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CINCPAC HONOLULU HI

SECTION 1 OF 2 NEW DELHI 7459

CINCPAC FOR POLAD
E.O. 11652: XGDS-3
TAGS: PINT, PINS, PFOR, IN, US
SUBJ: THE INDIAN EMERGENCY: AFTER ONE YEAR

1. FOREIGN POLICY: THE 1975 EMERGENCY WAS INITIATED FOR DOMESTIC REASONS, NOT FOREIGN. BUT ON BALANCE IT SEEMS TO HAVE GIVEN INDIA THE OPPORTUNITY TO PURSUE MORE FLEXIBLE FOREIGN POLICIES, TO IMPROVE ITS RELATIONS WITH ITS NEIGHBORS, TO BALANCE ITS DIPLOMACY AMONG THE POWERS MORE EVENLY, AND TO CALIBRATE ITS CONTROL OF DOMESTIC OPINION ON FOREIGN ISSUES WITH GREATER SENSITIVITY.

2. GOVERNMENT CONTROL OF THE PRESS AND A "DISCIPLINED" PARLIAMENT HAS INCREASINGLY FORCED THE GOI TO SPEAK WITH ONE VOICE AND TO ACCEPT RESPONSIBILITY FOR ITS STATEMENTS, PARTICULARLY THOSE BY THE PRIME MINISTER. THE ADVERSE REACTION IN MOST WESTERN EUROPEAN COUNTRIES TO THE EMERGENCY'S CONSTRAINTS ON DEMOCRATIC INSTITUTIONS AND POLITICAL ARRESTS INTRODUCED NEW ELEMENTS OF FRICTION IN

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INDIAN RELATIONS WITH THE UK, FRG, FRANCE, CANADA, AND SOME SCANDANAVIAN COUNTRIES THAT COULD AFFECT ECONOMIC COOPERATION WITH INDIA IN THE FUTURE IF THE RESTRAINTS GROW HARSHER, AND ALREADY HAS HAD A DIRECT AFFECT ON INDO-CANADIAN NUCLEAR COOPERATION. THE HOSTILE PRESS AND PUBLIC REACTION TO THE EMERGENCY IN THE US AROUSED MRS. GANDHI'S IRE AND WAS ONE OF THE ELEMENTS LEADING TO HER HARSH CRITICISM OF THE US AT THE END OF 1975 WHICH IN TURN RESULTED IN POSTPONEMENT BY THE USG OF DEVELOPMENT ASSISTANCE DISCUSSIONS WITH THE GOI FOR 1976.

3. THE REDUCED ROLE OF THE PRO-MOSCOW COMMUNIST PARTY OF INDIA AND THE CONGRESS "LEFT," THE ANTI-COMMUNIST VIEWS OF SANJAY GANDHI, GREATER INDIAN DOMESTIC ECONOMIC PRAGMATISM, AND INDIA'S DECISION TO SEND AN AMBASSADOR TO PEKING ARE ALL ELEMENTS CONTRIBUTING TO AN APPARENT COOLING IN INDO-SOVIET RELATIONS, DESPITE MRS. GANDHI'S PROJECTED JUNE 1976 VISIT TO MOSCOW. AS WITH THE US, THE GOI'S CLOSE CONTROL OVER THE PRESS AND PARLIAMENT HAS ENABLED IT TO CAREFULLY ORCHESTRATE THE ATMOSPHERE FOR WORKING OUT RELATIONS WITH BANGLADESH (THE BIGGEST HEADACHE FOR INDIAN FOREIGN POLICY MAKERS), PAKISTAN, CHINA, AND NEPAL. FOREIGN MINISTRY OFFICIALS NOW TALK CONFIDENTLY OF THE PRIME MINISTER'S ABILITY IN THE PRESENT SITUATION TO BRING ABOUT PUBLIC ACCEPTANCE OF A SINDO-INDIAN BORDER AGREEMENT BASED ON THE STATUS QUO AT AN APPROPRIATE STAGE IN SINDO-INDIAN DISCUSSIONS. EEN FROM HERE, THECHINESE ASSESSMENT OF THE APPARENT COOLING IN INDO-SOVIET RELATIONS MAY ALSO HAVE CONTRIBUTED TOWARD CHINESE WILLINENESS TO TEST THE WATERS WITH INDIA AGAIN.

