it should be recognized as an accomplished fact and that there should be no interference from the outside. All countries, according to this philosophy, should refrain from attempts at imposing their systems on other peoples. Politically conscious Indians sincerely believe that whatever the political system in any given country, India can maintain peaceful and friendly relations with all countries in the international sphere. They point to China as their example.
CHAPTER V

INDIAN GOVERNMENT POLICY
AND AMERICAN ASSISTANCE

Because of the apparent difference in approach on the part of the United States and India to major international problems, as evidenced by Chapters II and IV above, the question of the Indian government's position with respect to American assistance cannot be considered apart from the overall question of Indo-American relations and the major international issues which have been largely responsible for the state of relations between these two countries over the past decade. It was seen in Chapter I above that American economic and technical assistance programs are an integral part of American foreign policy and that the United States has certain definite, stated objectives with respect to countries to which aid is given. Likewise, the Indian government, adhering to an independent policy in world affairs, has to take into consideration the advantages and disadvantages of accepting large-scale aid from one of the chief participants in the "cold war".

Politically conscious Indians feel quite strongly that no country can afford to give away billions of dollars without expecting to receive something in return.
Indians suspect that this something which the United States expects in return is a change in India's foreign policy which would cause India to conform more favorably to the policy of the United States. This is one of the major reasons why Indian leaders emphasize so strongly and so often the proviso that all foreign aid must be "without strings." This would seem to indicate that the question of American aid to India and the Indian government's reaction to it is not an isolated one, but rather a very small, though important, part of a larger picture. It is, therefore, necessary to try to construct pertinent portions of this larger picture in the process of trying to assess and analyze the Indian government's position on aid in order that the question of aid itself might be seen in its true perspective.

Period of the Interim Government

Indian nationalist leaders have been keen students of American ideals and of American revolutionary history. The positive efforts of the United States government, made during the war, to get the British to make a definite commitment on a greater measure of freedom and self-government for India were also well known. Moreover, events in India during the war stimulated a great deal of popular American interest in the Indian cause.
After the Japanese attack on Pearl Harbor, the role of India in the Allied war effort became of more direct concern to the United States. The official American position in this matter was one of great interest and great caution. This great concern of the United States stemmed from these four dangers inherent in the Indian political controversy: (1) American officials felt very strongly that the Indian domestic political conflict might damage the influence of the United Nations among the peoples of Asia; (2) there was concern that continued unrest in India might endanger American forces operating from that country; (3) American military officials deemed it imperative that the supply route to China be kept open; and (4) as General Eisenhower in his *Crusade in Europe* suggests, "Aside from preserving lines of air and sea communications to Australia, we had to hold the Indian bastion at all costs; otherwise, a junction between Japanese and German forces would be accomplished through the Persian Gulf."¹

On the other hand, the Anglo-American alliance had to be kept strong in the interest of the war effort in both the West and the East. American policy makers feared

that strong diplomatic pressures on Britain or extensive public discussion of the Indian question in the United States, or both, might weaken that alliance. American leaders were well aware of the marked sensitivity of Prime Minister Churchill to any word or action which would indicate criticism of Britain's India policy or suggest that the United States might be seeking a voice in Indian affairs.

Consequently, President Roosevelt seized every opportunity to influence the Indian situation in a way that would avoid direct United States involvement, but at the same time would achieve certain desired results. Such an occasion arose in March 1942 when Prime Minister Churchill announced that Sir Stafford Cripps was being dispatched to New Delhi to present to the Indian nationalist leaders certain British Cabinet proposals. The day before this announcement (March 9) President Roosevelt sent to Sir Winston Churchill a cable, in which he suggested that the establishment of a temporary Indian Dominion government which would have authority over certain domestic public services and would be responsible for working out a plan for permanent Indian government. The president thought that this kind of approach "might cause the people of India to forget past hard feelings,
and to become more loyal to the British Empire,\textsuperscript{2} especially if London should take the initiative toward self-government in India and so formulate its plans and procedures that the Indian people would not feel it was "being made grudgingly or by compulsion."\textsuperscript{3} Mr. Roosevelt was careful to add later, however, that it was "none of my business," and "for the love of Heaven do not bring me into this, though I do want to help."\textsuperscript{4}

The activities of Mr. Louis Johnson, the President's personal representative in India in 1942, also augured well for Indian-American relations. He took a very active, though unofficial, part in some of Sir Stafford Cripps' talks with the Indian leaders.\textsuperscript{5} Mr. Johnson's role was pleasing to the Indian leaders but aroused the British authorities in India to the point that the Governor General complained to London that Johnson was giving the impression that he was the President's personal representative to mediate in India. Specifically, the

\footnotesize{\textsuperscript{2}Robert E. Sherwood, Roosevelt and Hopkins (New York: Harper and Brothers, 1950), pp. 511-12.}

\footnotesize{\textsuperscript{3}Ibid.}

\footnotesize{\textsuperscript{4}Ibid. Sherwood suggests that: "It is probable that the only part of that cable with which Churchill agreed was Roosevelt's admission that it was 'none of my business.'"}

\footnotesize{\textsuperscript{5}Lawrence K. Rosinger, India and the United States (New York: Macmillan Company, 1950), p. 14.}
dispatch indicated that Cripps had presented a new proposal to Nehru without consulting the Governor General, but presumably with Johnson's aid. The Indian leaders were impressed, because this was the first time the United States had shown any concrete interest in the solution of the Indian political controversy.

In August 1942 the Indian National Congress passed a "Quit India Resolution" directed at the British. The British authorities retaliated by arresting the major nationalist leaders including Gandhi and Nehru. Following these events many Indian leaders began to urge that President Roosevelt intervene directly in the Indian affair. Dr. Syama Prasad Mookerji, Finance Minister in the Bengal State government, declared:

If we are told this is not an American affair during the war, although this war is supposedly a matter of life or death to your nation, how can you expect us Indians to believe that you will take a hand in a settlement of affairs along the line of the Atlantic Charter after the war, when India will not matter to you?

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6 Ibid.
8 It will be remembered that Sir Winston Churchill had made it clear in 1941 that the Atlantic Charter did not apply to India.
9 New York Times, September 6, 1942. Dr. Mookerjee became a member of the first Nehru Cabinet after independence and was a powerful political figure in the right wing of the Indian National Congress. He later broke with the Congress (1950) over Indian-Pakistan relations and became founder-President of the Bharatiya Jan Sangh. He remained as President of that political party until his death in August 1953.
The Indian National Congress had on a number of occasions asked for a clarification of war aims, the main question being, of course, whether the war would advance the freedom of India. More and more, after 1942, Indian leaders came to look to the United States for an answer to that question.10

It is not surprising, therefore, that in the immediate postwar period political relations between India and the United States were warm and cordial. The United States was even the first among nations to recognize the Interim Government of India in 1946. There were high hopes that this could be the "century of Indo-American cooperation."11 Indian writers quoted freely from the revolutionary writers of America and pointed out the parallels of the American and Indian struggles for independence, and freedom. One of India's most prominent writers, Dr. K. L. Shridharani, said in December 1946:

America was founded by men who wanted to be free of European tyranny. Sympathy for the underdog became the second nature of the Americans ever since those revolutionary days. India has been a special favorite because it has been fighting against the very same enemy which fought the Founding Fathers of the United States. Even the

10 Rosinger, op. cit., p. 16.
11 Politically conscious Indians like to think of this period in terms of what relations between India and the United States might have been or might be today.
slogans have been the same: "No taxation without representation." Patrick Henry's "Give me liberty or give me death", was the forerunner of Gandhiji's "Karange Ya Marenge." America had her Boston Tea Party, India had her famous Salt March.12

It is probable that Washington and Lincoln have provided India with more slogans than any other foreigners. Dr. Shridharani continued by suggesting that "the life and preachings of Henry David Thoreau were so much in the Indian tradition that he, along with Tolstoy and Ruskin, became the foremost foreign influence on Gandhiji. It was Thoreau who provided Gandhiji with the phrase "Civil Disobedience."13

Indian-American co-operation was considered of prime importance in early 1947. Mr. Asaf Ali, on the eve of his journey to Washington as India's first Ambassador, made it clear that it was his task to cement the good will between India and the United States and that he was quite sure that his task would be in many ways pleasant,

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12 Times of India, December 16, 1946. Dr. Shridharani is not altogether unknown in the United States. Some of his works have been published in this country, for example: War Without Violence, A study of Gandhi's Methods and Its Accomplishments (New York: Harcourt Brace and Company, 1939); My India, My America (with an introduction by Louis Bromfield), 1941; Warning to the West, (1942); and The Mahatma and the World, (1940). The latter three books were published by Duell, Sloan and Pearce of New York. 13 Ibid.
fruitful, and easy. There was that tendency to look upon
India as the counterpart of America in the East.14

However, this Indo-American amity was somewhat
shaken in January, 1947 by remarks of Mr. John Foster
Dulles to the effect that Soviet Communism exercised a
strong influence through the Nehru Government.15 Indian
leaders objected very strongly to Mr. Dulles remarks about
Soviet influence through the Nehru Government. Prime
Minister Nehru expressed surprise and regret that
Mr. Dulles should have made such a statement and then
went on to explain that,

Our policy is to cultivate friendly relations
and cooperation with all countries, notably
the United States of America and not to align
ourselves with any particular power grouping.
Our policy is going to be an independent one
based on the furtherance of peace and free­
dom everywhere on the lines laid down by the
United Nations Charter.16

Madame Pandit, India's delegate at the United Nations,

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14Hindustan Times, January 10, 1947.
15John Foster Dulles, "Europe Must Federate or
Perish - America Must Offer Inspiration and Guidance"(A
speech delivered before the National Publishers Associ­
13, No. 8. (February 1, 1947), p. 235. Mr. Dulles was
speaking of the Soviet challenge to the West and then
went on to suggest that "in the most of the world effec­
tive leadership is in the hands of persons who are sym­
pathetic to Soviet Communism and who turn to Moscow for
moral support... In India Soviet Communism exercises a
strong influence through the Interim Hindu Government."
16Hindu, January 21, 1947.
in a public statement also rejected Mr. Dulles' assessment of Soviet influence through the Indian Interim Government. Moreover, Indian leaders were unhappy about the label "Hindu Government" inasmuch as they had declared for a secular state based on Western democratic and parliamentary principles, practices and procedures. Madame Pandit and New Delhi officials strenuously objected to the label and strongly emphasized the secular character of the Indian state.  

On the economic side of the picture it was generally assumed in India and in some American circles that, after the war, the American economy would tend to suffer for the lack of war orders. It was, moreover, felt that there would be a rush for the investment of capital in the underdeveloped countries. Thus, the Indians generally felt that their big task would be that of setting forth conditions under which this flow of capital would be

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17Official Records of the Second Part of the First Session of the General Assembly (October 23, December 16, 1946), pp. 834, 1042-45. Mr. Dulles' impressions were apparently drawn in part from the fact that the Soviet bloc strongly supported India's efforts to defeat South Africa's bid to annex South West Africa. Madame Pandit also had strong Soviet bloc support in her case against South Africa's alleged discrimination against Indians. On both of these issues the United States representative either opposed the proposed resolutions or abstained from voting.
admitted, being careful to insure against any new forms of outside controls of the Indian economy. There was at this time a widespread fear of a new kind of imperialism in the guise of foreign capital investment. This partially explains the added emphasis on the need for safeguards. However, as time wore on and there was no stampede of investors, feeling began to change from suspicion of economic penetration to that of disappointment, and in many instances to that of resentment, especially after the large-scale aid program to Europe was launched.

**Period Prior to Aid**

Though newly independent and proud, Indian leaders, after their initial disappointment over lack of large-scale foreign capital investment, began to show more realism in their approach to world problems and to show deep concern over the state of relations between India and the United States. This feeling of deep concern is seen reflected in a statement made by India's Ambassador to the United States, in the middle of 1947, pledging India's wholehearted support to the United States in every effort made towards the establishment of peace, freedom and prosperity in the world. He declared:
It would be reasonable for any peace-loving people who want an orderly settlement of the world's problems to expect the United States to give the lead to the postwar world in moral, economic and political fields.\(^{18}\)

He further let it be known that the door was "wide open for American investment except in the key industries including defense, power, transportation, and communications which must be under government control."\(^{19}\)

That is not to say that Indian leaders had lost their suspicions of foreign capital investment and foreign government aid. Nor does it mean that they were now willing to align India definitely with the West. But it does mean that they were beginning to show a willingness to view both questions more realistically and to compromise on certain points in the interest of India's own economic development and security.

Indicative of this is the inaugural address of Prime Minister Nehru at the third session of the United Nations Economic Commission for Asia and the Far East which met in Madras in June, 1948. He declared:

> We want to co-operate in the fullest measure in any policy or program laid down for the world’s good, even though it might involve the surrender, in common with other countries,

\(^{18}\)The Leader, June 9, 1947.

\(^{19}\)New York Times, April 17, 1947.
of any particular attribute of sovereignty, provided that it is a common surrender, all round. But a long age of foreign domination has made the countries of Asia very sensitive about anything which might lead to some visible or invisible form of domination. Therefore, I would beg of you to remember this and to fashion your programs and policies so as to avoid anything savoring of the economic domination of one country by another. Political domination it is admitted, leads to economic domination, but an invisible or semi-invisible economic domination creeps in unless you are careful; if that creeps in, it will lead immediately to ill-will and not that atmosphere of cooperation which is so essential in this matter.  

India made direct, formal appeals to the United States for aid in October 1947 when its Ambassador to the United States, Mr. Asaf Ali, made such an appeal to the U. S. Secretary of Agriculture for emergency shipments of wheat and coarse grain to India to help avert a serious food crisis. In the middle of 1948 Dr. Pilla, India's Permanent Delegate to the United Nations, while addressing Americans prominent in industrial, political and diplomatic circles, urged the United States to help Indian economic development.

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21The Leader, October 18, 1947.
22The occasion was a dinner given by the Indian Chamber of Commerce of America in honor of Mr. R. A. Saksena, India's first Consul-General in New York. Hindustan Times, June 17, 1948.
Secretary of State Marshall's celebrated Harvard speech in June 1917 had a profound effect upon Asians' expectation for American capital and other forms of aid in the postwar period, because after that time priority was given to the economic recovery of Europe. As a consequence, India felt that it and Asia were being neglected and that American policy was unfair and discriminatory against Asian countries.

Not only was aid and foreign capital investment not forthcoming in any large amounts in 1947 and 1948, but in many instances India found it difficult to purchase, even with ready cash, its requirements of certain desired items in the American market. In June 1948, for example, the Minister of Industries and Supplies complained that "while the United States produces 70,000,000 tons of steel annually India can purchase only 60,000 tons." He then added dejectedly, "Well, we must be thankful to her for these small dispensations. It is our unfortunate experience that political considerations weigh more with the advanced industrial countries than sheer economic development."

