CHAPTER TWO

Mrs. Indira Gandhi\(^1\) became the Prime Minister of India in January 1966, succeeding Lal Bahadur Shastri who died in the Soviet Union in December 1965. When Mrs. Gandhi assumed office (of the Prime Minister), India was facing several problems, particularly in its economic front. India's trade balance was not satisfactory.\(^2\)

Because of drought in the two previous years, the shortfall in the food production of the country was considerable. For example, in 1964-65 the total yield of food grains (i.e. rice, wheat, Jawar, bajra, maize, ragi etc.) was 88,996 metric tons.\(^3\)

The food grains produced in India during 1964-65 were, therefore, well below the amount required to feed the total Indian population of 482,530 million in 1965, and 493,209 million in 1966.\(^4\)

Rice and wheat are the principal food of the Indians. The

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1. Mrs. Indira Gandhi, the daughter of Late Prime Minister of India Jawaharlal Nehru, was the Minister of Information and Broadcasting, Government of India, before she assumed the office of the Prime Minister of India in January 1966.


3. Ibid., 43-45.

the total rice and wheat yields in India in 1964-65 were 39,034 and 12,290 metric tons.\textsuperscript{5}

India, therefore, faced a severe food crisis in 1966.

Against this background of alarming and severe food situation within the country, Mrs. Gandhi, after assuming Office in January 1966, visited the United States. She undertook the journey on 27 March and toured the United States for a week.\textsuperscript{6} On 15 February 1966, Mrs. Gandhi stated in the Rajya Sabha (the upper House of the Parliament of India) that her visit to the USA was "one of goodwill". According to her, the purpose of her visit to the United States was to "establish a close rapport and understanding "with that country.\textsuperscript{7}

Mrs. Gandhi's accession to power in 1966 was not smooth. Her party, the Indian National Congress, was sharply divided on the question of succession of Lal Bahadur Shastri. She won the battle of succession leaving a considerable number of Party members

\begin{itemize}
\item \textsuperscript{5} See, Government Of India, Department Of Statistics, Central Statistical Organization: Statistical Abstract Of The Indian Union, 1967 (New Delhi, 1968), 43-44.
\item \textsuperscript{6} Mrs. Gandhi went to the United States on 27 March 1966 and left for New Delhi on 1 April 1966. For her visit in the United States and for her statement and speeches there see, U.S. Department of State: Bulletin (hereafter cited as Bulletin), 54, (April 18, 1966), 598-605.
\item \textsuperscript{7} See, India, Rajya Sabha Debates (hereafter cited as R.S. Deb.), 55 (15 February 1966), 74-75.
\item \textsuperscript{8} Mrs. Gandhi's statement in Lok Sabha (the Lower House of the Parliament of India) on 7 April 1966. For this statement see, India, Lok Sabha Debates (hereafter cited as L.S. Deb.), 55, (7 April 1966), 10010-10015. This statement was made by Mrs. Gandhi after her visit to the USA.
\end{itemize}
including some top leaders unhappy. 9

Her immediate political tasks (in office), therefore, were
to consolidate her power at home and to tide over the severe food
crisis the country was facing at that time. Moreover, her party
needed to be brought under control 10 and her position in the
Government needed to be stabilized. She seemed to have decided
that it was the United States which could help her in fulfilling
her political tasks. And perhaps for this reason, she decided to
visit the United States within a few months after her accession
to power.

THE U.S. PROPOSAL FOR AN INDO-U.S. FOUNDATION:

During Mrs. Gandhi's tour in the United States between 27
March and 1 April 1966, she met the important leaders of that
country including President Johnson, and she apprised them of
India's various problems. She also told them that one of the im­
portant purposes of her visit (to the USA) was to help develop
close relations between India and the United States. 11

9. See, Michael Brecher : Succession In India; a study in

10. When Mrs. Gandhi assumed the office of the Prime Minister,
her party was a divided house; it was then a heterogenous
body with conflicting elements. See; K.P.S. Menon : Yester­
day And Today (New Delhi, 1976), 115. (Mr. Menon was the
Indian Ambassador to the Soviet Union From 1952-69). See T.
V. Kunhi Krishnan : The Unfriendly Friends ; India And
America (New Delhi, 1974), 158.

11. See, Bulletin, 54, (18 April 1966), 598-605. Also see, Mrs.
Gandhi's statement in Lok Sabha on 7 April, 1966 about her
visit. L.S. Deb., 53 (7 April 1966), 10010-10015.
her meetings with the U.S. President on 28 March 1966, Mr. Johnson proposed that in order to forge a close relationship between the two countries (India and the United States) an institution which would promote the economic and cultural contacts between the two countries be established. President Johnson named the proposed institution as Indo-American Foundation. While elaborating the Foundation, Mr. Johnson said that "this foundation be established in India and that it be endowed with $300 million in Indian currency owned by the United States."

Organization And Object of the Fundation:

The Foundation, as proposed by President Johnson, was to be organized under Indian law. The Foundation should be under an independent Board consisting of 18 members of whom nine members would come from the United States and the rest from India. The Chairman of the Board would be an Indian, and its chief executive would be an American.