4. INTERNAL POLITICAL TRENDS: MRS. GANDHI INTRODUCED THE "INTERNAL" EMERGENCY LAST YEAR ARGUING THAT ONLY EXTRAORDINARY MEASURES COULD REVERSE INDIA'S DESCENT INTO CHAOS, RESTORE POLITICAL STABILITY AND ENHANCE NATIONAL UNITY. IN REALITY, HER ESSENTIAL PURPOSE WAS TO MAINTAIN AND EXPAND HER PERSONAL POSITION AT THE HELM OF INDIAN POLITICS WHICH SHE FELT WAS BEING THREATENED BY ORGANIZED POLITICAL OPPOSITION INSIDE AND OUTSIDE OF CONGRESS AND FROM THE JUDICIARY. OVER THE PAST 12 MONTHS SHE HAS USED HER ENHANCED POWERS TO NULLIFY THESE THREATS; INSULATE HERSELF FROM FUTURE CHALLENGES; TIGHTEN HER LINES OF AUTHORITYWITHIN GOVERNMENT PARTY, SECURITY, AND INTELLIGENCE HIERARCHIES; FORCE OUT OF OFFICE THE ONLY TWO MAJOR OPPOSITION CONTROLLED STATE GOVERNMENTS IN INDIA (TAMIL NADU AND GUJARAT); DISARM OR REMOVE POTENTIAL COMPETITORS IN CONGRESS; "TAME" THE JUDICIARY AND ASSIST SANJAY GANDHI'S LATERAL ENTRY INTO INDIAN POLITICS.

5. THE EMERGENCY HAS ENABLED THE PRIME MINISTER TO

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COMPLETE A SIX-YEAR-OLD PROCESS OF "DE-ENERGIZING" OTHER INSTITUTIONALIZED CENTERS OF POWER (E.G. PRESS, PARLIAMENT, JUDICIARY) IN THE WESTMINSTER DEMOCRACY INTRODUCED IN INDIA DURING THE NEHRUVIAN ERA. THE FLYWHEELS OF THE OLD SYSTEM REMAIN IN PLACE, BUT INCREASINGLY IN FORM ONLY. MEASURED IN STRICT POLITICAL TERMS, THE PRIME MINISTER'S POWER TODAY HAS NEVER BEEN GREATER. BUT THE LEGITIMACY AND POPULAR CONSENSUS THE OLD SYSTEM PROVIDED IS ALSO LESS ASSURED AND COULD BECOME INCREASINGLY UNCERTAIN IN THE FUTURE.

6. THE OLD INSTITUTIONS PROVIDED FORUMS THROUGH WHICH THE MANY AND DIVERSE REGIONAL, ECONOMIC, CASTE, AND LINGUISTIC PRESSURES IN INDIA COULD FIND EXPRESSION AND RESOLVE CONFLICTS THROUGH RECIPROCITY AND COMPROMISE. UNDER THE NEW SYSTEM, MRS. GANDHI HAS INHERITED WEAKNESSES COMMON TO OTHER AUTHORITARIAN REGIMES. THE OVER-CENTRALIZATION OF DECISION-MAKING IN HER OWN HANDS HAS ALREADY CREATED ARBITRARINESS, SYCOPHANCY AND EXCESSIVE ZEALOTRY ON THE PART OF SUBORDINATES EAGER TO PLEASE. PROBLEMS AT LOWER LEVELS MAY NEVER BE REPORTED TO THE TOP (PARTICULARLY IF THEY ARE UNPLEASANT) UNTIL TOO LATE, AS THE RECENT DELHI RIOTS OVER FAMILY PLANNING ILLUSTRATED. HAVING CONSTRUCTED A DECIDEDLY AUTHORITARIAN REGIME, THE PRIME MINISTER STILL LACKS THE TYPE OF POLITICAL OR SECURITY APPARATUS THAT OTHER AUTHORITARIAN REGIMES RELY ON TO COMMUNICATE WITH THE CONTROL THEIR POPULATIONS. PERHAPS OUT OF CONCERN FOR HER PERSONAL POSITION, SHE IS RELUCTANT TO REBUILD THE CONGRESS PARTY. A DISTANT POSSIBILITY IS THAT SHE MAY GRADUALLY TURN TO THE GOI'S STILL GROWING INTELLIGENCE AND PARAMILITARY ORGANIZATIONS AS RESONSIVE AND POWERFUL INSTRUMENTS WITH WHICH THE CONGRESS PARTY AND BUREAUCRACY WOULD HAVE TROUBLE COMPETING.