In the face of these developments the United States began to show a growing concern over its relations with

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23Hindu, June 4, 1948.
India. Dr. Henry F. Grady, the first American Ambassador to India, had worked diligently during his brief tenure in that post to bring about closer Indo-American cooperation in both the political and economic spheres. At a press conference in early 1947 he explained America's economic policy toward India and expressed America's concern and desire to help India in any way possible, but suggested that countries must request aid in order to receive it. He then went on to point out that American private capital was willing to go abroad but only on its own terms. He strongly challenged the contention that the United States sought domination over other countries through the extension of capital assistance to them. In August 1947 he declared:

Speaking for the capitalists of my country, I can say that while under proper terms and conditions they are willing to lend monies to this country and to other countries, they are not prepared to beg that their capital be received.

One gathers the impression that there are some here who feel that American capital is so eager that it will accept any terms from this and other capital-acquiring countries. This is emphatically not the case.

Neither is there basis for the contention on the part of certain writers, or the suspicion on the part of others who would like to be our friends, that America is seeking control
over other countries through the extension of capital assistance to them.24

There was, too, a growing concern in the United States about the sharp criticisms by some Indian writers and officials of American policy. Moreover, American policy makers were working in earnest to align India publicly, as far as circumstances would allow, with the United States in the "cold war". In the pursuit of these objectives the Ambassador had, in 1948, even held out the possibility of a Marshall Plan for Asia, when he said:

Much of a positive and constructive nature can be accomplished on a regional basis. It is gratifying to note in this regard that there has already been established an Economic Commission for Asia and the Far East. ... The possibilities of such an organization are great indeed. It may, in many respects, become the counterpart of the European Recovery Program, popularly known as the Marshall Plan. The basis of ERP is cooperation and mutual assistance among sixteen countries of Western Europe.

America's contribution is designed only to deal with the residual needs of this war-devastated section of the world after the countries concerned have done all in their power to help themselves and one another. Your Marshall Plan, or if you will, your Nehru Plan, might provide

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24 New York Herald Tribune, August 26, 1947. Dr. Grady (previously an Assistant Secretary of State) had headed an official American Technical Mission to India in the spring of 1942 to survey India's productive resources and the possibilities of improving Indian production for the war effort.
for an equally effective program of mutual aid on a regional basis.\textsuperscript{25}

Whatever might have been the Ambassador's intentions, he left a firm impression that the United States was ready to offer to the Asian countries aid on a scale similar to that offered to Western Europe.

In June, 1948 the United Nations Economic Commission for Asia and the Far East met in India to discuss ways and means of more speedy development of the underdeveloped countries. These discussions are indicative of both Indian hopes and disappointments with respect to the question of aid. The Indian delegates were of the opinion that the countries which were more fortunately endowed should help the less fortunate countries, not out of charity, but because it would be a good thing and because it could also be in their own interests to do so. For example, Prime Minister Nehru speaking at the opening session of the meeting declared:

If some countries which are fortunate enough today -- more fortunate than others -- think that they can live their lives apart, whatever happens in the rest of the world, it is obvious that they are under a misapprehension. Today, if one part of the world goes down economically or otherwise, it has a tendency to drag others with it, just as, if unfortunately war breaks out, other people are

\textsuperscript{25}Christian Science Monitor, June 1, 1948.
involved who do not want war at all. So, it is not a question of the prosperous merely out of the generosity of their hearts helping those who are not prosperous, though generosity is a good thing. It is a question of an enlightened self-interest. Therefore, it becomes inevitable to consider those problems in the global way and to pay even more attention to those parts which are relatively backward.26

Mr. Nehru's purpose was apparently twofold: (1) to prepare his own people for the reception of large-scale assistance in the event that such assistance were forthcoming and (2) to serve notice to the United States that although India needed aid, it would accept only on certain terms. He apparently wanted to make it clear that there was no question of charity and that if the United States desired to help, it was no more than its duty and responsibility as one of the more fortunate countries of the world. In this connection he continued:

It is in the interests of those countries that can help in this process (of industrialization and modernization of agriculture) to help the Asian countries with capital equipment and their special experience. But in doing so, it is to be borne in mind that no Asian countries will welcome any such assistance if there are conditions attached to it which lead to any kind of economic domination. We would rather delay our development, industrial or otherwise, than submit to any kind of economic domination of any country.27

26_Hindu, June 2, 1948. See also Nehru, Independence and After, op. cit. The ECAFE Meeting was held in Ootacamund, Madras.

Indian leaders, then, in this 1948 ECAFE meeting, established their country's policy with respect to its acceptance of any kind of external assistance, and this policy has been maintained with varying degrees of emphasis until the present time. Everything which Indian leaders have said about external assistance since 1948 generally reflects this basic theme: India will not beg for aid; it will not accept charity; it is the duty of the have countries to help the have-not countries; India will accept aid only on its own terms; and it will not accept any assistance from whatever source with any political or economic strings attached -- that is, assistance that even remotely implies the slightest semblance of economic or political control or domination.

By 1949 Indian opinion had become even more critical of American unwillingness and inability to extend to India and Asia the sort of help given to the Western European nations. On this question the new American Ambassador to India, Loy Henderson, found it necessary to explain why priority, in terms of quantum of aid, had to be given to Europe over Asia. The United States, he said, decided that, taking an overall view of the world situation as it emerged out of the War, it would be easier to rebuild a country's industrial structure, making use of
its already existing trained workers, than to set up new plants and train new workers in countries which had never been industrially developed. He explained that the United States was not seeking economic advantage or commercial privileges for itself anywhere and did not want to utilize the economic aid which it was giving to other countries for exerting pressures on them to pursue domestic or foreign policies to its own liking. He further explained that there were no differences in the fundamentals of American and Indian foreign policies, that both India and the United States believed in democracy and peace and security in the world. He did say, however, that there might be differences in the emphasis laid on particular aspects of foreign policies as to the speed and methods with which they should be realized, but was careful to assure the Indian public that the United States had taken no decision which might place a definite limit on the extent or form of American economic and technical aid to India and that American firms regarded India as a suitable field for investment as a number of them were contemplating investment in various phases of India's economy.28

In January 1949 Sir Benegal Rama Ran, India's Ambassador to the United States, speaking on behalf of the Indian Government, said that "unless India raises its living standards rapidly, a democratic system cannot survive." In this connection he stressed the need for American assistance in industrial and agricultural development.

As it was indicated in Chapter II above, in 1949 India began to assume a more important place in the calculations of American policy makers with respect to consideration of collective security against further Communist expansion in Asia. Certainly, developments in 1949 would seem to give evidence of this shift of American Asian interests. In January an International Bank mission was sent to India for a six weeks' tour for the purpose of considering giving a loan to India. Sizeable loans were subsequently granted to that country. It is true that the International Bank is an international agency, but inasmuch as the United States is the most influential member of the Bank furnishing the bulk of its capital, loans granted may be said to reflect Washington's approval.

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30See Chapter II, p. 37.
Meanwhile, other developments in the American scene were indicative of the growing interest in a reorientation of America's Asian policy. Walter Lippman raised the question in January by asking:

Where ... shall we look for allies, now that Nationalist China, the Netherlands and France are so manifestly unable to play the role in Asia which we had supposed they would play? That, it seems to me, is the fundamental problem which has to be solved in order to form an American policy in Asia. ... We would we well advised ... to enter into intimate consultations with Nehru about our whole course in China and in Indonesia.31

A few months later Mr. Lippmann made a more specific suggestion emphasizing the military significance of such a course:

Without the support of Indian troops and Indian resources, the British position in the Middle East might have been untenable in the recent war. In another war, given the weakness of the British and ourselves in land forces, the position would be even worse. It is, therefore, elementary prudence that we establish no military policy in the Middle East without consulting India, and recognizing her influence and her interests.32

Although these were only the views of an individual unofficial observer, developments in the next few months suggested that there was a growing interest in India as part of a definite recasting of American Asian policy.

It was hoped in Washington that Mr. Nehru could be persuaded to head an anti-Communist bloc of nations favorable to the West. ³³

Mr. Nehru, on the other hand, in the months just prior to his visit to the United States, gave no indication that he was willing to make any changes in India's independent foreign policy, even if India might secure large-scale American aid in return. In other words, there was no likelihood of any public commitment on New Delhi's part in the "cold war". Mr. Nehru, throughout 1949, consistently rejected any suggestion that he was considering aligning India with the United States in world affairs.

On March 8, he declared in the Parliament:

We have stated repeatedly that our foreign policy is one of keeping aloof from the big blocs of nations ... and being friendly to all countries and not becoming entangled in any alliances, military or other that might drag us into any possible conflict.... We have very strictly followed that policy .... and we propose to adhere to that policy, because we are quite convinced that that is the only possible policy for us at present and in the future. That does not, on the other hand, involve any lack of close relationships with other countries.

³³See Chapter II, speech delivered at the Constituent Assembly, New Delhi, March 8, 1949. Nehru, Independence and After, op. cit., p. 239.
Nevertheless, Western observers were encouraged by the Indian decision in April-May to remain in the Commonwealth and by Mr. Nehru's statement on April 6 explaining India's industrial policy and its modified attitude toward foreign capital investment in India. His statements on other subjects seemed to Western observers to be much more moderate and to many presaged a general movement of Indian policy in the direction of closer ties with the West. His remarks on March 22 to the Indian Council of World Affairs were thought to be indicative of this trend.

Both the United States and India apparently hoped for definite gains from Prime Minister Nehru's visit to the United States in the fall of 1949. From a reading of subsequent events it would seem that the Americans hoped that the United States would be able (1) to persuade Mr. Nehru that the United States is a country with no imperialistic designs, and, therefore, Asians need not fear or be suspicious of the United States; (2) to align India publicly, as far as circumstances would permit, with the United States in world affairs; (3) to discuss the

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35 He generally recognized the right of the Atlantic Powers to develop their own defense arrangements and expressed pleasure at the more realistic attitude assumed by the Western Powers with respect to Indonesia.
possibility of scaling down India's sterling balances in London; (4) to discuss further modification of India's terms for the admission of American private capital; (5) to sound out the Prime Minister on India's attitude toward joining some kind of regional pact in the East; and (6) to discuss any other questions, such as Kashmir, Indonesia, a Japanese Peace Treaty and relations with the new Chinese Communist Government in Peking.  

India, too, was apparently interested in all of the questions mentioned above but possibly for different reasons. Perhaps among Mr. Nehru's major immediate concerns were (1) the arrangement for various kinds of aid to India in the form of food grains, loans, capital equipment and supplies for its industrial development, and first-class technical assistance; and (2) the gaining of United States support in helping to unfreeze its sterling balances in London in order to ease its dollar problem. Mr. Nehru was generally interested in achieving these and other ends favorable to India without compromising the principles of India's foreign policy or arousing Indian public opinion. He told a joint session of the American Congress that

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Rosinger, op. cit., p. 136.
... though our economic potential is great, its conversion into finished wealth will need much mechanical and technological aid. We shall, therefore, gladly welcome such aid and cooperation on terms that are of mutual benefit. We believe that this may well help in the solution of the larger problems that confront the world. But we do not seek any material advantage in exchange for any part of our hard-won freedom.37

American officials were generally disappointed at not achieving their major purpose of getting India to see eye to eye with the United States on a Southeast Asian defense organization and on the attitude to be assumed in regard to the new Chinese Government. Mr. Nehru scuttled all hopes of agreement on the first point when on October 14 he called a Pacific military alliance along the lines of the North Atlantic Treaty Organization "premature," and on November 2 when he, with a flat "no," answered a question as to whether India would join or support a non-Communist union of nations in Southeast Asia.38 All hope of securing India's acquiescence in a common policy toward the Chinese Communist Government vanished too, when India recognized and exchanged diplomatic missions with the Peking regime on December 31, 1949.

38Rosinger, op. cit., p. 136.
On the question of American aid, Mr. Nehru made no new pronouncements during his short stay in the United States. He still indicated that India needed and desired such things as machinery and capital equipment, technical know-how and food grain, and that it welcomed foreign trade and investment, all of which should be of mutual benefit.

Period Since Aid

There have been no noticeable changes in the official Indian position with respect to foreign aid. "Aid without strings" remains the criterion. Even though the United States and India signed the general or "umbrella" Point Four agreement in December, 1950 and five small pilot projects, utilizing American technicians, were started in 1951, on the broad international plane the two governments have disagreed sharply on most major issues since 1950.39

Most Indo-American disagreements since 1950, however, have arisen generally out of the differences in approach

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39 See Chapter III, p.57. We have tried to make clear that divergence on other matters has not hampered Indo-American economic and technical cooperation. The terms of the 1950 agreement were worked out with Indian officials before it was signed and announced. India has always favored the principle of foreign aid but has required that such aid be "without strings."
to world communism and out of the differences in approach to the Peking regime. The United States sees Communist China as a totalitarian Communist State in which all freedom has been destroyed, and as a puppet of the Soviet Union which seeks to continue spreading its tentacles until all of Asia and eventually all the world is engulfed. For Mr. Nehru and India the primary desire respecting China is to see it united and strong. The fact that China today is Communist-controlled does not affect the basic Indian attitude of friendliness toward that country.

Perhaps the most important bond between India and China is the fact that they are both large Asian countries whose peoples have been exploited for centuries. Moreover, they are both primarily agricultural and face similar problems. The most significant feature of the Chinese revolution in Indian eyes is the manner in which the new government has focused attention on the agrarian problem in an effort to achieve self-sufficiency in food production for the Chinese people. The degree of Chinese affiliation with the Soviet Union is not of great consequence to politically conscious Indians. Few Indians today believe China is a puppet or tool of the Soviet Union. Rather, they believe that the Chinese revolution,
though Communist led, is essentially a nationalistic Chinese affair and that China, like India, will not tolerate domination from any power, however big and powerful. Mr. G. D. Birla, one of the most influential industrialists and conservative political figures in India, expressed this in these remarks in November 1951:

"... our knowledge of the Chinese makes us believe they can never become narrow-type Communists. We know that the Chinese capitalists in Malaya, Siam and Burma take the side of the Chinese Government, which strengthens us in this belief. Therefore, we hope that through our friendship China will play an important role for world peace."

Today, China probably enjoys more popularity in India than any other country. This popularity has been enhanced by a number of timely gestures. In 1951 when the American Congress was haggling over the Indian-Emergency Food Grain Bill, China promptly offered to sell grain to India and immediately shipped a small quantity to that country, as did the Soviet Union. Again, in May, 1952, China offered to sell rice to India, although China is a poor and underdeveloped country and its people probably needed the food as badly as India's. These offers of food were

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a mere pittance compared with the subsequent American loan and the steady flow of American grain into India through regular trade channels. But this prompt gesture without attaching conditions or demanding something in return received a hearty and spontaneous appreciation such as has never been accorded any assistance from the United States.

