

SECRET

SANITIZED COPY

March 21, 1973

Enclosure to be regarded as SECRET

Dr. Henry A. Kissinger
The White House
Washington, D. C.

Dear Henry:

Since leaving the White House I have been sending the President a very occasional letter through Bob Haldeman. The enclosed responds to some of the things we talked about during my farewell call and clearly should go first to you. I have one other to send, in response to two letters of his on domestic issues. If you don't mind, I will send that through you also.



All quiet hereabouts.

Best,

DP

Daniel P. Moynihan

~~SECRET~~

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Per Dec 3.3(b) (1)

DECLASSIFIED

E.O. 12958, as amended, Sect 3.5

NLN 03-85/2: Per Dec 3.3(b)(1) Ltr. 9-21-2009

By P. H NARA, Date 10-21-09

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MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~ (GDS)ACTION
April 30, 1973
(revised)

MEMORANDUM FOR

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS *Hal*

SUBJECT:

Letter to the President from
Ambassador Moynihan

Ambassador Moynihan wrote the President a lengthy letter describing his early impressions in India. The attached memo from you summarizes Moynihan's points and recommends a Presidential letter of reply.

Recommendation: That you forward the attached memo to the President seeking his signature on a letter of reply to Pat Moynihan. [Text cleared with Mr. Gergen's office]

~~SECRET~~ (GDS)

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MEMORANDUM

~~SECRET~~ (GDS)THE WHITE HOUSE
WASHINGTONACTION

MEMORANDUM FOR THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Letter from Ambassador Moynihan

Ambassador Moynihan has written you a lengthy letter describing initial impressions in India [Tab B]. His main points are as follows:

- Indians remain obsessed with the US despite the dramatic decline in our presence since the early sixties.
- Partly this is a function of the fact that India has had a long experience of political dependency -- in recent times, dependency on the US. The emergent relationship is a love/hate affair. Actions of other nations are excused while the US has assumed "answerability" for its deeds; the US sets uniquely high standards for itself.
- Mrs. Gandhi shares in the obsession with America. "In her case, ambivalence is overlaid with Brahmin hauteur and that peculiar amalgam of fear and disdain which the upper-class British Left acquired for America during the 1930s." Anti-US remarks are useful to wealthy Brahmins who wish to affirm their loyalty to socialist and egalitarian principles of the Indian constitution.
- Indians also remember being invaded when US arms were involved, "just what they said would happen, and we said would not." They are sensitive.
- The pervasive US role of the early sixties is not easily forgotten. Conditioned by Buddhist influence, Indians believe that gratitude should be felt by the donor, not the receiver, since the latter has caused the good action which has its own rewards. He points out that this is not exclusively an Indian precept.
- Nonetheless, the current focus in India is on moving towards "normalization of relations." There is a sense that you are aware of the "new situation" on the subcontinent and for once the Indian press is asking when its own government will catch up with you.

~~SECRET~~ (GDS)

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- The most important issue is economic. The Indian economy is not working, poverty abounds and a swelling population eats up growth. This may be another reason for disparaging US aid, since no fundamental economic problems were solved by it in the Indian view.
- The problem is that Indians simply can't seem to make things work. They are committed to an unworkable socialism, and the net result is "dictatorship of the secretariat" -- an ever-expanding bureaucracy and a decline in democratically acquired political power.
- The Indians could move towards isolationism. Over the longer term they may opt for a new type of social organization, possibly led by the army.
- The US wishes India to succeed. US business could play an important role but the process will be slow; "the drive toward autarchy is overwhelming at the moment." Yet, we are the largest trading partner and hopefully new trade legislation will make a gesture toward exporting countries like India.
- India will continue to take AID, World Bank and other such assistance as it is available, not least because it needs to offset debt service requirements. Rescheduling of debts will be an annual exercise.
- One hopeful item is the prospect of solving the problem of a massive quantity of US-owned rupees. They take the problem seriously and Moynihan has inaugurated discussions. Settlement would "make for a distinct easing of anxieties over here and a general clearing of the air."
- Moynihan was "much moved" by your recent letter and will have some further thoughts.

Recommendation: That you sign the reply at Tab A. [Text cleared with Mr. Gergen]

SECRET (GDS)

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THE WHITE HOUSE

WASHINGTON

Dear Pat:

Thank you for your long and thoughtful letter from New Delhi. I very much appreciated having a personal report of your reflections and impressions at this stage.

India is a vast country, and I know that one's impressions must always be many and varied. Obviously, we cannot simply sweep away the complex emotions and economic and cultural patterns that have colored our bilateral relations. But a better understanding of these influences can help both sides to look at each other realistically and to work out a relationship based on mutual interest.

I shall have your thoughts in mind. I trust that both you and your family continue to enjoy the new and exciting environment.