7. OPPOSITION TACTICAL AND LEADERSHIP ADJUSTMENTS IN REACTION TO THE NEW CIRCUMSTANCES ARE ALREADY UNDERWAY BUT IN A STATE OF FLUX BORDERING ON CONFUSION. THERE IS LITTLE LIKELIHOOD THAT THE OLDER OPPOSITION LEADERS SCHOOLED IN THE "FREEDOM STRUGGLE" APPROACH OF MOBILIZING PEACEFUL PROTEST MOVEMENTS WILL SUCCEED GIVEN THE RESTRICTIONS MRS. GANDHI IS APPLYING. OVER THE LONG-RUN, OPPOSITION WILL PROBABLY DRIFT INCREASINGLY INTO ILLEGAL AND MILITANT CHANNELS.

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CINCPAC FOR POLAD

8. FAVORABLE ECONOMIC CONDITIONS; THE RELATIVE STRENGTH OF MRS. GANDHI'S POLITICAL AND SECURITY ASSETS COMPARED TO THE WEAKNESSES OF HER DIVIDED OPPOSITION; THE APOLITICAL ORIENTATION OF THE INDIAN MILITARY; THE PASSIVITY OF THE INDIAN MASSES AND THE REGIONAL-LINGUISTIC "COMPARTMENTALIZATION" OF POLITICAL MOVEMENTS IN INDIA; AND HER OWN UNPARALLELED POLITICAL SKILLS AND EXPERIENCE IN INDIAN POLITICS ALMOST GUARANTEE MRS. GANDHI'S DOMINANCE OVER INDIAN POLITICS FOR THE NEXT FEW YEARS. WE WOULD NOT RULE OUT THE POSSIBILITY FOR MORE CLANDESTINE OPPOSITION IN SOME AREAS OF INDIA, INCLUDING THE PERIPHERAL "PROBLEM" STATES OF TAMIL NADU, GUJARAT, WEST BENGAL, BIHAR, OR POSSIBLY EVEN PREDOMINANTLY MUSLIM KASHMIR. IF THE ECONOMIC SITUATION WORSENS, THE POSSIBILITIES FOR RESISTANCE COULD INCREASE AS ELITE DISSATISFACTION, FEAR OF ARBITRARY GOVERNMENT, AND URBAN/LABOR UNREST FOCUS ON MRS. GANDHI AND HER PERSONALIZED REGIME. AT THIS TIME, HOWEVER, SUCH DEVELOPMENTS ARE IN THE REALM OF

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SPECULATION. FOR THE FORESEEABLE FUTURE, SAY AT LEAST THE NEXT YEAR OR TWO, WE ANTICIPATE NO SUBSTANTIAL THREAT OTHER THAN PERSONAL VIOLENCE TO HER POSITION AT THE HELM OF INDIAN POLITICS.

9. SOCIO-ECONOMIC RESULTS OF THE EMERGENCY: NEARLY ALL ACHIEVEMENTS REGISTERED SINCE THE EMERGENCY HAVE OCCURRED IN AREAS SUSCEPTIBLE TO THE GOI'S DIRECT APPLICATION OF EXECUTIVE POWER. THE SUPPRESSION OF STRIKES PRODUCED A DEGREE OF LABOR PEACE UNKNOWN SINCE INDEPENDENCE. THE CENTER'S ARM-TWISTING OF CONGRESS STATE GOVERNMENTS LED TO A NUMBER OF LONG-POSTPONED SOLUTIONS TO A NUMBER OF INTER-STATE RIVER DISPUTES. THE GOI'S INCREASED EMPHASIS ON POPULATION CONTROL HAS BROUGHT POLITICAL COMMITMENT TO FAMILY PLANNING FOR THE FIRST TIME. THE LEGAL-POLICE OFFENSIVE AGAINST BLACK MONEY HAS HELPED LOWER PRICES AND INCREASE THE AVAILABILITY OF GOODS, AND HAS BEEN A MAJOR FACTOR IN THE INCREASE IN INDIA'S FOREIGN EXCHANGE RESERVES IN RECENT MONTHS. THERE HAVE BEEN IMPRESSIVE ACHIEVEMENTS IN SLUM CLEARANCE, URBAN CLEANLINESS EFFORTS AND THE LAW AND ORDER SITUATION COUNTRYWIDE. THE GOVERNMENT HAS ALSO ACCELERATED ITS THREE-YEAR-OLD ORIENTATION TOWARD "PRAGMATIC" ECONOMIC POLICIES AND EFFECTED LIMITED IMPLEMENTATION OF SOME RURAL REFORMS.