By the spring of 1951, relations between the United States and India had reached a new low. In addition to sharp Indian press attacks on the United States and its policies, the American press became more outspokenly critical of Indian foreign policy and of Nehru himself. In an address to the Jammu and Kashmir National Conference workers, the Prime Minister took note of these criticisms of his foreign policy in the Western and American press and expressed surprise that those very journals which only a few months before acclaimed him as the "Leader of Asia" and as "one of the three or four top-ranking statesmen of the world" had now gone to the other extreme of calling him "a man with a deranged mind." One British journal, he said, even called him a "crank." "Does this mean," asked the Prime Minister, "that I have lost all the intelligence I possessed?"[41] The Times of India

editorial of October 31 is fairly representative of press sentiment:

When they heaped praises on him they perhaps, thought that he would succumb and adjust this country's foreign policy to suit their whims and policies. Disappointed and disillusioned, these newspapers have lost their equanimity, and instead of trying to understand the true implications of India's foreign policy, have purposely misrepresented and maligned Pandit Nehru. ... The fundamentals of Indian foreign policy have been again and again enumerated and explained by Nehru, and India acts in all situations on the basis of those fundamentals. It is open to anybody, whether in India or outside, to criticise that policy and express scepticism about its practical results but neither misrepresentation of India nor abuse directed against her Prime Minister is justified.

These bitter press attacks on both sides convinced both Indian and American officials of the wisdom of trying to iron out their outstanding differences on vital issues. Thus, although India's basic policy with respect to foreign aid did not change, there was a growing emphasis in India on the need to "understand Asia" and "see Asia through Asian eyes." American officials too, began to minimize the differences and to emphasize the common denominator of American and Indian policies. Moreover, American officials began to talk more about India's foreign aid needs and what contributions the United States could make to India's development in the interest of checking the further spread of the "Red Menace in Asia."
A statement by Burton Y. Berry, Deputy Assistant Secretary of State, made on February 28, 1951, is indicative of this new emphasis. He said:

India ... is fundamentally friendly to us. Mr. Nehru has said some things and has taken some actions which we do not approve, but we must not let such facts blind us to the necessity of keeping India with us as a member of the democratic family of nations.42

Assistant Secretary of State George C. McGhee made a similar estimate of Indian policy and of Indo-American relations on July 24, 1951.43

By the end of the 1951 Indian-American relations had greatly improved. Statements by officials and the press in both countries had become much more moderate. This improved climate set the stage for launching the Indo-American Technical Cooperation program.

The Indo-American Technical Cooperation Agreement44 was signed on January 5, 1952. The Agreement was welcomed by the Indian Government and by the Indian public. It was looked upon as "the beginning of a new period of

4282nd Congress, 1st Session; Department of State Appropriations for 1952; Hearings before the Sub-Committee of the Committee on Appropriations, House of Representatives, p. 193.

4382nd Congress, 1st Session; The Mutual Security Program; Hearings before the Committee on Foreign Affairs, House of Representatives, pp. 992, 1001.

44See Chapter III for details.
friendly relations between India and the United States." The Bombay Chronicle expressed the prevailing optimism when it stated editorially that "it is a concrete proof of the strength of democracy to rise above national suspicions and pressures and to tolerate differences of opinion." The signing of the agreement, too, was indicative of the underlying goodwill that exists in both countries for each other. Moreover, it demonstrated the necessity for convincing the Indians that American aid contains no "political strings" but is designed to aid India in achieving some of its goals toward raising the standard of life for the Indian people. The agreement was widely publicized in India as a major humanitarian gesture "without political strings."

There were sharp criticisms of the agreement by the extreme left wing elements in India, but Indian leaders defended it as a major gesture "without strings." In reply to the leftists in Parliament who accused the government of having been rather partial in the matter

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46 Ibid.
of acceptance of foreign assistance (complaining that India had refused to accept aid from Russian and Chinese sources), Mr. Chintaman Deshmukh, Finance Minister, told the Council of States that India's invitation for foreign aid was open to the wide world.45

The Hindustan Times, usually very close to the government position, though not an official government organ, in an editorial on January 7, heartily welcomed the agreement and paid high tribute to Mr. Chester Bowles for his "appreciation of the present needs of the country and, what is more, the importance of the assistance in the context of the existing situation."

The Indian Government decided to open the first of the Community Projects under the Technical Cooperation Agreement on October 2, Gandhi's birthday. On this occasion Prime Minister Nehru and American Ambassador Chester Bowles took part in the opening of the Delhi State Community Projects by helping to construct a village road. In his remarks Mr. Nehru said that the Community Projects would bring a "really great earth-shaking revolution in a peaceful manner and not by breaking heads or by shouting slogans." He referred particularly to the

help India was receiving from "a great country, America" and emphasized that the aid was "without strings." Th

Throughout the remainder of the period under study, the prevailing attitude of the Government of India with
respect to foreign aid has been that of acceptance "without strings." Even during the latter part of 1953 and
the first of 1954 when the issue of American military aid to Pakistan became such a disburging factor, Ameri-
can technicians and consultants continued to work daily with their Indian counterparts without incident. More-
ever, as the need arose, special operational agreements dealing with specific development projects were periodi-
cally signed by Indian and American officials in accordance with the provisions of the basic agreement of January 1952.

Today, though it continues to emphasize the need for India to become self-sufficient as soon as possible, the
Indian Government has no illusions about the continued need for financial assistance from abroad. This is

50 From interviews with a number of American admini-
strative and field personnel connected with the American Technical Cooperation Mission in New Delhi: Hyde G. Buller,
Assistant Director, Programs; Walter McPherson, Program Relations Advisor; Jack Gray, Community Development Ad-
visor, Government of West Bengal; Frank W. Sheppard, (Agricultural Extension Specialist) Advisor to the Govern-
ment of Madhya Pradesh; James H. Whitaker,(Agricultural Engineer)Advisor to the Government of Bihar.
evident from the speeches of the Finance Minister, C. D. Deshmukh, and the Minister for Commerce and Industry, T. T. Krishnamachari. In the fall of 1954 Mr. Deshmukh made a six-week tour of the United States, the United Kingdom, some European countries, and Egypt, in the interest of India's economic development. During the course of this tour and after his return to India, he made a number of speeches explaining India's policy with respect to foreign aid and foreign private capital investment. Speaking before the India League of America in New York on October 13, he expressed pleasure at what he considered an increasing understanding of India's attitude on non-alignment. He also stated that "There are less and less who believe that the receiving of foreign aid or assistance, even without apparent strings, is the prelude to political subjugation."51 He then went on to explain the various elements of India's policy of non-alignment and to state the proposition that an attribute of a sovereign country is to choose and follow an independent foreign policy. Therefore, he continued, "economic relations, particularly the giving or receiving of aid for economic development, are subject to this basic proposition and are conditioned by it."52 He then continued:

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51 *Statesman*, October 15, 1954.
52 Ibid.
There is now general acceptance of the view ... that the peace and prosperity of the world can be promoted if the countries of South and Southeast Asia, politically sensitive, economically exploited in the past, underdeveloped and overpopulated, are assisted by friendly democratic countries to build their own economies WITHOUT ANY ULTERIOR MOTIVE OR HOPE OF REWARD except that such a process will help in the maintenance of the democratic way of life in the world.53

Mr. Deshmukh also made a strong plea for more private capital investment in India. Appearing as one of a panel of speakers at the annual meeting of the Far Eastern American Council of Commerce and Industry on October 15, he stressed the complementary and interdependent nature of Asian-American trade and invited private American capital investment in India and Asian countries to bridge the dollar gap. He gave definite assurances that private capital could play an important role in development of Indian industries and explained that the Government of India "does not discriminate between Indian and foreign capital."54 In this connection he emphasized the assurances given by the Government of India in regard to remittance of profits, repatriation of original capital, and payment of fair

53 Ibid.
54 Times of India, October 16, 1954.
compensation in the event of nationalization of a particular enterprise.

Upon his return to India, Mr. Deshmukh spoke favorably and optimistically about the continued and increased aid to India as well as accelerated foreign private capital investment. His speeches were widely publicized in the Indian press.55

Other Cabinet Ministers such as Rajkumari Amrit Kaur (Health), Gulzarilal Nanda (Planning, Irrigation and Power), T. T. Krishnamachari (Commerce and Industry), Ajit Prasad Jain (Food and Agriculture), and O. V. Alagesan (Deputy Minister, Railways and Transport) have stressed the continued desire and need for foreign assistance and investment, especially from the United States. All have stressed the tremendous reservoir of goodwill in the United States for India and have emphasized that all assistance afforded India must be given and received in the context of India's non-alignment policy.

It is fair to say that, judging from the statements of Indian officials and from Indian practices with respect to aid from abroad, there has been a high degree of consistency in Indian policy. Throughout 1955 and up to the present time the emphasis which has been pointed

55 For Example, Times of India, October 28, 1954; Statesman, October 29, 1954.
up throughout this chapter has been maintained. That is to say, at no time have Indian officials expressed a desire to see American aid discontinued. To the contrary. Indeed, in certain periods since 1947 the greatest grievance has been that aid has been in too small quantities. At other times emphasis has been placed on technical assistance and at still other times the need for private capital investment and long term loans on a government-to-government basis have been stressed. Emphasis today, in so far as bilateral aid is concerned, is placed on the latter. 56

Today Indian officials in their statements on this subject show more self-assurance, and emphasize not so much the quantity or monetary value of the aid received but the spirit in which such transactions take place and the feeling of friendship generated between the two countries which results. In January 1956, while accepting a gift of four American steam locomotives and tenders, Mr. Alagesan, Deputy Minister of Transport and Railways said:

56From an interview with Dr. S. K. Dhar, Assistant Chief of Coordination for foreign assistance, the Planning Commission, New Delhi. September 12, 1954.
It is not so much the monetary value, which is not considerable in this case, which counts, but the feeling of friendship and helpfulness that the American people are showing to the Indian people in the field of international goodwill and cooperation that matters.37

It is fairly clear, then, that Indian officials are well aware of the significance of continued foreign assistance, however small, as a major factor in their development efforts. It should be evident too that, though the fears and suspicions that "political strings" might be attached to foreign aid have somewhat subsided, the demand is continuous that such aid as is given should be within the context of India's non-alignment policy. That is to say, such aid should be given with no expectations of political reward.

For the past two years, more than fifty per cent of American assistance to India has been in the form of special economic aid -- supplies and equipment -- designed to supplement the technical assistance. There has been a declining emphasis on foreign technicians. This shift in emphasis has been welcomed by the Indian Government. The Indians feel much more self-confident today and feel

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37Indiagram. (January 5, 1956). A weekly digest of important events in India issued by the Embassy of India, Washington, D. C. The locomotives were the first consignment of 100 broad guage locomotives being supplied by the United States to India under the Indo-American Technical Cooperation program. They were presented to the Indian Railways by Mr. John Sherman Cooper, U.S. Ambassador to India at a Bombay ceremony.
that, except for certain highly specialized skills, by and large they have the minimum trained personnel necessary to carry on their development work. They are counting heavily on their training programs in India and the training of personnel abroad to fill their personnel needs in the future.

The Indians are a very proud people and are eager to stand on their own feet as soon as is practicable even if a bit shakily. Many Indians see in India's too heavy dependence on outsiders for advice, technical help and grants of money an element of humiliation. Therefore, they would prefer help on a loan basis. Since loans have to be repaid, they are thought to leave no particular stigma.
Indian political parties, like the government, have reacted to the issues raised by the controversies and discussions surrounding Indian-American technical and economic cooperation. Political parties being one of the basic components of Indian political life, their reactions need to be studied as a part of our analysis of Indian reaction to American economic assistance.

First, some general information about the Indian political party system is necessary. Despite the claims of many smaller political parties in India for recognition, the Indian political system is basically a one-party system. The Indian National Congress overshadows all other political groups in that country. Founded in the year 1885, its history is the story of the struggle of the Indian people for freedom and independence. The Constitution of the Congress states as its major objective "the well-being and advancement of the peoples of India and the establishment in India, by peaceful means, of a Cooperative Commonwealth based on equality of opportunity and of political, economic and social rights aiming at
world peace and fellowship." It was the Indian National Congress which kept up a persistent demand for independence, which was finally won in 1947.

In the 1952 general elections the Congress won a total of 362 seats in the National Parliament out of a possible 489. No other single party won as many as 25 seats in Parliament.

Today, in spite of factionalism in its ranks, the Congress is held together by the single powerful personality of Jawaharlal Nehru. We might very well agree with one Indian writer who has said that "by and large, Congress has come to mean Nehru because it thinks in the Nehru way, it speaks in the Nehru way and it acts in the Nehru way." Mr. Nehru himself remained as Congress president until December 1954 when he had Mr. U. N. Dhebar, a devoted Gandhian and a strong Nehru supporter, unanimously elected to that office. The composition of the present Working Committee of the Congress is an indication of the measure of control which the Prime Minister still

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1. As amended at the Indore meeting of the All-India Congress Committee, September 1952.
The Congress is likely to continue for some time to be the dominant political organization in the country with a program that represents compromises between a number of outlooks. As long as Mr. Nehru remains at its helm the Congress, too, is likely to remain as the ruling party. This will, of course, probably depend upon two very important conditions, namely:

(1) that the government acts in neither a reactionary nor a radical fashion in attempting to solve India's manifold problems, but rather as an agent of moderate social change, and

(2) that the gap between the expectations of the masses and governmental accomplishments narrows at a pace sufficient to avoid mass upheavals against the ruling classes.

There are, of course, three other political parties worthy of mention, not so much because of their actual

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The following Congress stalwarts and strong Nehru supporters were made members of the powerful twenty man Working Committee: Maulana Abdul Kalam Azad, Union Education Minister; D. B. C. Roy, Chief Minister of West Bengal; Pandit G. B. Pant, Union Home Minister; Morarji Desai, Chief Minister of Bombay; Srikrishna Sinha, Chief Minister of Bihar; Jagjivan Ram, Union Communications Minister; Nabadrushna Chowdhry, Chief Minister of Orissa; S. N. Agarwal, General Secretary; and Belvantrai Mehta, General Secretary. Mr. Nehru himself was also appointed to the Working Committee. Times of India, January 23, 1955.
political strength but more because of their political potential. Moreover, they have all been recognized by the Central Elections Commission as All-India parties on the strength of each having captured more than three percent of the total popular vote cast in the general elections in 1952. They are the Bharatiya Jan Sangh, the Praja Socialist Party, and the Communist Party of India. These four parties, despite their relative disparity in political strength, are significant for this analysis because they cover the political party spectrum from the "communal" to the "secular," and from the "conservative right" to the radical left." A brief statement about each of these latter three parties might prove worthwhile.