According to President Johnson, the object of the proposed

13. Ibid.
14. Ibid.
Foundation was "to promote progress in all fields of learning: to advance science, to encourage research, to develop new teaching techniques in the farms and in the factories, to stimulate ... new ways to meet old problems."\textsuperscript{17}

The Foundation as proposed by President Johnson should be distinguished from the United States Educational Foundation in India known as USEFI. The USEFI was established in 1950 following the signing of an Executive Agreement between the Government of India and the U.S. Government on 2 February 1950.\textsuperscript{18} The objectives of the USEFI were" to strengthen the Universities in India by assisting them in specific subjects which are new and weak and in which American education has made notable development, and to cooperate in the reorientation of secondary education."\textsuperscript{19} The USEFI does not run any institution in India, and it draws funds in India from the Public Law 480 (PL 480) rupee funds belonging to the U.S. Government.\textsuperscript{20}

While the main programmes of the USEFI were grants to Indians for advanced study, organization of seminars for the Indian college teachers to encourage American studies in India, holding of workshops for Indian secondary school teachers, organisation

\begin{itemize}
\item \textsuperscript{17} See, \textit{Bulletin}, 54 (18 April 1966), 598-605.
\item \textsuperscript{18} See the statement of Mr. Triguna Sen, the Education Minister, in the Lok Sabha on 2 August 1967. See, \textit{L.S.Deb.}, 8 (2 August 1967), 16337.
\item \textsuperscript{19} Statement of Mr. Triguna Sen. \textit{Ibid.}
\item \textsuperscript{20} \textit{Ibid.}, 16337.
\end{itemize}
of summer institutes in Indian studies for American college teachers, grants to Americans for study, teaching, research and lecturing in India, visit of young American college graduates for assignment to Indian Universities and colleges to assist in the teaching of the English language etc.\textsuperscript{21} the proposed bi-national Indo-America Foundation was meant to promote progress in the fields of learning, to develop new teaching techniques in farms and factories, and to stimulate new ways to meet old problems in Indian agriculture and farms.\textsuperscript{22} Whereas the USEFT was primarily concerned with academic affairs, the proposed Indo-U.S. Foundation was to be concerned both with academic and educational and technological affairs.\textsuperscript{23}

It was the U.S. plan that the proposed Indo-U.S. Foundation should be financed from the rupee funds of the U.S. Government deposited in the Reserve Bank of India under P L 480\textsuperscript{24} of the U.S.

\begin{enumerate}
\item \textit{Ibid.}, 16337-16338.
\item \textit{Bulletin}, 54 (18 April 1966), 598-605.
\item Mr. Monagan, the member of the U.S. House of Representati-
v\textsuperscript{wasfound similarity in the function of the proposed Indo-
U.S. Foundation and the Ford Foundation and Rockefeller
Foundation. For Mr. Monagan's statement see, \textit{U.S. Cong.
Rec., House}, 112 (6 April 1966), 7824.
\item The U.S. Public Law 480 (PL 480) Programme which was enacted by the U.S. Congress in 1954, was the Food for Peace Program-
me. Under PL 480 the United States sold agricultural Commo-
dities to the developing Countries on Concessional terms.
India Concluded the first PL 480 agreement on 29 August 1956. Upto 1 April 1971, India signed nine additional agree-
ments and 35 supplementary agreements under the PL480. The
total value of Commodities under the PL480 agreements (upto
1 April 1971) between India and the USA was $ 4,787.0 mil-
lion including some Ocean transport Cost. See, The United
States Information Service (New Delhi): Fact Sheet (No. 23); United States economic assistance to India, June 1951-April
1971, 2-4.
\end{enumerate}
aid programme in India. The rule regarding the repayment (by India) under PL 480 was as follows: Value of the commodities sold by the United States to India would be converted into Indian currency of which 30 per cent would be lent to the Government of India to finance its development projects, 7 per cent was earmarked for loans to the industries in India which had American capital participation; the remaining 13 per cent would remain at the disposal of the U.S. Government which would spend this amount at its discretion. Mr. Chester Bowles, the U.S. Ambassador to India, estimated that by the end of the year 1966 the U.S. rupee funds in India for the U.S. uses, i.e. 13 per cent of the value of the commodities under PL 480, would grow to $675 million (i.e. roughly Rs. 500 crores), and the U.S. Treasury Department calculated that by July 1967 the balance under this account would grow to $845 million (i.e. nearly Rs. 700 crores). By August 1966 this particular 13 per cent under the U.S. rupee account in India amounted to over rupees 200 crores.

President Johnson suggested that the proposed Indo-U.S. Foundation should be endowed with $300 million (i.e. roughly

25. See, the statement of the Education Minister of India, Mr. M.C. Chagla, in Lok Sabha on 5 August 1966. L.S.Deb., 57, (5 August 1966), 3091-3092.

26. The figures were revealed by influential U.S. Senator, Mr. Mondale. For his statement in this regard see, U.S. Cong. Rec.Senate, 112 (29 March 1966), 6968.