10. THESE POSITIVE RESULTS ARE SIGNIFICANT; BUT THEY ARE NO SUBSTITUTES FOR THE CHANGES IN BASIC POLICIES, PERSONNEL, AND ADMINISTRATION THAT WILL BE REQUIRED TO AMELIORATE THE ECONOMIC, SOCIAL, DEMOGRAPHIC AND MANAGEMENT PROBLEMS WHICH ARE THE ULTIMATE SOURCES OF INDIAN BACKWARDNESS AND LACK OF DYNAMISM. OVER THE PAST YEAR, MRS. GANDHI'S GOVERNMENT HAS NOT MADE ANY MARKED PROGRESS TOWARD INITIATING FUNDAMENTAL CHANGES IN APPROACH TO THESE PROBLEMS THAT HAVE LONG HINDERED INDIA'S DEVELOPMENT.

11. PERHAPS SIGNIFICANT STEPS IN THIS DIRECTION IN ONE YEAR WOULD BE TOO MUCH TO EXPECT IN VIEW OF THE NATURE AND ENORMOUS SIZE OF THE PROBLEMS THEMSELVES. HOWEVER, OTHER FACTORS, INCLUDING THE PRIME MINISTER'S PERSONAL LEADERSHIP STYLE AND WEAK MANAGEMENT CAPABILITIES, PARTICULARLY A RIGID UNWILLINGNESS TO DELEGATE RESPONSIBILITY (EXCEPT TO HER SON), ARE ALSO TO BLAME. HER APPROACH TO GOVERNING THIS NATION OF 600 MILLION IS ESSENTIALLY AD HOC AND SHORT-TERM. HER OWN GRASP OF ECONOMICS REMAINS WEAK; SHE IS SUSPICIOUS OF THE POLITICAL CONSEQUENCES OF MAJOR ECONOMIC DECISIONS AND CONTINUES TO ENTRUST THE IMPLEMENTATION OF ECONOMIC POLICIES TO A GROUP OF LOYALIST TECHNOCRATS WITH LITTLE POLITICAL BASE

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OF THEIR OWN. THEY DO THE BEST THEY AN BUT SUFFER FROM LACK OF ANY REAL DIRECTION OR COURAGE AND ABILITY TO EFFECT CHANGE.

12. MRS. GANDHI'S GOVERNMENT IS YET TO TAKE MUCH NEEDED STEPS TO REFORM INDIA'S CIVIL BUREAUCRACY WHOSE STYLE AND ORGANIZATION HAS NOT ESSENTIALLY CHANGED SINCE INDEPENDENCE. ALTHOUGH GVERN GOOD MARKS IN COMPARISON WITH CIVIL SERVICES IN OTHER DEVELOPING COUNTRIES, IT REMAINS AN INADEQUATE CATALYTIC AGENT IN IMPLEMENTING SOCIAL AND ECONOMIC CHANGES. IT IS COMPETENT BUT THIN AT SENIOR LEVELS, AND WOEFULLY UNDERSTAFFED AT LOCAL, IMPLEMENTATION LEVELS WHERE DISTRICT COLLECTORS IN THEIR 30'S ARE OFTEN CHARGED WITH ADMINSTRATING THREE TO TEN MILLION PEOPLE WITH A STAFF OF LESS THAN A DOZEN RESPONSIBLE SUBORDINATS. LOCAL CORRUPTION IS WIDESPREAD AND CONTINUES, WE BELIEVE, TO ADVERSELY AFFECT DEVELOPMENT EFFORTS EVEN IF IT MAY HAVE BEEN CURBED SOMEWHAT SINCE THE EMERGENCY. HIGH LEVEL CORRUPTION AND EXPORTION FOR POLITICAL PURPOSES IS UNCHAGED AND CLEARLY SANCTIONED FROM THE VERY TOP OF THE SYSTEM.

13. THE EMERGENCY HAS ENABLED THE GOVERNMENT TO DO SOME NEEDED PATCHING AND REPAIR WORK ON THE ECONOMY. GIVEN FAVORABLE RAINS, CONTINUATION OF OUTPUT-ORIENTED ECONOMIC POLICIES, FULFILLMENT OF EXPECTATIONS FOR AJOR INCREASES IN OIL PRODUCTION, AND A FAVORABLE OUTLOOK FOR THE EXTERNAL ECONOMIC SECTOR, THE MACRO-ECONOMIC INDICATORS SHOULD CONTINUE TO MOVE UPWARD BUT AT A SLOW PACE. LACK OF SPPEEDY PROGRESS IS AS MUCH A PRODUCT OF THE PAST LOPSIDED EMPHASIS ON HEAVY INDUSTMNFMZRZTVCOFY APSCMHSD).5"51- :-6-)!
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LIPEFSOVLABOR TRANQUILITY PRODUCED BY THE EMERGENCY WILL FACILITATE INCREASED PRODUCTION. THE RECENT INDICATION OF INTENSIFIED GOI CONCERN ABOUT INDIA'S DEMOGRAPHIC NIGHTMARE IS ONE OF THE FIRST SIGNALS THAT THE FULL RESOURCES OF THE STATE MAY BE PUT BEHIND AN EFFORT TO ACHIEVE SIGNIFICANT RESULTS IN THIS VITAL AREA. IF SO, IT MAY ONLY BE POSSIBLE IF THE EMERGENCY CONTINUES AND ADEQUATE ADMINISTRATIVE MACHINERY CAN BE DEVELOPED IN A SHORT TIME; EVENTHEN THE PROGRAMS COULD ULTIMATELY AROUSE DEEP AND STRIDENT OPPOSITION TO THE GOVERNMENT IF PERSUASION WERE TO BECOME COERCION ON A LARGE SCALE.