The Bharatiya Jan Sangh is considered a right-wing party. It glorifies ancient Hindu culture and its principal aim is to annul the partition which created Pakistan so as to impose this culture on an undivided India. It advocates compulsory military training. It is emphatic that all Kashmir must be joined to India (a position shared by all major Indian political parties). It favors re-

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6 They would permit minorities to retain their religious freedoms, however.
examining the Commonwealth link and rewriting the Indian Constitution along traditional Hindu lines. Its appeal is to the spirit of Hindu nationalism and is particularly addressed to those hundreds of thousands who suffered injury or loss in the various waves of communal rioting, to the evacuees from Pakistan and to any others in whom anti-Muslim or anti-Pakistan prejudices are strong. It was officially established in the latter part of October 1951, just before the general elections, at a national convention in Delhi.

The second largest democratic political organization in India is the Praja Socialist Party. It came into being in September 1952 as a result of a merger between the Socialist Party of India, which withdrew from the Indian National Congress in 1948, and the Kisan Mazdoor Praja Party, a Gandhi-oriented peasants' and workers' party formed in 1951 by a group of dissident Congressmen. Both the Socialist Party and Kisan Mazdoor Praja Party stood alone in the general elections in 1952. But disillusionment growing out of their relatively poor showing in the general elections prompted the leaders of the two organizations, in the months following the

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elections, to take steps toward merger of their organizations. After prolonged negotiations, representatives of the two parties met in Bombay on September 26-27, 1952 and formally merged their two organizations. The new joint party was named the Praja Socialist Party. In the Parliament today, it represents, along with smaller allied democratic groups, the official opposition.

Communism in India has grown out of the problems centering around the frustrated intelligentsia and that portion of the middle class torn loose from its old religious moorings, and around industrial labor, rural workers, and other depressed classes in Indian society. As in the other countries in Asia, communism was imported to India after the first World War, after the Bolshevik triumph in Russia, and has been in existence, though under ban for a good part of the time, since 1927. The Indian Communists in the years immediately preceding World War II were strikingly successful in capturing the leadership of trade unions affiliated with the All-India Trade Union Congress. 


When the war came in Europe in 1939 the Indian Communists were staunch advocates of non-participation of India in the war. That is not to say that the Congress
leaders favored Indian participation. Indeed, they opposed it. But on this, as on all questions affecting India, the Communists were always at one extreme. All through the summer of 1940 the Communist leaders exhorted the Bombay textile workers by leaflets and speeches not to support "the cause of imperialism." 9

Immediately after the Nazi attack on the Soviet Union in June 1941 the Indian Communist line and tactics underwent a complete change. Since that time the Communist party of India has gained strength despite its momentary loss in popularity by this abrupt about-face.

However, as a nationwide political organization the Communist party did not really come into its own until 1942. Ironically, the British were largely responsible for its growth and respectability during the war, since it was the only political party in the country that was willing to support the Allied war effort. 10

Since independence in 1947 both the Communist party and the Socialist party have been keenly aware of the fact that if the Congress is to be defeated the opposition must be united; and both parties have made a determined

9 Ibid., p. 637.
effort to unite as many opposition parties as possible under their own banner. As of the present time the Communist party has been the more successful, and more than fifteen leftist parties have united in a common program with the Communists with the slogan "land to the tiller" and with a program for the establishment of a "peoples' democracy" as a step forward toward the realization of a Socialist State. Ultimately they propose that land will be owned by the "community collective." In terms of popular support the Communist party is the second largest party in India today.

Let us look now at what the reactions of these parties have been to American assistance. In attempting to assess and analyze the policies of the major political parties of India to the United States and American aid, it is necessary to explain what would seem to be a basic difference in economic philosophy that exists between the United States and India, a difference which reflects the state of development and historical background of the two countries. Even the more conservative Indians believe in more state control over the economic affairs of the country than do most liberals and exponents of the Welfare State in the United States. There is a widespread conviction in India that a large measure of
state economic activity is essential for India's continued economic health and growth. This conviction arises from many factors, chief among which are (1) a long tradition of paternalistic government, (2) the scarcity and weakness of domestic capital, (3) the country's economic backwardness, and (4) the necessity of making great progress over a short period of time. No significant group in India from the big industrialists to the Communist party rejects, in principle, the idea of governmental economic planning. There are differences, however, in respect to the nature, extent and purpose of such government activity.

The gap between the predominantly "socialistic" philosophy and the predominantly American "free enterprise" economic philosophy, which Indians regard as unsuited to their needs, expresses itself in different attitudes toward the operations of domestic and foreign capital in Indian economic development. Even the conservative, pro-American Eastern Economist emphasizes the necessity of foreign and domestic capital conforming to the principles of and objectives of the Indian economic plan.

**II** Speech by Mr. E.P.D. daCosta, editor of Eastern Economist, to 1954-55 Fulbright Scholars to India; New Delhi, September, 1954.
In an editorial in June 1948 this publication declared:

We cannot accept on principle the unlimited right of capital — foreign or domestic — to sail at its sweet will and pleasure in response to differentials in profits or other considerations, if the results are not in conformity with our specific plan. The belief that private capital should be allowed full freedom to roam at its will belongs to a perfectly consistent but, unfortunately, archaic and unworkable scheme of economic thought.12

What position does the Congress party take? The 1955 national convention definitely declared in favor of a "socialistic economy."13 Mr. Nehru told an open session of the Congress that the creation of a socialistic pattern of society would begin with the commencement of the Second Five-Year Plan.14

It should not be assumed, however, that the emphasis of the Congress leaders on socialism has in any way lessened the desire for the continuance of assistance from abroad. Sardar Patel15 was a favorite of those

14Ibid.
15Sardar Vallabhbhai Patel Was Deputy Prime Minister and Home Minister in the first Indian Government after independence. He was generally regarded as the "strong man" of the Cabinet. He was a practical criminal lawyer and a skillful organizer. Before his untimely death in 1951 he was by far the only man in the country who could challenge the authority of Nehru. His organizational skill and ability had made him the most powerful man in the Congress organization. See Weinor, op. cit.
elements who wanted less emphasis on socialism and more emphasis placed on private enterprise. These interests have long favored large-scale economic development projects financed jointly by Indian and foreign private enterprise. The socialist-minded elements in the Congress, however, have been more in favor of long-term government-to-government loans to permit a strengthening of the public sector of the economy.

The utterances of Mr. Nehru, who was Congress president from 1951 to 1955, are probably a fair measure of what the Congress attitude has been with respect to American aid. By and large there has been no difference between the Government and the Congress positions since Mr. Nehru has been the leader of both. The Congress position has been to accept foreign aid from whatever source provided there are no "political strings" attached. Mr. Nehru told a joint session of the American Congress, while on tour of the United States in 1949, that India needs "much mechanical and technological aid" in order to convert more rapidly its great potential into finished wealth. To the Canadian Parliament he

\[^{10}\text{From interviews with Messrs. C. S. Rangaswami Sr. and Jr., proprietor and editor respectively, Indian Finance (Calcutta), February, 1955.}\]

emphasized the interdependence of the various regions of
the world and the need for a balanced world economy
based on a freer flow of international trade and on rapid
industrialization of the underdeveloped countries. Three
years later, during the course of a foreign policy de­
bate in Parliament, he reiterated his stand that "we shall
continue to accept help provided there are no strings
attached to it and provided our policy is perfectly clear
and above board and is not affected by the help we
accept." These utterances are a measure of the con­
sistency of the Congress party policy of approving of all
foreign aid with no "political strings" attached.

Much of the discussion of American aid has centered
around assistance to the Community Projects, inasmuch as
the first large American appropriation of assistance to
India was for the purpose of putting into force the Indo­
Some elements, especially the devout Gandhians, took a
very active and strong view against American partici­
pation in the Community Projects. However, the majority

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18Speech delivered before the Canadian Parliament, Ottau, October 24, 1949. Ibid.
19Ibid., p. 222.
Congress party view, like that of the government of India, wholeheartedly approved the agreement as the assistance was designed to help India to solve one of its most serious problems, that of village uplift.

This writer has interviewed scores of Congress party members and leaders in India both in and out of the Parliament, in development work, in professions, in private business, in state legislatures and administrations, and leaders and administrators in the national office of the All-India Congress Committee, and rarely, if ever, was there any suggestion in any of these interviews that American aid should be discontinued. Indeed, most Indians have been very much disappointed at the small amounts which India has so far received under the Indo-American Technical Cooperation program. There have been variations, too, in the types of aid which most thought would be beneficial to India. Conversations about American aid inevitably result in discussions of American foreign policy and how the aid fits into the picture. Particularly were most persons interviewed gravely concerned and upset over American military aid to Pakistan, and this in many ways has colored their thinking in regard to the aid itself. Nevertheless, it was felt by most individuals interviewed that the technical and economic aid should be
continued but "without strings, visible or invisible."20

We have tried to show in this section: (1) that the Congress has been the major political organization in India, (2) that Mr. Nehru has emerged as the undisputed leader of the Congress and the country, and (3) that the Congress party has been favorable toward the continued acceptance of American assistance "without political strings."

There can be little doubt that the Congress party, despite the factionalism within its ranks, has not only been a major political force for unity and stability in India, but that the stand which the Congress party takes on any major domestic or international issue is likely to have, at least for now, a decisive influence on Indian public opinion.

It is too soon as yet to tell much about the crystallization of the policy of the Bharatiya Jan Sangh toward the United States. Present indications are that it will be more pro than anti. This can be discerned partially from that section of the party's manifesto which deals

20From an interview with Mr. Balvantrai Mehta, September 8, 1954. Mr. Mehta is one of the General Secretaries of the Congress party.
with industrial finance. Although the party recognizes
the need for state control in the basic industries, pre-
sumably other enterprises would be left open to private
capital development both domestic and foreign. More-
ever, the party would "take all necessary steps to pro-
mote formation of capital investment in productive under-
takings." On foreign capital investment, the party
favors its encouragement so long as there are "no strings
attached," a position shared by all of the democratic
parties of the country. Specifically, the manifesto states:

Foreign capital will be welcomed particularly
for starting capital goods industries. But
care shall be taken that political strings
are not attached to it and that foreign con-
cerns provide adequate training facilities to
the Indian worker.\textsuperscript{22}

The leaders of the Jan Sangh are close to the old Patel
wing of the Congress party and are thus favorable toward
the free enterprise system and toward a closer association
with the United States and the West in political and
economic matters. It is significant that, whereas other
parties (except the Congress) have called for a severance
of the Commonwealth tie, the Jan Sangh only asks that the
whole question of India's remaining in the Commonwealth
be reexamined.

\textsuperscript{21}Manifesto of the Bharatiya Jan Sangh, (Delhi, 1951),
P. 3. \textsuperscript{22}Ibid.
In summary, it is fair to assert that the Jan Sangh is close to the other major Indian political parties with respect to domestic economic development. Any party, in order to survive, must adopt essentially a socialistic domestic program. The Jan Sangh is no exception. This does not preclude, however, the assumption of a more favorable attitude toward the importation of capital goods and technical assistance from abroad. In the "cold war," although the party rejects an alignment with either side, it does indicate that the party's foreign policy will be guided primarily by "enlightened national self-interest," that is, by considerations of welfare and progress of the country. On this same point, the Organizer, official organ for the Jan Sangh, stated in 1950:

By following a middle of the road policy we have only succeeded in being knocked about and often badly bruised by the high and heavy two-way international traffic ... neutrality is neither the best nor even the safest policy when it invites suspicion of both the assistance of none ... We of Bharat, with ancient liberal traditions, would be more at home with democratic Anglo-Americans than with GPU- ridden Russia.23

The editorial did not, however, suggest that "Bharat should follow blindly the Anglo-American camp." Far from it:

23Organizer, "A Plea for Realism," April 3, 1950,
Bharat would not be Bharat, and her independence would be but an inauguration of serfdom if she did that. ... The facts of the international situation demand only unambiguous association and not servile subordination. ... That Socialism Britain can work shoulder to shoulder with free enterprise America is an encouraging sign that Bharat will not forfeit its inalienable right to self-determination and self-development by its association with America. ... It seems we can fulfill ourselves as a nation to our full stature through association with America more than rough subordination to the Soviet or alienation with both -- America and Russia.\(^{24}\)

Another factor, aside from the economic advantage which it would afford, which makes the Jan Sangh lean much closer toward the United States than toward Russia is its healthy distrust of the Soviet Union and its deep hatred of communism. Its attitude toward the Communists might be summed up in this quotation from the Organizer: "The Bharatiya Communists ... have not ceased to believe that internal confusion is the only way to establish Bolshevism. ... their loyalty is to a foreign land ... communism is the very anti-thesis of Bharatiya philosophy."\(^{25}\)

In short, although the Jan Sangh leaders might feel an element of contempt for what some of the more orthodox

\(^{24}\text{Ibid.}\)
\(^{25}\text{Organizer, March 20, 1950, p. 13.}\)
might call the "materialistic and unspiritualistic" United States, and although they have complained of America's lack of enthusiasm for giving India substantial aid because of India's reluctance to commit itself in the "cold war", they see practical reasons for seeking friendship with the United States. They believe that India must eventually achieve an international status comparable to that held by the United States and Russia, but they also hope that it will not become in the interim a junior partner in either camp. In the short term, at least, the Jan Sangh would desire closer relations with the United States in both the political and economic fields, but relations based on mutual equality only.

The Socialists, like Indians generally, tend to view with suspicion American policies and specifically American aid. A part of this suspicion grows out of American aid to and support for the Chiang Kai-shek, Bao Dai (now overthrown) and Syngman Ree governments which are symbols of reaction to many Asians. American support and assistance to them is taken as a sign that the United States

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wishes to hamper social progress in Asia. Such suspicions are reinforced by American emphasis on capitalism and by persistent stories that American help is not forthcoming for fear that India may become socialist.27

According to official Socialist party policy today, the party does not object to India receiving American aid so long as there are no "political strings" attached. However, the party would accept it only as a stop-gap measure. In due course, the party would discontinue all outside assistance and concentrate on the mobilization of the vast human resources of the country and harness them to India's development efforts and material resources in an effort to pull itself up by its own bootstraps.28 One of the Joint Secretaries of the Praja Socialist party told the writer that were his party in power he would favor placing more restrictions on the reception of all foreign aid and depend more on the resources of the country.29 In November 1952 he proposed the large-scale use of voluntary labor for the development of agriculture and for the construction of multi-

28 From an interview with Acharya J. B. Kripalani, former president of the Praja Socialist Party, New Delhi, September 7, 1954.
29 From an interview with Asoka Mehta, Joint Secretary of the Praja Socialist party, New Delhi, September 7, 1954.
purpose flood relief projects. Along with this he suggested a fundamental change in the government's outlook. "With this approach," he said, "it would be possible to ignore foreign assistance and yet have a bigger and better economic development plan." This is in line with the basic program of the Socialist party.