27. See the statement of Mr. M.C. Chagla, the Education Minister in Lok Sabha on 5 August, 1966. L.S.Deb., 57, (5 August 1966), 3091-3092.
Rs. 200 crores) in Indian currency owned by the United States
under the PL 480 rupee account of the U.S. Government in India. 28

Reasons Behind the U.S. Proposal:
President Johnson's proposal for the Indo-U.S. Foundation
had the support and backing of a large number of the Congressmen
in the United States. These Congressmen pointed out that if such
Foundation was established, the Indo-US. relations would be clo­
ser and better. The influential U.S. Senator Mr. Mondale suppor­
ted the President's proposal of the Indo-U.S. Foundation and
said in the Senate on 29 March 1966:

"I think it is fitting that our nation should join with
the largest democracy in the world (India) in this joint
undertaking. I had proposed the creation of such a founda­
tion in my bill S. 2826 (the number of the bill), the World
Hunger Act. I had proposed that the Congress provide speci­
fic legislative authorization for the organization of bi­
national foundations for the improvement of agriculture in
countries where we have excess currency holdings." 29

Mr. Mondale further remarked in the Senate that the massive
holdings by the United States of the U.S. rupee funds in India
had made the USA a "political target for Communists and other
anti-American groups" in India, and hence he felt that something
should be done in India with the money owned by the United
States. 30 Mr. Zablocki, a member of the U.S. House of Represen­
tatives, pointed out on 29 March 1966:

30. Ibid.
"The Indian-American Foundation will put to practical use funds which now are lying idle, of no benefit to the United States or to the people of India . . . The Foundation has many advantages. It will not require repeated or continuous appropriation of funds. It will operate on the interest of its endowment and will attract donations from private sources. It will have no inflationary effect on the Indian economy."

By way of justifying the educational value of the Foundation, Mr. Gallagher, another member of the House of Representatives, pointed out in the House on 29 March 1966 that India's food crisis would be alarming in the following years, i.e. after 1966, unless technology could solve the gap between the food production and population; offering scientific agricultural research and solutions to the problems of technology; the proposed foundation, according to Mr. Gallagher, might solve "disastrous" food problem of India. He further remarked that the President's proposed Indo-American Foundation was "a lasting investment in democracy - a united investment in a country whose democratic roots run deep and wide in its history." Mr. Renss, another member of the House, stated that the Indo-U.S. Foundation would encourage the Indian students, teachers, scientists, etc., to study and work on new solutions to the age-old problems of India. According to him, "President Johnson . . . has paved the way for a creative new joint endeavour between the two countries based on mutual respect and devoted progress."

32. Ibid., 7142.
33. Ibid., 7142.
34. Ibid., 7199.
35. Ibid.
The Republican member of the House of Representatives, Mr. Robinson, pointed out in the House on 29 March 1966 that he and some of this Republican colleagues proposed one such U.S. foreign aid programme that would reach the people of the recipient nations. He further pointed out that due to the very nature of foreign aid which was mainly a subject matter between the two Governments, the aid benefit could not always reach the 'community leaders, business groups and the professional groups'. Mr. Robinson then added that the proposed Foundation "could be an important source of support for these people" who needed "financial aid to carry out their progressive plans for economic and social development." 

Supporting the President's proposal the senator, Mr. Mansfield, remarked in the senate on 29 March 1966:

"The Proposal is one of originality and reflects the determination of the administration to respond in an appropriate fashion to the circumstances which characterize United States-India relations at this point in time. The President's proposal mixes idealism with practicality. It provides the machinery for the evolution of one-sided aid into a new concept of genuine mutual assistance." 

Mr. Albert, another member of the House of Representatives, remarked that the proposed Indo-U.S. Foundation was "at once an organization of practical significance and a symbol of cordial relations between our two nations." The New York Times of 31

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36. Ibid., 7210.
37. Ibid., 7210.
39. Ibid., 7138.
March 1966 commented, "In the long run such a programme (the proposed Foundation) can do wonders ..." 40

From the above statements it seemed that the main intention behind the U.S. proposal for the establishment of a Foundation was to make India self-reliant in agricultural products through the pursuit of research and development in the sphere of agriculture.

But the real motive behind the proposal to set up an Indo-American Foundation was perhaps far deeper. The timing of President Johnson's proposal was also significant. President Johnson proposed the establishment of the Foundation immediately after the conclusion of the Tashkent Agreement between India and Pakistan in Moscow in December 1965. India and Pakistan were engaged in a war in September 1965. The Soviet Union, in order to bring about a settlement and to keep the region peaceful, offered its good offices to both India and Pakistan on 7 September 1965. 41 As a result of the Soviet initiative and good offices, the Tashkent Agreement was concluded between India and Pakistan in December 1965.

The Tashkent Agreement was considered by some as a mark of success of Soviet diplomacy in South Asia. 42 It was due to

41. For the Statement offering 'Good office' as carried out by Soviet official news agency, Tass, see, Asian Recorder, (New Delhi), 1965, 6697.
42. For reference see, K.K.Kaul : USA And Hindustan Peninsula; (Lucknow, 1977), 101.  
The success of the Soviet Union lay in the fact that she could persuade Pakistan, the ally of the United States, to conclude the Tashkent Agreement. This was no doubt an increase in the Soviet influence on the Indian sub-continent.
Soviet Union's initiative and efforts that the two adversaries in the sub-continent, India and Pakistan, agreed to sit together, and eventually they came to an understanding.

Though the then U.S. Secretary of state, Mr. Dean Rusk said that his government was "very much encouraged by the Tashkent Agreement" as India and Pakistan concluded an agreement to avoid the path of armed confrontation, the United States at heart was, perhaps, not happy with the way in which the Soviet Union successfully influenced the events leading to the conclusion of the Tashkent Agreement.