With my best wishes,

Sincerely,

The Honorable
Daniel P. Moynihan
American Ambassador
New Delhi

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THE WHITE HOUSE

The Honorable
Daniel P. Moynihan
American Ambassador
New Delhi

[NLW03-85/2; P. 606 12]

March 21, 1973

Dear Mr. President:

You will remember the opening of Huckleberry Finn where Huck tells the reader that he may already have encountered him in a book called Tom Sawyer. Mark Twain, he says, did his best, and "mostly he told the truth." This, I expect, is about as much as you can expect from either a novelist or an Ambassador to India. Some truths won't hold still long enough to be sketched. As I have been here a month now, it occurs to me I had best write before I am lost to complexity and contradiction.

The first thing to say is that I have been very well treated. The Indians have made much of my appointment, and probably expect too much from it. But this would be natural. There is a near obsession here with things American. Nothing I have encountered elsewhere in the world equals it. I have only been here twice before, and it was noticeable enough then, but it seemed more understandable. My first visit was at the height of the A.I.D. era. Americans were everywhere; there was a kind of demi-raj. But that is all past. We have in truth all but vanished from India. Our buildings are half empty, our programs mostly closed or closing down. And yet to read the press one could think we were the only other nation in the world; you the only other Head of State. A quarter of almost any front page is devoted to the United States. When there is no news, they make up some. (The lead story of the Times of India on Monday told of the government wasting some \$100,000 by not properly using the skills of an American consulting firm.)

I cannot account for this save by resorting to fuzzy analogues of individual behavior involving terms that don't tell a great deal about individuals, and still less about nations. There is a long experience of political dependency in the subcontinent, itself

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resonating with a diminished but still real caste structure. We have somehow succeeded to some such role. One of the incarnations of Krishna: Boundless in Generosity; Terrible in Wrath. A love/hate relationship emerges. I have no other word for it. Just yesterday I called on the Minister of External Affairs, an imposing and durable Sikh. I was prepared for a lecture on arms to Pakistan, and was going to have none of it, when, instead, he launched on a discourse as to why India took offense when America did things which other nations did without evoking the least protest from Delhi. Thus, France sells arms to Pakistan but no Indian would dream of objecting. Why then object to American sales which are smaller and of less consequence? Because, he speculated, America had assumed "answerability" for its deeds. I think he meant it: and admiringly so. His point was that America had set standards for itself which no common nation could aspire to, much less attain. This brought great difficulties with it, but also ... greatness. This is a notion endemic to the religions of the subcontinent, and one can no more ignore these in India than ignore Marxist-Leninism in Russia. They are a fundamental part of the structure of thought.

I sense this obsession with America, and its presumed higher standard, in the Prime Minister. The negative side comes forth more readily; but the preoccupation is also there. She cannot open her mouth without talking about or alluding to the United States. While she is in office -- and let us accept that this will be so for the rest of your term -- our relations with India will never be cozy. In her case, ambivalence is overlaid with Brahmin hauteur and that peculiar amalgam of fear and disdain which the upper-class British Left acquired for America during the 1930's. She is primarily a political animal, and the carry-over of this leftist, "anti-colonial" political culture into present day India is such that anti-American remarks become an all-purpose means of affirming one's loyalty to the socialist and egalitarian principles of the Indian Constitution, a kind of loyalty oath which wealthy Brahmins doubtless find it politic to subscribe to from time to time.

Mind, there are realities involved also. By their count, India has been invaded five times since Independence. American arms

have been involved: just what they said would happen, and we said would not. No matter that they brought much of this misery on themselves. There are other scores to be settled. Thus the current Minister of Education, by all indications a former Communist, spends much of his time denying visas to American scholars: he himself was once denied a visa to the United States. There is a good deal of this resentment, much of it from what I suspect were only fancied slights.

And then there is the residue of the demi-raj. To begin with, Indians are clearly influenced by the Buddhist view which holds that "gratitude, if it exists, should be felt by he who gives and not he who receives, since the latter has been the cause of good action, which to the full advantage of the former, will inevitably by the iron law of Karma bring its own reward." (Karma involves one's next incarnation.) This is not a professor's notion: it can be read in Kipling. Nor are we ourselves free of such attitudes. We have had to pass "Good Samaritan" laws to protect doctors against the ingratitude of injured persons they encounter on the highway. You have heard me discourse on the peculiar corruption of welfare which enables middle-class professionals to acquire great virtue in their own eyes, and not unreasonable salaries, by "helping" the poor. One must add to this disposition some disagreeable particulars. Before I left, Orville Freeman took me aside at a meeting to say I must look up his great friend so-and-so who had been Agricultural Minister in 1967. "In three days," he said, "while I held a gun at his head, we wrote India's agricultural policy." The gun at his head was the power of the United States to withhold food from a starving nation: the so-called "short leash" policy of sending P.L. 480 wheat by monthly increments. I can't imagine that the former Agricultural Minister is quite so good a friend as Orville supposes: there is little pleasure and less dignity in having a gun at one's head.