This writer also had the opportunity to associate and talk freely with leaders and members of the rank and file of the Praja Socialist party from all over the country at the special convention in Nagpur during November 1954. These frank and free discussions only served to underscore the very deep suspicions these people have, rightly or wrongly, of the United States and its policies, including its aid and assistance. They also served to underscore the seriousness and sincerity with which the Socialist party members view their program and their deep convictions that if India is to progress the initiative and resources must come from within, not without, its frontiers.

It might not be too much to say that the Praja Socialist party's position with respect to American policies and American assistance has not differed essentially from that of the Congress. At the present time

30_ Amrita Bazar Patrika, November 24, 1952.
there is no essential ideological difference between the two parties since the Socialists have rejected Marxism and adopted Gandhian principles as the basis of their program. Both parties have declared for a "socialistic pattern of society." Their differences are differences of detail rather than differences concerning fundamentals. The greatest difference could very well stem from the fact that the Socialists are out of power while the Congress is the ruling party.

Essentially, the Socialists believe that foreign assistance has the effect of stifling initiative and that the people may tend to rely too heavily on foreign aid. To avoid this they suggest that India should accept as little foreign aid as possible and over as short a period as possible. Presumably, the large-scale mobilization of Indian manpower for community development as well as for dam building -- methods which the Chinese Communists claim to be using with great success -- would eliminate the need for foreign aid but at the same time would develop the country at a rapid pace. They are not opposed to the present American assistance programs but they desire to see Indians become self-supporting as soon as possible.
There has never been any doubt as to where the Communist party of India has stood with respect to the United States and American foreign policy including foreign assistance. In the matter of foreign policy the party promises to have "no truck with the Commonwealth or the Anglo-American bloc," and to "obtain a mutual assistance pact with the Soviet Union, China and the other progressive democracies." Its policies seem to be determined by the Cominform and the directives seem to emanate from Moscow. Although in its manifesto the party indicated that it would "welcome the assistance of such private capitalists and foreign governments as are prepared to invest capital on terms that are in conformity with our national interests," this could only mean investment on the Communist party's terms.

The Communist party of India from the beginning has consistently opposed American aid to that country. It has taken full advantage of the general suspicions of possible imperialism and selfish economic penetration on the part of the United States. The Communist press has dubbed the American technicians as spies and charged that the United States is only helping Indian agricultural development in


order to keep raw materials flowing into the United States. It particularly attacked the Community Projects as a scheme for Americans to collect strategic data in regard to transportation and communications to be used to the advantage of the United States in the event of war. The leader of the Revolutionary Socialist party, which merged with the Communist party in 1952 and which was for all intents and purposes an adjunct of the Communist party prior to the merger, declared in the Uttar Pradesh Legislative Assembly on October 7, 1952 that the Government of India, through the Community Projects, was "encouraging the United States to establish a super-empire in India." In his opinion, the Community Projects "provide an excellent avenue of American infiltration." In this connection he did not distinguish between the different sources of foreign aid. For him presumably they were either all inspired by the United States Government or, in any case, had its blessings. He charged that the Ford Foundation aid, Point Four aid and the Colombo Plan aid were all "excellent examples of American attempts to enslave India."

33 Naya Hind (a Hindi Communist monthly), from Survey of Communist Propaganda in India (based on editorials, news stories, and special articles in Communist and pro-Communist journals in English, Hindi, and Urdu), Vol. 3, No. 3 (March, 1953), Department of State, Washington, D. C.


35 Ibid.
The General Secretary of the Communist party of India, Ajey Ghosh, wrote an article in 1952 in which he summed up the current attitude of the party with respect to American aid. Pertinent portions of this article need to be quoted in full in order to give a clear indication of that party's present position on this subject. Portions of this article read:

American capital penetration is not yet taking the form of private capital investment, but that of governmental and semi-governmental loans and "aid." The question naturally arises as to why American penetration in India is taking this form ... American capital is coming into India in the form of loans or "aids" because it is motivated by the immediate idea of buying over the Indian Government and bringing it under American war plans and of creating the necessary basis for a full economic and political enslavement...

In India, the government is yet manned by the erstwhile leadership of the national movement. And the first pre-condition of American enslavement of India and the first step in America's plans is the winning over by the American imperialists of this government. That purpose is best served through "aids," loans and a network of technical "experts"... It is with this political purpose that America is advancing loans and giving "aids" to India.

Even economically, the idea is mainly to develop India's resources of strategic raw materials for purposes of war... Take the Point Four "aid" and the Technical Cooperation Agreement, of the Community Development Projects. Their main purpose is again to spread through the so-called "experts" American penetration. Through this would come not an improvement of agriculture, but a certain amount of profiteering for the landlords and
a section of the rich peasants. Through this is spread the American ideology of racism and war. Only a few months after they were opened, the Community Development centres became mere centres of American propaganda. ... Again, the purpose behind the Damodar Valley Project or other irrigation and hydroelectric projects which have been promised American help is to develop the war potential. The Damodar Valley Project, for instance, lies in an area which has the richest deposits of strategic materials, according to the geological survey.36

The communist strategy in the early stages of Indo-American technical cooperation was to plug hard the theme of "American imperialism" and "American attempts to enslave India." Its efforts gained many listeners but most level-headed Indians adopted a "wait and see" attitude. The country had not forgotten the Communist violence in Hyderabad in 1948 and 1949 which was quelled by the Indian Army. While all Indians were determined that all aid with strings attached should be rejected, they were not willing to go the way of the Communists and reject aid simply because it came from the United States and not from the Soviet Union.

In the last two years there have been few references to American aid to the Community Projects and other types

36 Ajay Ghosh, "The Nature of American Penetration in India," New Times, No. 50 (December 10, 1952). This article was the sequel to one by A. Kutsekov and O. Litov, entitled "Anglo-American Rivalry in India," in No. 36 of the same journal, September 1952.
of American aid to India. The various development schemes are beginning to bear some fruit and this is enough to counter some of the more vicious communist propaganda blasts. Today, the various development schemes are discussed in terms of what the Indian Government is or is not doing to quicken the pace of development of the Indian people. The question of continued American assistance under outstanding agreements has lost its value as a major propaganda issue.
CHAPTER VII
THE INDIAN PRESS ON AMERICAN ASSISTANCE

The Non-Communist Press and American Assistance

One should keep in mind a few facts about the Indian press which will tend to color the editorial policies of all important Indian newspapers. The first is that the Indian press is a political press. Secondly, the Indian press tends to be highly nationalistic. Thirdly, the Indian press definitely appeals to the intelligentsia.¹

In regard to American aid, a second set of facts should be kept in mind. First, there is a large measure of agreement in the non-communist press with respect to the principle of accepting American aid of a particular type. Second, most newspapers of an All-India status have favored more aid to India than the American Government has been able or willing to give. Third, all papers have suggested by way of editorials that American aid to India should be based on other than purely political considerations. Fourth, all papers have objected to


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aid "with string," that is, aid that would require India
to change its policies as a necessary requisite for
obtaining such aid. And fifth, all papers have strongly
and consistently advocated the need for better United
States-Indian understanding in other fields in order to
create a more favorable environment for more fruitful
cooperation in the technical and economic fields.

Keeping in mind the large measure of agreement on
the principle of the desirability of continued American
assistance, different papers have favored different
aspects of such assistance as best suited to India's needs.
Therefore, for purposes of analysis and for the subject
under study we shall attempt to define three categories
of the Indian press.

The first category is represented by the Hindu(Ma-
dras), the most important daily in India. The political
philosophy espoused by the Hindu might be considered
liberal. However, in the whole context of the Indian
political spectrum, as compared to or contrasted with the
communist extreme left wing, it might be considered con-
servative. In its approach to world affairs it reflects
a sane, rational, open-minded and objective viewpoint.
The Hindu is one of three Indian dailies which find their
way to the Prime Minister's desk each morning.2

Other dailies which might be placed in this category are as follows: the Madras Mail, Statesman (Calcutta and New Delhi), Searchlight (Patna), Bombay Chronicle, Free Press Journal (Bombay), Leader (Allahabad), Pioneer (Lucknow), Ananda Bazar Patrika (Calcutta), Hitavada (Nagpur), and the Nagpur Times.3

In regard to American assistance the Hindu and other dailies in category "I" have stressed the need for technical know-how over large-scale capital investment. In October 1949 while Mr. Nehru was in the United States, the Hindu editorials stressed very strongly the need for technical aid from the United States and hoped that the Prime Minister would make the most of this opportunity to secure such assistance for India.

In twelve lead editorials from dailies in category "I" of the press between 1949 and 1951, three emphases are fairly clear: (1) the stressing of need for technical aid; (2) the attempt to convince the United States of India's stability and of its ability to absorb larger amounts of aid; and (3) some emphasis on aid "without

2Told to the author by Mr. Chunilal Sharma, Secretary, Press Information Department, All-India Congress Committee, New Delhi; and Mr. J. V. Joyce, Press Officer, United States Information Service, Madras.

3These dailies will henceforth be referred to as category "I."
strings" and the necessity for basing aid on other than political considerations. Particularly did the Bombay Chronicle and the Hindu stress the need for American technical know-how. They were no less vociferous, however, in deploiring what they considered the patronizing attitude that some Americans take toward the Far East.4

By far the greater number of editorials centered around the fear that American aid when given would not be in substantial enough quantities to be of any great consequence in India's development efforts. Thus, the Hindu and like dailies began a mild campaign to try to convince the United States that India was a good risk, not only for technical aid and capital goods, but also for foreign private capital investment. In regard to the latter point the Hindu in April welcomed the keynote of Mr. Nehru's policy statement on the position of foreign capital that "there would be no discrimination of any sort."5 On the quantum of aid likely to be forthcoming from the United States, the Hindu sharply criticized reports from Washington in May 1949 to the effect that the Administration was considering only a $25 million program for the underdeveloped countries.6 These journals

4Hindu, October 17, 21, 1949; Bombay Chronicle, January 6, 1950.
5Hindu, April 8, 1949.
6Hindu, May 19, 1949.
had suggested a sum of about seven billion dollars as an initial outlay for the underdeveloped countries. This line of argument was carried forward by other journals.

As soon as definite figures for the Asian Point Four program were made public, editorials began to emphasize the greater needs of Asia over Europe. Most were disappointed at the size of the Point Four appropriations for Asian countries and some suggested that in addition to being much too little it might even be too late. Such editorials grew out of frustration over the seeming inability of American officials to understand that India was a stable political entity and that its capacity to absorb larger amounts of aid had not been taken sufficiently into account. The Hindu had placed great emphasis on India's stability in an earlier editorial when it reminded the United States that India had achieved the political stability which American officials had set as prerequisites to receiving aid. It was hoped that Mr. Nehru's mission would convince American officials that "India stands on its own feet and is determined to devote its energies to profitable schemes of economic developments and reconstruction."
The third point emphasized a hope that the United States in extending aid to India would first and foremost be governed by humanitarian considerations and in any case such aid as might be given should be without "political strings." This emphasis was implicit in the Hindu editorial of October 21, 1949. The Bombay Chronicle echoed the same sentiment in January 1950 in an editorial on the President's State of the Union Address. It stated quite pointedly that "the fact that Asia has not been too eager to grasp the extended hand of America should have convinced Americans who show a patronizing interest in the Far East that Asia wants no strings attached to American aid ..."9

Yet, there were some editors who were able to look beyond India's own immediate and long-range hopes and needs and tried to view the whole question of aid, as to paucity, "strings," and the American attitude, from a more objective vantage point. The Pioneer editorial January 7, 1950 is a good example. While expressing displeasure at the small ($35 million) Point Four appropriation, the editorial at the same time recognized the fact that American policy makers had certain valid grounds

9Bombay Chronicle, January 6, 1950.
For hesitating to unloosen the government's purse strings in Asia, if for no other reason, because of the China experience. Gradually, more and more of these dailies began to recognize that the vastly differing size of the European and Asian allocations was accounted for, in part, by two factors which could be corrected by the Asians themselves; namely, (1) the relative inefficiency of the administrations in Asia and (2) the traditional suspicions which for historical reasons all Asian countries have toward Western aid.10 It is a matter of record that many Asian leaders, whether in government or in opposition, consider it good electioneering to bid for outright unconditional aid and nothing less. The Pioneer editorial rightly recognized that such aid can be had not even from the International Bank under United Nations auspices. For even the Bank loans have "strings" attached to them.11

By 1951 this segment of the press, though desirous of large amounts of aid to India, had begun to reconcile itself to the fact that aid on the scale and terms desired would not be forthcoming and that the American and Western rearmament programs would absorb the major portions of the resources that might otherwise be

11Ibid.
available for economic development in the underdeveloped countries. The Hindu in a mild editorial in November 1951 expressed regret that the "gigantic rearmament program of the Western Powers" should have narrowed for India the possible sources of foreign investment. It then went on to suggest that it had been estimated that a sum of $200 million a year in the form of foreign loans would enable India to carry out a program of ordered development but that "it seems unlikely that finance of this scale will be available." Both the Pioneer and the Statesman were equally pessimistic about receiving larger grants or loans of aid. Expressing uneasiness at the slow progress of Asian industrialization and development and at the ever present dangers of communism, they both expressed the belief that "whether commercially profitable or not, large-scale investment by the United States may be the cheapest price it can pay for peace." 

In summary, it can be said that this segment of the Indian press has been whole-heartedly in favor of American aid and in greater quantities than the United States has been willing to give. The proviso that "political strings" should not accompany such aid has been mentioned.
but the point has not been as strongly emphasized as in other sections of the press. By far the greater emphasis has been placed on the need for convincing the United States that India is stable and is capable of absorbing larger quantities of aid. Though private capital investment has been encouraged, preferences would seem to be for technical know-how, capital goods and government-to-government loans. The assistant editor of the *Hindu* told the writer that he felt that the Indo-American Cooperation program was the brightest spot in Indo-American relations. He emphasized, however, the technical side of the program. He suggested that the program should be extended to private technical, scientific and engineering institutions. He foresaw a program wherein the United States would supply to such institutions scientific equipment, books and highly trained technical personnel. In such a program funds would also be set aside for the training of Indian personnel in the United States.14

The *Hindustan Times* represents the second category of the Indian press which we want to discuss. The *Hindustan Times* is one of the four most influential daily

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14From an interview with Mr. V. K. Narasimhan, Assistant editor of the *Hindu*, March 9, 1955.
in India. It represents a political viewpoint which is very close to that of the Indian Government. The Amrita Bazar Patrika (Calcutta), and the National Herald (Lucknow) should also be placed in this category.