Members of the U.S. Congress expressed concern at the

43. See the news Conference with the Secretary of state, Mr. Rusk, on 21 January 1966. Bulletin, 54 (4 February 1966) 196.

There was possibly one reason why the Americans were "encouraged" by the Tashkent Agreement. In 1965-66 the U.S. Government was preoccupied with the war in Vietnam where they were militarily involved. At that time the U.S. Government was not in a position to widen their involvement in Indo-Pak dispute. Moreover, India and Pakistan fought the war in 1965 with the arms which the United States gave to them for the defence of these countries against outside attacks on them. As a result, the then U.S. President Mr. L.B. Johnson was very much disillusioned (see, L.B. Johnson: The Vantage Point, New York, 1971, 225). President Johnson wrote in his book that the Indo-Pak war of 1965 "raised great doubts" about the U.S. military assistance abroad, (see, L.B. Johnson : The Vantage Point (New York, 1971), 225). The United States did not desire the Indo-Pak War in 1965, and liked to see that peace in the sub Continent was maintained. As they were preoccupied in the Vietnam War, they welcomed the offer of the Soviet good offices, and were "encouraged" to see that India and Pakistan reached to an agreement.
success of the Soviet diplomacy in south Asia. For example
Mr. McGovern, the prominent and influential senator from south
Dakota, expressed concern in the following words:

"To our chagrin, the country that the military equipment
was aimed at, the Soviet Union, ended up being the peace­
maker, which intervened and settled the war . . . That left
us red-faced and embarrassed. . . " 44

The United States may have considered that the success of
the Soviet diplomacy in concluding the Tashkent Agreement might
bring the Soviet Union politically closer to India, and as a
result the Soviet influence in South Asia might increase. An in­
crease in the Soviet influence in South Asia might run against
the U.S. policy and interest to "stay in Asia."45 The closer
political ties between India and the Soviet Union was not, there­
fore, desirable to the United States. So, after the conclusion of
the Tashkent Agreement the United States might have thought that
their political alignment with India should be strengthened and
India's bonds with the Soviet Union should be loosened.46 Perhaps
they (the USA) considered that a close political alignment with

44. See, U.S. Cong. Rec. Senate; 112 (27 July 1966), 17356.
45. In the state of The Union Message, President Johnson sta­
ted on 12 January, 1966, "We will stay in Asia! see, L.B.
Johnson : Public Papers of The President, 1966 (Washington,
1967), 10.
46. For reference see, T.V. Kunhiksishnan : The Unfriendly
Friends; India And America. (New Delhi, 1974), 157-158.
India could be established or achieved through an institution like Indo-U.S. bi-national Foundation. President Johnson, therefore, proposed to set up the said Foundation when Mrs. Gandhi visited the United States in March-April 1966. In this context Mr. Chester Bowles, the then U.S. Ambassador in India, wrote that President Johnson "decided" that Mrs. Gandhi's visit to the USA "was the time to launch" the proposal for the establishment of an India-American Foundation. 47

There was another opinion held by some in India that the United States sought to bring India closer to them by the use of cultural weapons like the said Indo-American Foundation. According to this opinion.

"American cultural offensive had taken a bad buffeting everywhere and India, which was a major factor in America's anti-Communist calculations, could not be written off so easily. India is one country where the American way of life was not acceptable and where the national Government was resisting the overtures calculated to getting the country into the American Camp. Hence the need for a foundation." 48

It, therefore, appeared that it was the policy of the United States to be culturally and politically aligned with friendly countries through the institution of such bi-national


48. See, Mohan Ram: "American Shadow Over India" Mainstream (New Delhi), 4 (9 April 1966), 8. 'Mainstream' is a left oriented magazine.
India's Acceptance of the Proposal:

In reply to President Johnson's proposal on 28 March 1966 to set up an Indo-American Foundation, Mrs. Gandhi welcomed and agreed to it. Welcoming President's intention to set up the foundation Mrs. Gandhi said on 28 March 1966:

"... I believe that it is of the greatest importance to bring into closer union the spirit and courage of both our countries. I welcome your intention to set up an Indo-American Foundation which will give tangible shape and form to this Union."

Later it was reported that on 14 April 1966 the Government of India approved at the highest level the U.S. proposal relating to the setting up of the said foundation. The reasons behind the Government of India's acceptance of the U.S. proposal may be explained in various ways. First, it was said that to the Government of India the proposal to set up an Indo-American Foundation was not a new proposal. The proposal to establish such a bi-national Foundation in India was first made in 1963 by Mr. Chester Bowles, the then U.S. Ambassador in India.