SANITIZED

Per Sec 3.3(b)(1)

Still, much of this is past. Nothing could be more clear from the past two weeks than that the prevailing centers of Indian opinion -- in the bureaucracy, in the parliament, in the press -- are seeking what they call "normalisation" of relations with the United States. In my Presentation of Credentials statement I called for a "new realism" in these relations, and this term also appears repeatedly. Something of the kind seems to be taking hold with respect to our recent actions. The press this week increasingly asserts the view that you are obviously aware of the new situation -- again, our term -- in the subcontinent and are acting accordingly. When, it is asked, will the Government of India catch up with you? Slowly, I would say, but steadily.

Far the more important question is when, and how, economic realities are going to catch up with India. The economy is not working. This year, as last, there will be a decline in per capita income. There is growth, but population eats up most of it: every twenty-eight days another million mouths. No way, now, to stop short of a billion: in our lifetimes. (This is another source, I would suspect, of the discounting of American aid. No fundamental economic problems were solved by it. Poverty is still four feet away from any Indian save a tiny elite, which never knew poverty in the first place, and never will.) The economic problem is not unique to India. None of these huge agrarian economies has done well, really. It is just that here it seems more of a waste, more a willful act. The Indians have such good brains: if only they didn't have such bad ideas. They are committed to a socialism that cannot work. With each successive failure of the economy, they respond so as to hasten the next cluster of failures. (Thus in response to the current drought, they are nationalizing the grain trade, throwing out of work some 500,000 grain traders -- possibly 2,500,000, no one really knows -- who, whatever else, have evolved over 5000 years a system for moving food around.) The heart of the problem is discipline, or, if you will, incentives. They will not accept the discipline of the free market, although they have a potentially superb entrepreneurial class. Neither will they impose the party discipline of the Chinese or Russian variety. This is a society committed to the ideals of democratic socialism, which are not unattractive

ideals, but it is almost certainly impossible to achieve them in a largely pre-industrial economy. And so the ideals become corrupted. The "dictatorship of the Secretariat" follows: an increasingly bureaucracy-bound society, with more and more limitations on free enquiry and expression; ever larger exhortations, ever lesser responses. A year ago, Mrs. Gandhi probably had more democratically acquired political power than anyone has ever had in India, and more than anyone will ever have again. But already it is visibly lessened: not moving elsewhere, but sinking into the sand. The level of internal political violence is already strikingly high; a fair sign that political authority is declining. The world's largest democracy is becoming anything but a showcase.

A consequence of all this, I suspect, will be an increasing withdrawal from contact with the outside world, a mounting impulse toward isolation. It seems absurd for one-sixth of the world's population to think it can hide, but what if the alternative is too painful? In the long run one can imagine a move toward some new organizing principle. The army, for example, is very much intact, and if by every appearance loyal and apolitical is nonetheless there: an alternative. This has been, after all, the most common post-colonial evolution.

What then can the American role be? We wish India to succeed. This was the first point you made to me when you called to ask me to come here. How can we help? I confess to few ideas, save that we must not give the impression of trying to tell them what is best. All that is past. The Indians least of all wish it to return. American business could play a great role in economic development here, and I shall press that at every level save that which would be perceived as ideological. But at best it will be a slow process. The drive toward autarchy is overwhelming at the moment. On the other hand, we are their largest trading partner, and I hope the new trade legislation makes some gesture toward exporting countries such as this. They will continue to take such A.I.D., World Bank assistance, and the like, as comes their way, not least because debt service is becoming a brutal problem. (This year, as last, there will almost certainly be a net transfer of dollars from the Government of India to the Government of the United States.) Rescheduling of debt repayments will

be an annual exercise. In the meantime, I will strive to maintain a cheerful and hopeful presence here: contracting, but not quite closing down anything.

There is one bit of genuinely hopeful business. In my farewell call I raised with you the prospect of settling the question of United States-owned rupees. In theory we now own eight per cent of the Indian currency, and will one day own twenty per cent. Also in theory, it doesn't mean a thing as we can only spend what they permit us to spend. (They pay our Embassy expenses and such like.) Hence it has been argued that the subject somehow troubles us more than them. I now suspect that just the opposite is true. They take the debt very seriously. They know that in theory they could repudiate it, but this to them would signal failure on a far broader scale than a mere inability or unwillingness to go on paying for the Ambassador's air-conditioning. They desperately do not want this to happen, and don't want to see political pressure for it to mount. I have accordingly, as instructed, begun discussions of an agreement whereby they will pay our bills for a fixed period, and will devote another portion of the rupees to agreed purposes, such as endowing their agricultural universities. (President Johnson had thought he had agreement for an Indo-American foundation and even announced it at a 1966 White House dinner. I will try to preserve something of this concept.) I will try also to get a little bit back in dollars. If we can get this settled in fairly short order, it may make for a distinct easing of anxieties over here, and a general clearing of the air.

I was much moved by your recent letter, and will presume to send along a few further thoughts on the points you raised. Thereafter I will leave you be until Autumn!

Sincerely

DM

Daniel P. Moynihan

The President
The White House
Washington, D.C. 20500