Like the Hindu, the Hindustan Times has been greatly concerned with ways and means of creating a better understanding between the United States and India. Its editorials have displayed a good deal of frustration with what is considered in India a "lack of appreciation on the part of the United States for the Indian viewpoint." Its editorials just prior to and during Prime Minister Nehru's visit to the United States in 1949 seem to be indicative. The assumption seems to have been that, if the two countries could be brought closer together on some of the outstanding issues of the day, mutually beneficial aid might flow more readily. An editorial of October 25, 1949, praised Mr. Nehru's activities and speeches in the United States and hailed American response to and acceptance of him in good spirit. It further expressed the hope that Mr. Nehru had created a better climate of opinion about India, making for aid to flow more freely. "If America is prepared to accept the people of this country as they are and for what they are," it continued, "there is still scope for mutual aid which
will benefit both countries. India wants assistance only on this basis, and none other.\textsuperscript{15}

Further emphasizing the points of agreement between the Hindu and the Hindustan Times, it should be pointed out, too, that the Hindustan Times has supported the proviso that no "political strings" should be attached to any aid received by India. Moreover, the quantities of aid earmarked for India and other Asian countries in 1949 and 1950 were considered to be "niggardly" and inadequate considering their needs and their capacity to absorb more aid. A 1949 editorial complained of the small technical assistance appropriations for the first and second years ($36 million and $50 million respectively).\textsuperscript{16}

The major points of disagreement between the Hindustan Times and Hindu centered around the aspect of American aid considered best suited to India's needs. Whereas the Hindu stressed the need for technical assistance and capital goods, the Hindustan Times has emphasized the need for large-scale capital movement from the United States to be put to productive uses in the underdeveloped

\textsuperscript{15}Hindustan Times, October 25, 1949.
\textsuperscript{16}"Token Assistance," Hindustan Times, June 4, 1949.
countries of the world. This, according to the Hindustan Times, would not only help to produce the sorely needed goods and services in the recipient countries but would also aid the American policy of checking the spread of communism in Asia.¹⁷

Unlike the Hindu, the Hindustan Times saw no reason why the American rearmament program should cause Indian economic development to lag. It suggested editorially that while the American Government was "bound down by the burden of rearmament," private capital could help by seeking investment in the underdeveloped areas which promise financial security. The editor pointed to the recent oil refineries agreement as a "notable instance of such a policy," and then suggested the extension of this policy to other spheres of industry which need to be developed. This, it was felt, should prove mutually beneficial.¹⁸

The Times of India represents a third viewpoint in the India press. Its circulation is larger than any English newspaper printed in the whole of India and probably in the East. The Times of India wields considerable political influence in India and particularly over the

¹⁷Hindustan Times, January 6, 1950.
¹⁸Hindustan Times, December 22, 1951.
administration and people of the Bombay and Delhi areas.

It represents a political viewpoint which is, to a
greater or lesser degree, favorable toward some vague
Hindu revivalist movement. Other dailies in this
general category would include the Indian Express
chain (Madras), Ambala Tribune (Ambala), Hindustan Standard
(Calcutta), the Indian Nation (Patna), and the Indian News
Chronicle. The latter three dailies tend to be more
communal minded and tend to reflect a more highly
nationalistic attitude than does the former. They are
generally more critical of the United States, tend to
be more suspicious of American aid, and are more consist­
tently hostile toward the United States in general.

The segment of the Indian press which the Times of
India represents has favored American aid in principle
but has differed with the Hindu and the Hindustan Times
in certain important particulars. First of all, the
Times of India strongly emphasizes the partnership idea
in big industry between American and Indian capital. The
emphasis seems to be to do things in a big way and

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19 It is fair to point out, however, that the Times of
India, with its main plant in cosmopolitan sophisti­
cated Bombay, is losing much of its communalist tinge.
Its editor is Western-trained and, more than some other
Indian editors, understands the West. He is still, how­
ever, highly suspicious of Western motives. The Times
of India is strongly nationalistic.
industrialize quickly. Likewise, the *Times of India* sees technical assistance as an important complement to the kind of large-scale industrial development which it favors. In this regard an editorial in April 1949 welcomed Mr. Nehru's assurances given to private foreign capital. It strongly emphasized India's need for foreign capital, with its accompanying scientific, technical and industrial knowledge "if the country is to develop at anything like the pace desired."

Throughout 1949, however, the *Times of India* editorials showed considerable pessimism and frustration over the lack of dollars for India's industrial development and a mild optimism about what might be forthcoming under Point Four. All along the *Times of India* has rejected the view held by the authors of Point Four that technical assistance must precede and lay the groundwork for a later inflow of large scale private capital. Rather, its view has been that the two cannot be separated and thus should be given simultaneously.

A second point to be noted is that the *Times of India* and like dailies have emphasized much more strongly than have the *Hindu* and the *Hindustan Times* the spiritual

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20 *Times of India*, April 7, 1949.
aspects of Indian-American cooperation and the necessity of accepting Asians as equals in any cooperative endeavor. In this respect the Times of India editorials, during Mr. Nehru's visit to the United States in 1949, showed little frustration over the fact that little was obtained in the form of tangible promises of aid, but played up the fact that the Prime Minister was so heartily received and welcomed in a manner befitting the leader of a "great democracy," though Asian. 22

The Times of India has been sharply critical of both the United States and Indian Governments for failure to find ways of mutually reconciling their viewpoints in world affairs. In an editorial in December 1949 it pleaded for better Indo-American understanding and an attempt to reconcile possible American aid with India's desire to remain strictly neutral. 23 It has likewise, on a number of occasions, suggested that the countries of Asia must give indication of their willingness to accept the responsibility as well as the advantages of mutual aid. 24

The Times of India has also been willing to accept the fact that there is no such thing as disinterested

22 Ibid., November 7, 1949.
23 Ibid., December 23, 1949.
foreign assistance and has seen nothing wrong with its acceptance so long as conditions attached to such assistance are such that they might not be humiliating to any sovereign independent state. The assumption that self-interest activates most economic calculations was not seen as a barrier to India's acceptance of the "barrage of durable economic help needed."²⁵

What is true for the Times of India, however, is not altogether true for other dailies in this category in that they tend to be less cosmopolitan in outlook, more highly nationalistic and more suspicious of America's motives. Yet, the United States has been sharply criticized in all of these dailies for the lack of a more generous outpouring of aid. Moreover, most have linked the aid question with the "cold war". It is fair to point out, too, that in most cases where the United States had been so sharply criticized for its aid policies, most of the criticism has been directed against the American Congress rather than against the Administration. (The outstanding exception was probably the discussions centering around possible aid growing out of the meeting of the Economic Commission for Asia and the Far East which

²⁵Ibid., May 8, 1951.
was held in the summer of 1948). A few sample editorials on the President’s State of the Union Address in January 1950 are indicative of the type of thinking just described. The Hindustan Standard, for example, generally agreed with the President’s assessment of the world situation and agreed that Point Four was an admirable ideal worth striving for, but no more than that, because of the lack of Congressional enthusiasm for any large-scale implementation. Because of this lack of Congressional enthusiasm for the program, the Hindustan Standard was rather pessimistic as to the immediate prospects of Point Four in the Far East.26

Recalling for a moment an earlier phase of this discussion in which the assertion was made that this segment of the press emphasized more strongly than the other two certain intangible, psychological, and spiritual demands and the needs for their satisfaction, some of the more highly nationalistic dailies placed the satisfaction of these demands above any mere technical or economic assistance. The Ambala Tribune was one such daily. In its editorial of January 7, 1950, it declared that both the

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26Hindustan Standard, January 6, 1950.
United States and Britain were making a profound mistake in believing that economic assistance to underdeveloped countries of Asia and the Far East alone would be sufficient to halt the communist advance in those areas. Rather, it suggested that only by lending its powerful support to "the powerful passion of nationalism" in order to provide the people of the Far East with an ideology which carries with it a far greater appeal than communism, can the United States hope to attain some of its objectives in that area.

The Indian News Chronicle echoed much the same sentiment, only it was much more critical of the United States and its Asian policies. It was particularly critical of what it considered America's "obsession with communism" and of its continued strengthening of the "Western imperialist powers." This strengthening of Western Europe while allocating only "token funds" for the aid of Asian development was regarded as an indirect threat to Asian nationalism. Indeed, a lead editorial of January 1950 expressed grave doubts whether the people of Asia would be convinced at all because of the small appropriations for the Point Four program, that the United States was serious about helping the economic development of
the underdeveloped areas.27

By the end of 1950 and certainly by the beginning
of 1951, all newspapers in this category, including the
Times of India, had given up all hope of receiving Ameri­
can aid on the scale desired. The Korean War had begun
and the Western powers had begun to rearm. A Times of
India editorial in September 1950 provides a reasonably
good summary of prevailing sentiment. Basically, it
suggested, with displeasure, that the American policy of
containing communism in Europe and Asia had induced the
United States to adopt policies which had lost it the
support of the people of Asia. It cited America's
military commitments to Britain and France to show that
the United States had virtually become the "champion of
the status quo in Indo-China and Malaya." The editorial
then continued by suggesting that, because of the Korean
War"decisions regarding Asia should be taken only after close
consultation with the free countries of Asia."28

In summary, this segment of the Indian press repre­
sented by the Times of India has, from the beginning, ad­
vocated large-scale American aid to India's develop­

28 Times of India, September 15, 1950.
efforts. Emphasis has been placed upon industrial development rather than on agricultural development. Industrial development, according to this view, should be attempted on a large scale, utilizing both American and Indian private capital on a partnership basis, but at the same time technical assistance should constitute an integral part of this vast industrial development program. Throughout 1949 this segment showed a fair measure of optimism with respect to possibilities of aid under the Point Four program. Even during most of 1950 the Times of India, at least, kept alive the hope that more aid might be forthcoming. However, by the end of 1950 even the Times of India had joined the more highly nationalistic and critical dailies in criticizing the American preoccupation with Europe and its seeming inability to grasp the crying need for more aid to Asia. It is fair to point out, however, that the criticisms were not directed at aid to Europe per se (except by a lone extremist), but rather at how that aid might affect Asia and Asian nationalism. "Europe must naturally get the lion's share of mutual aid," stated the Times of India, "but Asia, on whose co-operation much depends, should not be neglected. The threat of communism in the East is
more immediate than in the West ... The bold new program is not bold in Asians' eyes and the United States should not complain if Asians show no great enthusiasm for her cause," it declared. 29

Press Comment on the Indo-American Technical Cooperation Agreement

In October 1951 Chester Bowles was appointed as American Ambassador to India. Through his persistent and painstaking efforts the Indo-American Technical Cooperation Agreement was signed on January 5, 1952, providing for the expenditure of $50 million dollars to assist India in establishing a Community Development program. The reaction to this agreement in India reflects these three main points: (1) Indian pleasure that such assistance was made possible, (2) Indian uneasiness over the political implications of American aid, and (3) Indian disappointment that this aid was not more substantial. At a press conference held after the signing of the agreement, Ambassador Bowles had been questioned closely as to the political motives of the United States. The assurances he had given that there were "no strings

29"Aid to Asia," *Times of India*, January 18, 1951.
attached" to the proposal were stressed by most of the commentators.

There were, however, various explanations of American motives. Some saw the agreement as a genuine humanitarian effort "without strings"; some viewed it as a sell-out to American interests; others saw "guilded strings"; still others foresaw undue American interference in India's villages (this was particularly true of the Gandhian element); while others opposed the agreement on the ground that India might get into the habit of relying too heavily on American aid. The Communists and their sympathizers strongly opposed the agreement. Explaining these motives the New Delhi correspondent of *Blitz*, a pro-Communist weekly, called the agreement "the beginning of a new, subtle American diplomatic offensive in Asia," aimed at "containing Nehru and keeping him busy with internal schemes and out of the international arena where he has been a thorn in the side of the United States."  

The editor of *Blitz* said that the purpose was to "soften the ground of Nehru's opposition" and then "persuade him into the Western War bloc."  

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31*Blitz*, January 16, 1952.  
The tone of most editorials on the agreement, which was mostly favorable, is indicative of the partial success of the new diplomacy of Ambassador Chester Bowles who was largely responsible for the agreement. In analyzing press comment on the agreement, the dichotomy in the press above might be preserved.

The *Hindu* and, with few exceptions, the other dailies in this category, especially the *Statesman*, the *Bombay Chronicle*, the *Assam Tribune*, whole-heartedly favored the agreement. Of eighteen significant editorials from the signing of the agreement in January 1952 to August of that year not one thought that there were any strings attached, although two or three urged caution. The *Statesman*, the *Assam Tribune*, and the *Bombay Chronicle* were lavish in their praise and in their expressions of gratitude.33

Throughout 1952, editorials in this segment of the press emphasized strongly the improved relations between the United States and India and showed considerable optimism in the continued and more generous outpouring of American aid. The editorials began to talk more now in terms of how the money could best be spent, rather than in terms of whether it would be forthcoming and the

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possibilities of strings attached. Most editorials continued to emphasize the technical side of the program, however.

One of the most interesting features of press comment during this period was the attempt on the part of some dailies in this segment of the Indian press to interpret American policy more objectively and to try to justify the American policy of containing communism to the Indian public. This can be attributed, in part, to the "disinterested assistance" itself, but more to the striking success of Ambassador Chester Bowles.34

For this segment of the Indian press, therefore, the Indo-American Technical Cooperation Agreement was definitely a step in the right direction. Such assistance, when not accompanied by political, economic, and military conditions, does not arouse Asian suspicions of ulterior motives on the part of the giver. Whatever initial suspicions and reservations some editors might have had immediately after the signing of the agreement were soon dropped, and these editors became strong supporters of the Community Development program which the assistance was designed to aid, and moreover, became chief interpreters of American foreign policy in India.

34"Dollars and Diplomacy," Hindu, April 11, 1952.
The first editorial reaction of the Hindustan Times to the Indo-American Technical Cooperation Agreement concerned the extent to which it would facilitate the increased inflow of private capital. It showed considerable optimism over the possible inflow of foreign capital as a result of this agreement. Yet, there was the frank recognition that "optimism has to be necessarily cautious ..." when it stated that "investment capital nowadays has boom prospects at home itself. Moreover, the horizon of foreign assistance is beclouded by the continuance of international tension ... So long as the international picture remains murky we cannot, without being over-optimistic, expect a liberal flow of foreign aid." It is significant that the editorial cited the concessions given to the British and American oil companies operating in Bombay as a step in the right direction and implied that the cooperative spirit engendered by the Technical Cooperation agreement might produce similar concessions in other industries.