49. Ms. Zablocki, the member of the U.S. House of Representatives, revealed in the House on 29 March 1966 that "A similar suggestion was contained in the final report of the Philippine-American Assembly which met last month in Davao, Republic of Philippines." See, Cong. Rec. House, 112, (29 March 1966), 7138.


proposal as follows:

"I was encouraged by a cable from Secretary Rusk in early March (1966) saying that the President was interested in a plan I had proposed in 1963 for an Indo-American Foundation... My proposal had been received with enthusiasm by Shastri (Lal Bahadur Shastri, the then Prime Minister of India) and those few others in the Indian Government who knew about it..." 53

The U.S. proposal of 1963 to set up the said Foundation was, however, somehow shelved and it did not materialize. A member of India's Lok Sabha told in the House that due to the objections raised by the University Grants Commission of India the venture was put off at that time. 54 Mr. Chester Bowles, however, revealed in his book that the establishment of the Indo-U.S. Foundation in 1963 "had been blocked in Washington for variety of bureaucratic reason." 55

Though the plan to establish the Foundation did not materialize in 1963, the U.S. Government did not put off the idea forever. This proposal for such a bi-national Foundation came under the consideration of the Government of India in 1964-1965 too. This was revealed by the then Education Minister of India, Mr. M.C. Chagla, when he said in the Lok Sabha on 5 August 1966:

"In April 1964, a Sub-Committee of the Committee on Appropriations, (of the) U.S. House of Representatives, while

53. Ibid.

54. See, the statement of the Communist member, Mr. H.N. Mukherjee in Lok Sabha on 5 August 1966; L.S. Deb., 57 (5 August 1966), 3041.

55. Chester, Bowles: Promises To keep, 512.
discussing the utilization of the local currency, proposed the use of excess American money in Indian currency to endow a bi-national Foundation for the development of education and science in India. After that Dr. Harman B. Wells, President of the Indians University came here (India). There were discussions and ultimately the principle of the Foundation (Indo-U.S. Foundation) was accepted by the Cabinet (of India)." 56

Referring to president Johnson's proposal to set up the Indo-American Foundation, Mrs. Gandhi stated in Lok Sabha on 7 April 1966, "such a proposal had in fact been under the consideration (of the Government of India) for quite some time and was approved by the Government (of India) about a year ago." 57

From this statement of Mrs. Gandhi two things were clear. First, the proposal for such a Foundation was made earlier by the U.S. Government, and in 1966 they renewed the same proposal; secondly, the proposal which, according to Mrs. Gandhi, was under the consideration of the Government of India, was in principle accepted by the Government of India. It was also clear that each time, i.e. in 1963, 1964-1965 and in 1966 the proposal for the establishment of the said Foundation came from the U.S. side. The proposal in 1966 was, therefore, not a new proposal to the Government of India, and Mrs. Gandhi did not find any particular reason to reject the proposal. As the principle of the Foundation was

56. See, L.S. Deb., 57, (5 August 1966), 3091.

57. See, Mrs. Gandhi's statement in Lok Sabha on 7 April 1966 about her tour to the USA. She informed the Lok Sabha of President Johnson's proposal to establish an Indo-American Foundation in India. For Mrs. Gandhi's statement, see, L.S. Deb., 53, (7 April 1966), 10010-10015.
earlier approved by the Government of India, Mrs. Gandhi had little or no difficulty in accepting the proposal because in 1965 she was also a member of the cabinet as the Minister of Information and Broadcasting.

b) There was one conceivable economic reason which Mrs. Gandhi, perhaps, considered at the time of accepting the President's proposal to set up the Foundation which was to be endowed with $300 in Indian currency owned by the United States (the U.S. Counterpart money in India). This counterpart money was meant for the U.S. uses in India at their (U.S.) discretion. Mrs. Gandhi might have thought of the dimension of inflation to be generated if the funds were released by the United States unilaterally. She, therefore, considered it worth while to accept the President's proposal with a view to utilizing the said money (the U.S. counterpart money of $300) for the economic development of India.

Moreover, one member of the U.S. House of Representatives pointed out that the U.S. counterpart money in Indian currency which was meant for U.S. uses in India was 'far more' than what was 'needed to carry out U.S. Government purposes and programmes in India'. In fact such huge accumulated U.S. money in Indian currency was lying idle, for the benefit neither of India nor of the United States. The Government of India might have considered that if the money was invested in the Foundation, it would greatly contribute to the economic and technological development of India.

India, and that not the USA alone but India, too, would have control over the release of those funds.

c) Prime Minister Mrs. Gandhi stressed the closer and more cordial relations with the United States. Stating in reply to President Johnson's greetings on 28 March 1966 Mrs. Gandhi said, "India and the United States cannot . . . allow their relations to drift."\(^{59}\) Again replying to President Johnson's proposal on 28 March 1966 to set up the Indo-U.S. Foundation, Mrs. Gandhi stated: "I believe that it is of greatest importance . . . to bring into closer union the spirit and courage of both our countries."\(^{60}\) Again, on 7 April 1966 Mrs. Gandhi stated in the Lok Sabha that the object of her visit to the United States was "primarily to establish a close rapport and understanding" with that country.\(^{61}\)

These statements indicated that in 1966 Mrs. Gandhi's Government sought closer relations with the United States. She, therefore, might have thought that the Indo-American Foundation, as proposed by President Johnson, would bring into closer union the spirit and courage of India and the United States.

d) Both India and the United States are democratic countries, with faith in the freedom of the people. Hence, ideologically considered, India did not consider it contrary to her national


60. Ibid.

interests and her declared policy of non-alignment to have a closer association with the United States through such an institution of bi-national Foundation. In reply to President's greetings on 28 March 1966, Mrs. Gandhi pointed out that India and the United States were "friends committed to common ideals." Welcoming the President's proposal Mrs. Gandhi stated that India and the USA shared many values in common, and that so common were the values that the failure of Indian democracy would amount to a "failure of the whole democratic system" and the failure of the values which "both (India and the USA) hold dear." 64

It would appear from the above brief account that Mrs. Gandhi may have considered that India's association with the United States through such a bi-national Foundation would not prejudice the ideals, policies and the values that India stood for; on the contrary such a Foundation would strengthen the union and the relationship between the two countries and would strengthen their common ideals and beliefs.