14. BUT SHORT OF MORE SUCH FAR REACHING CHANGES IN PERSONNEL AND SOCIAL AND ECONOMIC POLICIES AND SOME DEGREE OF INSTITUTIONAL REFORM, MANY OF THE ROADBLOCKS TO PROGRESS

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WILL CONTINUE IN PLACE AND YIELD ONLY BY INCHES. GAINS WILL BE SUBJECT TO SETBACKS DEPENDING ON THE VAGARIES OF THE MONSOONS; PROSPECTS FOR SIGNIFICANT BREAKTHROUGHS IN SOLVING INDIA'S UNDERLYING FOOD, ADMINISTRATIVE AND SOCIETAL PROBLEMS WILL REMAIN POOR.

15. THE QUESTION OF THE SUCCESSION: THIS ANALYSIS IS PREDICATED ON THE ASSUMPTION THAT MRS. GANDHI'S POSITION AS INDIA'S PRIME MINISTER IS SECURE FOR THE SHORT-RUN AT LEAST. INDEED, SO FAR AS WE KNOW, SHE IS IN GOOD HEALTH AT AGE 58 AND COULD GO ON FOR ANOTHER GENERATION. AS HER SON SANJAY MATURES, SHE MAY FEEL HE IS READY TO MOVE INTO HER POSITION TEN YEARS (HE WILL BE 40) OR MORE HENCE, AND MAY CONSIDER "WITHDRAWING" IN HIS FAVOR. BUT THE SUCCESSION COULD FOLLOW A DIFFERENT PATTERN SHOULD SHE DIE SOONER--AND SUDDENLY. WE BELIEVE THAT THE PRESENT SANJAY-LED "INNER CIRCLE" AROUND THE PRIME MINISTER IS ALREADY WORKING TO POSITION ITSELF TO CAPTURE THE PRIME MINISTERSHIP IN THE EVENT OF MRS. GANDHI'S SUDDEN DEATH. BUT WE DO NOT WRITE OFF THE POSSIBILITY THAT IN THESE CIRCUMSTANCES CURRENTLY MORIBUND POLITICIANS WILL REVIVE THEMSELVES AND ATTEMPT TO OUT-MANEUVER THE "INNER CIRCLE" AND SECURE THE SELECTION OF AN ALTERNATIVE CANDIDATE. THE RESULTING POLITICAL FRAY COULD CONCEIVABLY LEAD TO SPLITS IN THE CONGRESS OR NOT TO ITS OUTRIGHT DISINTEGRATION AND TO VIOLENCE. TENSIONS AND PRESSURES FROM REGIONAL POLITICIANS COULD ADD TO A GENERAL UNCERTAINTY; THE "INNER CIRCLE" COULD ATTEMPT TO USE THEIR SYMPATHIZERS IN THE INTELLIGENCE AND SECURITY SERVICES AND THE DELHI ADMINISTRATION TO ESTABLISH THEIR CLAIM, AND IN THESE CIRCUMSTANCES, THE ROLE OF THE PRESIDENT AND THE ARMY COULD BE CRUCIAL. IF THE "INNER CIRCLE" SHOULD SUCCEED IN CAPTURING THE PRIME MINISTERSHIP, THE LIKELIHOOD OF SHARPLY ENHANCED AUTHORITARIANISM IN INDIA WOULD INCREASE SUBSTANTIALLY.

16. THE ABOVE IS A SUMMARY OF AN AIRGRAM BEING POUCHED AT THE END OF THIS WEEK, AND ALSO REFLECTS CONCLUSIONS OF A CONSULS GENERAL CONFERENCE CHAIRED BY THE AMBASSADOR IN NEW DELHI THIS WEEK.

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