On the question of suspicion, the Hindustan Times noted that the agreement should do much to lessen Indian suspicion of American intentions. But, like the Hindu, the Hindustan Times emphasized the need for a larger

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35Aid From Abroad," Hindustan Times, January 6, 1952.
measure of understanding between the two countries and declared that the presence of Ambassador Bowles in India and the signing of the Technical Cooperation Agreement would facilitate efforts in this direction. Particular note was taken of the change in the American attitude toward underdeveloped countries and especially India. The Amrita Bazar Patria and the National Herald generally agreed with the position of the Hindustan Times.

The section of the Indian press represented by the Times of India did not show as much homogeneity and agreement with respect to the Indo-American Technical Cooperation Agreement as did the two just discussed. The initial reaction of the Times of India, for example, was one of considerable enthusiasm for "Washington's generous gesture." But two days later, after Senator Tom Connally's press conference in which the Senator said that there must be the "most strenuous reduction in all appropriations," and mentioned that Ambassador Chester Bowles would probably be invited to appear before the Senate Foreign Relations Committee, enthusiasm was replaced by apprehension and references to "ignorant irresponsibility"

37 Hindustan Times, January 6, 1952.
38 Times of India, January 8, 1952.
and the "insensitivity and parochial outlook" of "capricious Congressmen" or whose "whims and fancies" the success of the pact would depend. 40

The editorials of the Ambala Tribune, on the other hand, were less emotional. In its initial editorial the Tribune held that the agreement should do much to lessen Indian suspicion of American intentions. In its editorial of January 7 it brought out one of the main emphases of this section of the Indian press, namely, the cooperation between American and Indian business on a large scale and on a basis of mutual equality and benefit. The Tribune editor thought that the Technical Cooperation Agreement might serve to facilitate such cooperation. Later the Ambala Tribune refused to accept the charge of the extreme leftists that the Government of India had become subservient to the United States by accepting its assistance and felt confident that India's policies had not been influenced by the acceptance of such aid. 41

The Hindustan Standard, which is usually very critical of the United States, was the only major daily to oppose the agreement outright. Basically, it contended that the mere

40 Times of India, January 10, 1952.
fact of acceptance of American assistance placed India under "certain obligations which are hardly compatible
with its profession of neutrality."142

To briefly summarize, most of the dailies in this
segment of the press favored the agreement. Only the
Hindustan Standard expressed outright opposition to the
basic principles of the agreement and thought that India
should reject it. Most editors favored the agreement
not so much because of the $50 million dollars it pro-
vided, which in any case was a relatively modest amount
for an undertaking of this sort, but because of the
effect it might have in creating a better climate for
more extensive cooperation between American and Indian
business on a large scale to facilitate India's indus-
trial development. Most were certain that this could mean
a new era of closer relations between the two countries
on many fronts. Such a prospect was welcomed.

We have tried to emphasize in the foregoing dis-
cussion the large measure of agreement in the non-com-
munist Indian press on the principle of Indian acceptance
of American aid. We have tried to establish the fact
that no important English language daily in India has

142Hindustan Standard, January 7, 1952.
rejected American aid in principle. Secondly, we have tried to establish the fact that one of the greatest concerns of the entire Indian press has been the extent to which relations between the United States and India had deteriorated and what might be done to bolster this relationship. A third point which we have tried to establish is that there have been differences in the Indian press with respect to the aspect of aid considered best suited to India's needs. That is not to say that category "A", while emphasizing the need for technical assistance, rejected proposals for foreign private capital investment, or that papers in category "B", while emphasizing the need for a more generous inflow of private capital in order to industrialize India quickly and on a large scale, rejected the notion that India also should encourage technical assistance. Rather, it has been a matter of degree of emphasis placed on particular aspects of foreign assistance by different sections of the Indian press. The Hindu has emphasized the need for more technical assistance but has been pleased with proposals for foreign private capital investment. The Hindustan Times has emphasized the need for more substantial private foreign capital investment but has seen technical assistance as an important corollary.
It is fair to state, then, that there has been little or no objection in the non-Communist press to foreign aid per se, but the entire press has objected to aid with "political strings" attached. This emphasis grows partially out of India's position as a newly freed colonial territory in which there is prevalent a strong and deep-seated fear of any form of domination from any quarter. The fear in the postwar period has not been so much of political domination but of economic penetration which symbolizes to the Indian mind a new kind of imperialism -- that of economic imperialism.

The Communist and Pro-Communist Press on American Aid

The Communist and Pro-Communist press, like the Communist Party leadership, has from the beginning been violently anti-American and has consistently opposed American aid to India. In the early stages the Communist organs were particularly vocal, taking advantage of the general suspensions in India of American aid. Blitz's columnist P. R. Lele, for example, has consistently charged that the United States is utilizing its aid in an attempt to win over the ruling party of India in order to safeguard American interests.
The most violent Communist criticism of the principles of American aid to India began in the latter part of 1951 after Chester Bowles went to India as American Ambassador. Soon after his arrival, Blitz published a five-page interview with him in which he explained at length American foreign policy toward India. Comments from Communist leaders were immediate. Heading the list of Communist critics was Mr. Hiren Mukherjee, deputy leader of the Communist Party in Parliament. He charged that Mr. Bowles was trying to "pass off unashamed warmongering for peaceful intent. He pretends there is no attempt at political pressure by means of the so-called 'aid' to India and other countries."43 Particularly criticizing the American emphasis in its aid program on Indian agriculture, Mukherjee accused the United States of designs to let India remain "the agrarian hinterland of imperialism, a hewer of wood and drawer of water for metropolitan countries."44 The Mukherjee charge was echoed by S. S. More, leader of the pro-Communist Workers' and Peasants Party. Dubbing the

44Ibid.
American aid "a sort of bribe to the Government of India to remain with the imperialist powers in the present phase of the cold war," he warned, "now the octopus of American financial imperialism is spreading its deadly tentacles in order to bleed India to her bone. If we do not resist this slow strangulation India will be in peril."\(^45\)

Communist publications were unanimous in following this line laid down by the top leadership of the Communist Party of India. All Communist publications seemed particularly obsessed with what they called the "lengthening shadow of dollar imperialism" in India.

After the signing of the Technical Cooperation Agreement in January 1952 and the previous signing of the agreement with the private American and British oil companies by the Government of India, Communist publications were particularly vocal in charging that these two agreements and the presence of American experts in India were ample evidence to show that "Uncle Sham is spreading his tentacles in India."\(^46\)

Blitz published an editorial in July 1952 which said, in part, that "from the disgustingly humiliating terms\(^47\)
and concessions granted to American experts and American oil companies it would appear that the freedom was fought for and won for foreigners and not the people of India." It then went on to suggest that "Gandhi must have lived, worked, suffered and died in vain that today we are inviting American agricultural experts to teach Indians peasants, Gandhiji's peasants, village reconstruction." 47 Continuing this line of argument the Communist Party organ Crossroads said, "the major alarming symptom of this invasion is that the Yankees are coming into this country in droves." 48

A survey of Communist publications through the remainder of 1952 indicates that the attack on American aid was stepped up. Communist commentators particularly saw behind American aid an attempt to penetrate into India's economic and social life and to influence India's independent stand in foreign affairs. They dubbed the Community Projects as a "fake and a fraud" and the American experts as "spies." R. K. Karanji, editor of Blitz, for

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47 Blitz, July 7, 1952.
48 Crossroads, July 12, 1952. This organ has been replaced as the official mouthpiece of the Communist Party of India by the New Age, a weekly. There is also a monthly by the same name.
example, accused the United States of trying to keep India in a state of "perpetual semi-colonial economy." In return for the "dismal, shoddy" Community Projects, he said, India had sold away its freedom. Karanjia said that American aid was designed to "pervert our democracy." Point Four, in his view was "military aid" because he contended that its funds came from appropriations for military purposes. "It is a profound shame," he wrote, "that the Nehru Government should have signed such a slavish agreement with the Dollar Imperialists."

In 1952, also, the Peoples Publishing House Ltd. of Bombay, a Communist company, published a book by L. Natarajan entitled American Shadow Over India, in which the author purports to "trace the American machinations to get India within its financial web for over a century." The author undertakes to prove that through the use of missionaries, private capital investment, Point Four, International Bank loans, Emergency Food Grain aid, and Mutual Security assistance, the United States has practically converted India into a satellite. The book was published in full in Crossroads for distribution throughout the country. Bold headlines such as "Sordid Record

of India's Mortgage to America," "Sinister Workings of U. S. Intelligence in India," and "Documented Exposure of Moves of U. S. Imperialists, Their Methods and Their Allies in this Country," highlighted reviews and extracts from the book published by all Communist publications.¹¹

Communist leader Hiren Mukherjee hailed the book as a valuable document which "tells the story of how American investment in this country as well as such contrivances as World Bank loans, Point Four grants, Emergency Food aid and Mutual Security assistance have as their object, ruthlessly pursued, the tightening of a noose around our neck and the threat of our involvement, willy-nilly, in the U.S.A.'s power-political game which drives the world to war." He continued: "the T.C.A. is a slur on our sovereignty and our self-respect. ... It is cruel for our people to have to stomach the tragi-comedy of Community Projects, wherein the U.S.A. contributed only one eighth of the budget and yet rules the roose."⁵²

There has been no change in the Communist line with respect to American aid. The Communist Party still opposes it in principle. Throughout 1953 and most of 1954 the

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⁵²ibid.
⁵³Ibid.
Communists were even more violently anti-American, especially after the controversy over American military aid to Pakistan arose. The Communists took the lead in suggesting that all American aid should be discontinued and that all American experts then working in India should be discharged and expelled from the country. The Communist press waged a particularly vicious campaign against American engineers working on the mammoth Bhakra Dam Project. New Age, the present Communist party official organ, accused the Government of India of "love for the American experts" and then went on to charge that at least ninety per cent of the American specialists engaged on the Bhakra project were not engineers but U. S. intelligence agents.54

Present Communist attacks on American aid are usually tied to other issues broader than the aid question itself. Today the aid question is most frequently tied to nuclear tests, SEATO, America's attitude toward Communist China and American Asian policy in general. In May 1955, for example, criticism of American aid and foreign policy increased considerably in volume following a statement by

54 New Age (weekly), December 12, 1954.
Mr. Rajagopalachari\textsuperscript{55} that India should not accept aid if the United States continued nuclear tests. \textit{New Age}(weekly) editorially welcomed Mr. Rajagopalachari's statement as marking a sharper awareness of the danger of taking aid from America and bringing into bold relief "the menace that American activities present to our country's independence."\textsuperscript{56} The Communist press, in other words, since it has lost the initiative on this issue, seizes upon every opportunity to capitalize upon anti-American statements made by prominent non-Communist public figures. When Asoka Mehta, Joint Secretary of the Praja Socialist Party, issued a statement endorsing the stand of Mr. Rajagopalachari, the \textit{New Age} wasted no time in welcoming such endorsement and said editorially that "it is only by the common effort of all those who have come to realize this persistent danger to our freedom that the entire people can be mobilized and the disturbing policy of accepting American aid can be reversed."\textsuperscript{57}

\textsuperscript{55}Mr. Rajagopalachari is a sort of elder statesman of India. He was the last Governor General of India and the only Indian to ever occupy that post. He was a member of the first Nehru Cabinet after indepencene. He has also been Chief Minister of Madras. He is a real Congress stalwart, a close associate of Gandhi and a strong supporter of Prime Minister Nehru. He is well known throughout the country and is well liked.


\textsuperscript{57}Ibid.
The Business Press on American Aid

Business and financial circles in India have been more consistently pro-American than any other interests, both as to India's foreign policy as well as to American aid. This opinion can be partially assessed from editorials of the major business and financial publications, such as the Eastern Economist, Commerce, Capital, and Indian Finance. The Eastern Economist, of all such publications, is probably most widely representative of business opinion in India, especially of large business enterprise. It is a Birla publication.  

In 1948 during and after the ECAFE (Economic Commission for Asia and the Far East) meeting in South India and while the question of American aid and Indian foreign policy were being debated, the Eastern Economist published an editorial rejecting neutrality as not good enough because it "brings no fruit in the economic field." The editorial then proceeded to recommend a policy for India which

58 Mr. G. D. Birla is one of India's leading industrialists and an important conservative figure in Indian economic and political life. He also owns one of the most influential chains of newspapers in India. He is, in many respects, more widely known than other Indian industrialists, partly because of his associations with Mahatma Gandhi. Gandhi lived at Birla's home in New Delhi and was assasinated in his special prayer meeting ground which was a part of the Birla estate.

59 "India's Foreign Policy," The Eastern Economist (July 2, 1948), p. 4.
suggested closer economic relations between India and the United States and some sort of anti-Communist combination in Asia in which India would take part. Indeed, Mr. E.F.W. da Costa, editor of the Eastern Economist, has often warned of the threat of communism to Asia while pleading for more American aid. In a pamphlet published in 1954 he stated that "if the Free World should withdraw from Asia, as is often unthinkingly suggested, the triumph of communism would be all but complete. Indeed, even with the military support of the Free World, the intractable demand for economic progress may imply that some areas in the 'Free World in Asia may fall to economic pressure rather than outward assault."^60

Financial publications such as Capital, Commerce, and Indian Finance have also been favorable toward American aid and to foreign capital investment, and have generally favored a change in Indian foreign policy that would incline India more toward the United States. Mr. R. S. Rangaswami, Sr., proprietor of the publication Indian Finance of Calcutta told the writer that he would like to see developed in India large-scale business enterprises owned and operated by joint Indo-American concerns. He pointed to the steel industry as an example of where such an undertaking might begin.

It cannot be too strongly emphasized that there was in 1952 a strong feeling among a large segment of thinking people in India that India was rapidly and inadvertently slipping into a position of financial dependence on the United States and many were honestly disturbed. There is little doubt, however, that much of this scepticism and suspicion about American aid has worn off as time has passed and India remains apparently no less independent today than it was three or four years ago.

Most thinking and politically conscious Indians today realize that India's resources are limited and that of necessity India must still look beyond its frontiers for help if the Indian people are to achieve the goals which they have set for themselves. At the present time they are willing to trust the judgment of Prime Minister Nehru and his colleagues in the government on the question of outside aid and the terms on which such aid should be received. 61

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61 From an interview with Mr. Ajad, assistant editor of the Indian Nation, February 11, 1955.
CHAPTER VIII
CONCLUSIONS

In the foregoing chapters the author has tried to assemble the major facts concerning American economic aid to India and the Indian reaction to that aid. In this concluding chapter he would like to present a series of observations and analyses with a view toward revealing the significance of these reactions for American foreign policy and with a view toward suggesting what lessons, if any, might be derived from this experience with India.