Another reason for India's acceptance of the U.S. proposal


64. Ibid.

Mr. Johnson too recalled USA's ideological proximity with India when he stated on 28 March 1966 during an exchange of toasts with Mrs. Gandhi, "There is much that binds India and the United States together. Both our nations have the deep-felt obligation to the conviction that people can solve their problems by free choice far greater than they can by any arrangement of force. There is in India and this country the strong tradition of freedom." Ibid.
may be mentioned. In the talks with President Johnson Mrs. Gandhi told him how the Americans championed the cause of India's independence and how they did help accelerate the declaration of independence by the British Government in 1947. In one of her meetings with President Johnson on 28 March 1966 Mrs. Gandhi told him:

"We have been taught the words of your leaders, of your past Presidents and above all we are linked in friendship which President Roosevelt showed us and the understanding which he showed during some of the most difficult days of our independence struggle. I have no doubt it was also this understanding and friendly advice given to the British Government which facilitated and accelerated our freedom." 65

The above statement of Mrs. Gandhi testified to her sense of gratitude towards the Americans for their sympathy and support of India's struggle for independence. By accepting the proposal the Government of India got an opportunity of registering their gratitude to the USA for its sympathy for India's struggle for independence.

India's Food Crisis And India's Acceptance of The Proposal:

It has already been pointed out that Mrs. Gandhi visited the United States and accepted the President's proposal at a time when India's food and economic position was bleak and alarming. On 15 February 1966 (before her visit to USA) Mrs. Gandhi was questioned by a member of the Rajya Sabha in India whether her ensuing visit to the United States should be linked with the

question of the U.S. aid. In reply Mrs. Gandhi said that her visit to the USA would be "one of goodwill" and hence she did not think that her visit could be "directly linked up with aid" from the United States. On the basis of the secondary documents it can, however, be shown that there was a link between the severe food and economic situation of India and Mrs. Gandhi's visit to the USA and her acceptance of the President's proposal to set up an Indo-American Foundation. In other words, the alarming food situation in India in 1966 precipitated India's acceptance of the President's proposal. President Johnson wanted an early visit of Mrs. Gandhi to the USA.

66. The question was asked by Mr. A.B.Vajpayee, the member of Jansangh Party. See, India, R.S.Deb., 55, (15 February 1966), 74-75.
67. Ibid.
68. On 17 January 1966 Mr. B.K.Nehru, the then Indian Ambassador to the USA, said in Bombay that 'high level and intimate discussion' should take place as early as possible between the U.S. President and the new Indian Prime Minister, Mrs.I. Gandhi, to discuss certain 'pending matters'. The Statesman, Calcutta, 18 January 1966.

On 20 January 1966 Mr. Chester Bowles, the then U.S. Ambassador to India, delivered to Mrs. Gandhi a massage from President Johnson. In the massage the President was reported to have said that "I will be delighted if you can come on February 1 (1966) . . . if you are unable to come then, I hope we can reschedule your visit for an early date so that we can discuss many momentous problems we both face . . . " The Statesman, Calcutta, 21 January, 1966.
From Mr. Chester Bowles book we came to know that President Johnson was "interested" in the plan to set up an Indo-American Foundation, and that he "decided" that Mrs. Gandhi's visit to the United States" was the time to launch "the proposal. Perhaps for this reason President Johnson desired an early visit (to the USA) of Mrs. Gandhi so that he could get the proposal accepted by India as early as possible.

It might be true that Mrs. Gandhi would not have decided to visit the United States in March-April 1966, had the food position of India not been so serious. The food situation was so alarming that the National Congress Party, the ruling Party in India, said in a resolution in its Jaipur session held in February 1966:

"The country has encountered shortage of food and other agricultural commodities ... The AICC (All India Congress Committee) has viewed with deep concern the food situation in the country ... The AICC expresses its thanks to the people of friendly countries including the USA for the assistance rendered by them." 70

Moreover, India required about $100 million for importing the urgently needed raw materials for industries which were suffering due to lack of foreign exchange.71 In February 1966 Mrs.

69. Chester Bowles: Promises To Keep, 512.
70. See, All India Congress Committee (7 Jantar Mantar Road, New Delhi): Indian National Congress Resolution on Economic Policy, Programme and Allied Matters, 1924-1969, 170-171.
Gandhi wrote a letter to President Johnson,\textsuperscript{72} and it was reported that in the letter she requested Mr. Johnson to release $50 million to $100 million out of the frozen economic funds.\textsuperscript{73} It was also reported that she wrote that the Indian economy was in such serious condition that the resumption of economic aid could not await her meeting with the President.\textsuperscript{74}

But the Johnson Administration, which stressed the need of an early visit of Mrs. Gandhi, was not enthusiastic about releasing food or economic aid to India (in 1966) unless and until Mrs. Gandhi's visit to the USA was confirmed. On 12 February 1966, President Johnson told in a press conference in Washington that Mrs. Gandhi had informed him of her intention to visit the United States as early as possible.\textsuperscript{75} Then on 17 February 1966 Mr. Humphrey, the then Vice-President of the USA, who visited New Delhi on 16 and 17 February 1966 en route his Asian tour, announced in New Delhi that his Government was prepared to

\textsuperscript{72} On 15 February Mrs. Gandhi said in the Rajya Sabha in reply to a question of Mr. A.B. Vajpayee that she wrote letter to president Johnson, but she did not think that "the contents of the letter should be mentioned here." See, R.S. Deb., 55, (15 February 1966), 74-75.

\textsuperscript{73} The Hindu, Madras, 13 February 1966.

\textsuperscript{74} Ibid.

\textsuperscript{75} See, The Hindu, Madras, 13 February 1966. In this connection see Mrs. Gandhi's replies to oral question in Rajya Sabha on 15 February 1966 relating to her ensuing visit to USA.

Realizing India's stakes and the U.S. delay to release the frozen fund, Great Britain, however, offered India an interest free Loan of £7,500,000. This Loan was signed in New Delhi on 11 February 1966. See, The Times (Editorial), London, 14 February 1966.
extend a non-project loan of $100 million to India for the purchase of raw-materials and spare parts. It appeared that this announcement of Mr. Humphrey came only after Mrs. Gandhi's letter to President Johnson (12 February 1966) confirming her visit to the USA as early as possible.

Having returned to the USA on 23 February 1966, Mr. Humphrey briefed the White House, the Office of the U.S. President, the outcome of his tour. It was reported that Mr. Humphrey's briefings prompted President Johnson to immediately ask Mr. Dean Rusk, the then U.S. Secretary of State, to finalize a date for his (Mr. Johnson's) meeting with Mrs. Gandhi. From Mr. Bowles' book we came to know that Mr. Rusk then cabled Mr. Bowles in India about President Johnson's interest in an Indo-American Foundation. It might be that in the course of his talks with the Indian leaders, Mr. Humphrey referred to the intention of President Johnson to set up an Indo-American Foundation.

The Johnson Administration, however, did not announce its decision to give food relief to India until Mrs. Gandhi visited

76. The Hindu, Madras, 18 February 1966.
77. Ibid., 25 February 1966.
78. Mr. Bowles wrote "I was encouraged by a cable from Secretary, Rusk in early March saying that the President was interested in a plan I had proposed in 1963 for an Indo-American Foundation . . . Now the president . . . decided it was time (during Mrs. Gandhi's visit to USA) to launch it" see, Chester Bowles: Promises To Keep, 512.
the USA. She went to the USA on 27 March 1966, met President Johnson and accepted his proposal of an Indo-American Foundation on 28 March 1966, and then on 30 March 1966 President Johnson sent a message to the U.S. Congress on the Emergency Food Relief for India. In the message, however, Mr. Johnson justified the food relief to India on humanitarian grounds.

From the above facts it would appear that the critical food position in India in 1966 had precipitated Mrs. Gandhi's decision to visit the United States in March-April 1966 and to accept the U.S. proposal of the Foundation. It would also appear that the USA took advantage of India's critical food and economic position and used this card to compel Mrs. Gandhi to visit the United States hardly three months after her accession to power. But Mrs. Gandhi did not think that there was any pressure on her from the U.S. side to visit the USA or to accept the President's proposal. On the contrary, she said that the object of her visit to the USA was "to establish a closer rapport and understanding" with them, and she thought that she "succeeded" in this. Thus it appeared that she thought that she was not

79. For the message see, Bulletin, 54 (18 April 1966), 605-607.
80. Ibid.
81. Mrs. Gandhi's statement in Lok Sabha on 7 April 1966 on her visit to USA. See, L.S.Deb., 53, (7 April 1966), 10010-10015.
compelled by the USA to accept the proposal; she believed that by accepting the proposal she succeeded in establishing a close rapport and in improving relations with the United States. She did not think that President Johnson took advantage of India's critical food position. On the contrary, she stated in the Lok Sabha on 7 April 1966: "During our talks on India's food problem, President Johnson . . . displayed a sympathetic understanding . . . ", and he did not want to interfere"with our policies or our plans."82

REATIONS IN INDIA TO THE U.S. PROPOSAL

President Johnson's proposal for the formation of an Indo-American Foundation to forge a close relationship between India and the United States evoked severe criticism in India. In Parliament, in the party-forum of different political parties, including that of the ruling party, the Indian National Congress, in the academic circles, doubts were expressed that the proposed Foundation would affect India's sovereignty and national interests and would hamper the working of the educational system of India. Even allegation were made that through the Foundation the United States was seeking to dominate the educational and cultural systems of India.