The real question for American foreign policy in Asia today is whether the Soviet Union will capture permanently the intellectual, moral, political, and economic allegiance of the Asian revolutions or whether the United States and the West will be able to retrieve what they have lost and to defend what they still hold. The Socialist Government of Great Britain apparently understood these alternatives when it retreated from India after World War II, thus exchanging a questionable military and political advantage for a greater moral and political victory. The United States apparently did not understand these alternatives in the Chinese and Indo-
Chinese civil wars, and thus gained nothing and lost much. The United States has sought to avoid mistakes of comparable magnitude with regard to India.

It has been seen in Chapter II above \(^1\) that the Point Four program was motivated by the national interest of the United States, which requires the restoration of the balance of power in Asia through the limiting of Soviet power and the political and economic stabilization of the new nations of South and Southeast Asia. It was assumed that aid given to the underdeveloped countries would foster economic progress and expand world production. A second assumption was that such assistance would aid the underdeveloped countries in expanding their production of certain strategic raw materials essential for the industries of the more highly developed countries. Third, the aid was seen as a means of helping to contain communism which has been one of the major factors underlying the theory of an influential element in the United States, that the United States should look to Prime Minister Nehru and India for leadership in Asia. (India is seen as a possible bulwark against Communist China and the Soviet Union.) In the elaboration of this approach importance

has been attached to India's industrial potential, its prevailing non-Communist nationalist outlook, and its relative stability among the countries of South and Southeast Asia. In short, it would appear that American policy makers had high hopes and expectations that India could be persuaded to become more closely identified with the American policy of containing communism.

What assumptions and observations can we make about the Indian reaction to American assistance to that country? There are four major observations that should be emphasized.

(1) There is little or no criticism of American aid per se. Only the extreme left wing is definitely opposed to India's acceptance of aid from the United States. But even here the opposition is not so much to foreign aid per se as it is to just American aid, for the Communists and their sympathizers would gladly welcome aid from the Soviet Union and Communist China, and have consistently criticized the Indian Government for not seeking more aid from these sources.  

The thinking, responsible Indian has welcomed American aid so long as such aid has not carried political or economic "strings". Most of the criticism of American aid in 1949 and 1950 centered around the paucity of such

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3 *Manifesto of the Communist Party of India.* (Delhi, 1952).
aid to the Asian countries while billions were being given to the Western European countries. Asians felt that more attention should have been paid to Asia during this period.

Indians are also not united on the types of aid which they would like to see continued. By and large, most would de-emphasize the need for further import of foreign technicians. The emphasis today is on money grants on a government-to-government basis and large-scale industrial enterprises financed by joint combines of Indian and American private capital. Today, so long as the Nehru Government feels that it is safe to continue to accept foreign assistance, it seems likely that its policy will be supported by public opinion.4

(2) Among the politically conscious population of India, there is deep gratitude for what the United States is doing in the interest of economic development in that country, although it is never outwardly expressed in terms and with the frequency which many Americans (especially Congressmen) would like to see or hear it expressed.

7From an interview with Mr. Ajad, Assistant Editor, Indian Nation (Patna, Bihar), February 11, 1955. This is the impression one gets from talking with people in all walks of life throughout the country.
Those who knew India will probably agree that the United States can never expect lavish praise and lavish expressions of gratitude, partly because Indians seem to sense that Americans expect it. More important, however, would seem to be their pride, their sensitivity and consciousness of their shortcomings. It hurts the Indian’s pride to know that in order to move rapidly toward the high goals which he has set for himself he has to rely on outside help, and especially on outside personnel. This partly accounts for Mr. Goswami’s statement that the Government of India is de-emphasizing the need for foreign personnel and hopes that India can henceforth satisfy its own personnel needs except in cases where persons are needed for highly skilled technical work.\(^5\) There is more than meets the eye, too, in the statement made by Dr. V.K.R.V. Rao in 1952 to the effect that “it is galling to my self respect and pride to be told practically that agriculture can improve only with American aid.”\(^6\)

(3) Finally, though there is little criticism of American aid per se and though there is deep gratitude for

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\(^5\)Mr. Goswami is Secretary of the Community Projects Administration. From an interview February 3, 1955.

\(^6\)Interviews with development officials in West Bengal, Bihar and Bombay states yielded the same emphasis.
what the United States is doing in the interest of economic development in India. Indians show a great deal of
impatience and want to move ahead rapidly to try and catch up with the West. To this end they believe that India can
profit greatly from America's technical and industrial techniques and achievements.

In their concerted effort to try and catch up with
the West Indians exhibit a strong element of jealousy of
the incomparable position of the United States in the world
today. They are quick to remember that at the time the
United States was gaining its independence, India was
losing its. This jealousy is one factor working against
the proper and more effective utilization of foreign
technical personnel. The writer, for example, was told
by extension training officials in the state of Bihar
that India would rather move along slowly and haphazardly,
and even at times unfruitfully, than to rely too heavily
on foreigners for fear that India might become too de-
dendent upon foreign help.

The question, then, whether it is feasible to hope or
expect that the giving of American aid to India might

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7From interviews with Miss Margaret Barker, World
Health Organization Staff nurse, and other WHO staff
personnel at the Patna Women's Hospital, Patna, Bihar,
February 12, 1955.

8From talks with Dr. T.P.S. Choudhry, Principal, Ex-
tension Training Center, Patna, Bihar, and other develop-
ment personnel in the State Department of Agriculture du-
ring a week spent in Patna in February 1955.
induce that country to become more closely identified with the American policy of collective security must be answered in the negative. Factors which have no direct relations to the aid itself produce certain reactions in the Indian mind which affect the thinking with regard to the aid. Since 1953, for example, there has been a strong current of anti-American feeling in India which tends to make everything American suspect.

An understanding of the basic causes of these Indian reactions makes clear why the above question must be answered in the negative. An examination of some events on the broad world scene and the positions which the governments of the United States and India have taken on outstanding international issues might help to produce such an understanding.

First, the American stand on China and Formosa is diametrically opposed to that of India and has, therefore, caused friction. Indians feel that the United States does not sufficiently appreciate India's geographical and physical position in Asia and that this position accounts in part for its inability to line up politically and militarily with the West. Even the most strongly pro-American elements in India will not deny that India can learn a great deal from the Chinese and Russian
experiences, and for that reason, the Government of India is inclined to cultivate the friendship of these two countries. But Indians stress that the West must understand that the colonial domination of Asia came from the West not from the East. Today, they point out, the Powers maintaining colonies in Asia and Africa are Western powers, not Eastern.

Secondly, among the number of prominent Indians interviewed, they all emphasized that Indian thinking on the question of American aid and on American foreign policy generally is conditioned in large measure by the possibilities of war. They have a strong suspicion—the Communists have helped to perpetuate it—that American technicians in India are really intelligence agents collecting strategic data on transportation and communications and other matters to be used by the United States in the event of war. Hence, most American technical personnel are looked on with suspicion, which has grown since the American military aid agreement with Pakistan in 1953.9

Third, Indian strongly feel that the United States is supporting the Portuguese stand in Goa. They point

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9From interviews with Dr. V.K.N. Menon, Chairman, Department of Political Science, Patna University, February 11, 1955. Also interviews with many other prominent Indians yielded the same results.
to the fact that Portugal is a member of the North Atlantic Treaty Organization. Moreover, they take the position that if the United States, as leader of the Western world, could give India assurances that the military aid given to Pakistan would not be used against India, by the same token, the United States should be able to persuade Portugal to gracefully renounce its claim to Goa (as the French did in Pondicherry and Mahe) and permit the small enclave to be integrated into the Indian Union.

Finally, the whole Indian background and the position which India occupies on the world scene indicate that the above question must be answered in the negative. It was seen in Chapter III above that Indian culture, traditions and the factors which motivate the thinking of Indians differ markedly from those of the West. We cannot assume the ready transferability of cultural patterns and modes of behavior. Thus, we cannot emphasize too strongly the great fear, expressed by many Indian leaders, that because India is so much weaker materially than the United States, there is great danger of becoming too closely tied. Prime Minister Nehru has on many occasions expressed deep gratitude for American aid to India, but he has also said that India would not like too much of it.
This attitude seems to be the result of the Indians' determination to stand on their own feet and not to jeopardize their newly found independence by tempting themselves. It is feared that if India becomes too used to American aid, India's policies might have a tendency to change, even without any apparent outside pressures, in order to ensure the continuance of such aid.

This determination of Indians to keep the right to judge for themselves, which they so recently won, is a key to an understanding of much of their policy. In this connection, a statement made by Mr. Adlai Stevenson in an article which he wrote during his visit to India in 1953 is revealing. He states:

... What we have not fully realized is that the proud nations of Asia may perversely prefer suicide to even a suspicion of the Western domination which they had been fighting for so long. In India, colonialism and racialism are vivid memories and always associated with the West. India would prefer to go without and risk the consequences rather than accept aid with a political price tag attached.10

What significance does this Indian reaction have for American foreign policy objectives with respect to India?

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The reaction of India to American aid does not seem to have had a great deal of effect upon the expansion of American-Indian trade nor upon the production of strategic raw materials. We have seen that American-Indian post World War II trade has expanded beyond all prewar totals. Recent trade figures indicate that India is still a major supplier of many of the materials which are considered by the American government as essential. The fact that India faces tremendous unresolved domestic difficulties and the fact that the United States, too, faces a long-term problem of maintaining economic stability have understandably added to the complexity and uncertainty of American-Indian economic relations. Adverse effects of the Indian reaction to American aid, however, are as yet unnoticeable. Indeed, with more than fifty per cent of American imports from India classified by the American government as strategic or critical, trade relations are likely to remain normal for the foreseeable future.

In terms of the broader objective of trying to persuade India to become more closely identified with the

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11 See Chapter II, p. 27.
12 Ibid.
American policy of containing communism, it seems quite clear that, whatever their past hopes and expectations, American policy makers' greatest desire with regard to India today is that India become a strong and stable factor in Asia outside both power blocs. Few have any illusions that India might be persuaded to lead any form of non-Communist alliance in that part of the world. Indeed, Indian reactions show quite implicitly that India has no intention of playing such a role. Despite American policy statements to the contrary, a large segment of politically conscious Indians still feel that American policy is aimed at persuading India to make commitments in the "cold war". Be that as it may, the concept of an Asian bloc under some kind of Indian leadership presently appears to have no basis in present realities. There are many reasons for this, among which is the obvious lack of either political or economic power necessary to the leadership of a region seething with unrest and discontent. India undoubtedly is able to influence specific situations in the East, but this apparent awareness of the lack of political and economic power has presumably played an important part in the decision of the Indian government to disclaim any intention of seeking leadership
in Asia and to reject the idea of a non-Communist Asian Union headed by India.

In short, India is not a bulwark against Communist China or the Soviet Union. This fact is implicit in India's efforts to avoid any clearcut commitment in the "cold war." India's early recognition of the Communist government of China also indicates that the government of India desires to have workable relations with this new Chinese government. Politically conscious Indians are perhaps more aware than Americans of the possible repercussions of events in China, for in population, location, economic and military potential, links with Southeast Asia, and political significance, China is a crucial part of the East.13

This does not mean, however, that the United States should "write India off," so to speak. While it would seem to be shortsighted to think of India as a bastion against Communist China and Russia, a position which, in any case, most Indians have no intention of fulfilling, it would seem quite proper to regard India as an area with which the United States can trade to mutual advantage,

or with which it can develop increasingly friendly relations beneficial to both countries. Americans have every reason to be interested in India's making progress toward a better life for its people, because the release of Indian energies and talents through the development of modern, democratic society could have very valuable effects on the world. If there are ways in which the United States can genuinely help India to attain these objectives, it will be in the interest of the United States to do so.\textsuperscript{14}

But it is important not to cherish the illusion that it is within the power of the United States to assure India's future progress and stability. Some generalizations from America's China experience by former Secretary of State Dean Acheson would seem to be applicable to India. He observed that:

\begin{quote}
American assistance can be effective when it is the missing component in a situation which might otherwise be solved. The United States cannot furnish all these components to solve the question. It cannot furnish determination, it cannot furnish the will and it cannot furnish the loyalty of a people to its government.\textsuperscript{15}
\end{quote}

Events in postwar Asia suggest that a successful American policy in India require the fullest American

\textsuperscript{14}Ibid., p. 143.
\textsuperscript{15}New York Herald Tribune, January 13, 1950.
understanding of the driving force of Indian opinion. We have tried to make clear that most politically conscious Indians, although leaning toward the United States and the West, wish to have as little as possible to do with the "cold war". Wherever sharp pressures have been exerted on India to align itself clearly with the West, the Indian reaction has been hostile. Probably American-Indian relations will continue to improve if the United States should continue to consider it a settled policy not to expect commitments from India in the East-West conflict.16

Out of the recent Eisenhower-Kehru talks at Washington and Gettysburg such an approach might be strengthened, even without any considerable lessening of American-Soviet tensions. Americans are beginning more and more to recognize the fact that political diversity is an inevitable aspect of the present-day world. It is a matter of record that for most Asians the main issue is not the United States versus Russia, or capitalism versus communism, but rather nationalism, a real voice for the people in government and economic progress versus colonialism, despotic government, and economic backwardness. These questions, are of course, affected by the "cold

16Rosinger, op. cit., p. 146.
war"); but in Asia they are not generally viewed in "cold war" terms. One could very well agree with Dr. Raymond S. Posdick who has observed that "no program in Asia today has meaning or promise which does not integrate itself with the struggles of the common people for a better life." 18

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17 Ibid.
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I, Charlie Lyons Jr., was born in Edgecombe County, North Carolina, on April 5, 1926. I attended elementary school at Bethel and Oak City, North Carolina, and high school at Parmele, North Carolina, from which I was graduated in May 1944. I entered Shaw University in January, 1947, and completed the requirements for the Bachelor of Arts degree in History in August, 1949. In March, 1950, I entered the Graduate School of the Ohio State University at Columbus, Ohio, from which I received the Master of Arts degree in June 1951. I continued my graduate study at the Ohio State University after receiving the Master of Arts degree.

I was employed by the city school system of Raleigh, North Carolina, from September, 1949, to March, 1950, as an instructor in English and Social Studies in an accelerated high school program for adults. I have also done youth work with the Juvenile Diagnostic Center, the Central Community House, and the City Recreation Department, all of Columbus, Ohio. Since September, 1956 I have been employed as an Associate Professor of Political Science at Grambling College, Grambling, Louisiana.

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beginning in January, 1951. During the period of my undergraduate and graduate studies I was the recipient of these additional awards: a Y.M.C.A scholarship to study at Columbia University during the summer of 1948; a scholarship to study at the School of Advanced International Studies of the Johns Hopkins University during the summer of 1952; and a Fulbright fellowship for a year's study in India during the academic year 1954-55.

I am a member of Alpha Kappa Mu Honor Society, Sigma Rho Sigma (Social Science), Pi Sigma Alpha (Political Science), and Phi Alpha Theta (History).