Reactions in Parliament:

In the Lok Sabha a draft resolution was moved by Mr. H.N. Mukherjee, the leader of the Communist Party of India, on 6 May

82. Ibid.
1966 disapproving the whole project. The resolution reads as follows:

"This House disapproves of the proposed project of an Indo-U.S. Foundation and calls upon the Government of India not to proceed with it." 83

Having moved the resolution Mr. Mukherjee stated, that "this so-called Indo-U.S. Foundation is going to be another of those goldplated grindstones which we are importing from America to wear round our necks", and that it was "a perilous undertaking" which should be revoked. 84

The above resolution of Mr. Mukherjee was taken up for discussion in the Lok Sabha on 5 August 1966. While speaking in favour of the resolution Mr. Mukherjee said that Indo-U.S. Foundation was "not just President Johnson's dramatic gift to our Prime Minister when she was on her visit to dollarland. It was very long in the offing ... " 85 He held that if it was set up, the U.S. Central Intelligence Agency would be very much active in India and would spread its network in the country. 86 He further said:

"The CIA is interested in information about what the Americans call sensitive areas, in order to fight Communism, and India is one of those countries which they consider is

83. See, L.S. Deb., 55, (6 May 1966), 15203.
84. Ibid.
85. See, L.S. Deb., 57, (5 August 1966), 3041.
86. Ibid., 3044-3046.

It has been said that the function of the CIA is to collect information from the foreign countries for the U.S. Government. It has also been pointed out that the CIA indulges in espionage and subversive works in the foreign countries. See, P. Fletcher: The Secret Team, (New Jersey, 1973). For the CIA's subversive activities in India see, Daljit Sen Adel: Danger of CIA (New Delhi, 1976); H.D. Malaviya: CIA, Its Real Face (New Delhi, 1975); Satish Kumar: A Study in Crypto-Diplomacy (New Delhi, 1981); John, D. Smith: I was a CIA Agent (Communist Party of India, New Delhi, 1967).
a sensitive area ... I do hope the Minister does not proceed with the idea of such a kind of academic institution or pseudo academic institution which would play into the hands of the Americans." 87

Against the statement of Mr. Mukherjee, Mr. V.B. Singh, a member of the National Congress Party, stated in Lok Sabha as follows:

"Professor Mukherjee has criticised the Foundation and that was to be expected ... I look upon the proposed project as a simple fact of a gift made by a friendly country to be used for the purpose of promoting education and advanced research ... I, therefore, support the idea of the establishment of this Foundation." 88

But another member of the Congress Party, Sreemoti Renuka Roy, criticised in the Lok Sabha the whole scheme on the ground that as the proposed Foundation was to be patronised by foreign currency it "cannot possibly serve the best interests of Indian education and the advancement of Indian culture ... We cannot in India approve of an Indo-U.S. Foundation as it is." 89

Mr. Surendra Nath Dwivedy, a Praja Socialist Party member, questioned in the Lok Sabha on 5 August 1966 that if the Americans had the good intention of serving and promoting Indian education, science and technology, why did not they hand over the said funds of $300 million to the University Grants Commission of India which could spend the money "in the way they think best? There should have been no objection to this kind of

87. See, L.S.Deb., 57, (5 August 1966), 3044-3046.
88. Ibid., 3081.
89. Ibid., 3079.
He also criticised the organisational pattern of the proposed Foundation. He was of the opinion that the Board of the Foundation should "be controlled by Indians" and the American members should be on the Board "merely as advisers." "In that case", according to him, "there will be no objection to that arrangement." 91

Supporting the establishment of the proposed Foundation Mr. Khadilkar, the ruling Party member of the Lok Sabha, dismissed the attacks on it by saying that an open society like India should not shut its doors "when some wind comes from the East or from the West." 92 He thought such a Foundation would bring in certain academic freedom which he found in the USA but which was absent in India. 93

A suggestion was made in Lok Sabha that the money with which the United States proposed to endow the Foundation be utilized in social welfare in India. Thus, Mr. Sidheshwar Prosad, another member of Lok Sabha, modified the original resolution of Mr. H.N. Mukherjee and moved the following:

"This House urges upon the Government (of India) to utilize the funds allocated for Indo-U.S. Foundation, on irrigation, power, tubewells and other works relating to bringing about necessary changes in the proposed Foundation accordingly." 94

90. Ibid., 3062.
91. Ibid.
92. Ibid., 3068.
93. Ibid., 3069.
94. Ibid., 3052.
This resolution was, however, not taken up for discussion in the Lok Sabha. But referring to this amendment Mr. M.C. Chagla, the then Education Minister of India, said in the Lok Sabha on 5 August 1966 that Parliament was free to urge that the funds should be used for a particular purpose, "but how can Parliament ask us to utilize somebody else's funds. This is a foreign fund." Against this reply from the Government, Mr. Surendra Nath Dwivedy asked Mr. Chagla to clarify whether the said fund ($300 million) was a "gift" to India from the United States. He further said:

"If it is a gift . . . the entire control, management and directions of the funds should be in our hands and they (USA) have nothing to say in the matter. If it is not so, if for the development of education in our country we want this money and for getting that we have to agree to certain conditions imposed by them, then it is not a gift . . . But what are those conditions." 97

Mr. Narayan Dass, another member of Lok Sabha, did not argue against the establishment of the proposed Foundation but moved an amendment to the original resolution, and the amendment reads as follows:

"This House calls upon to appoint a Committee consisting of members of Parliament, prominent educationists and scientists to consider the constitution, composition and functions of the proposed project of an Indo-U.S. Foundation and to recommend to the Government (of India) the form and functions on which the said project should be agreed upon." 98

95. Ibid., 3055-3056.
96. Ibid., 3062.
97. Ibid.
98. Ibid., 3052.
At the end of the discussions in the Lok Sabha on 5 August 1966 on the resolution moved by Mr. H.N. Mukherjee, the motion was, however, negatived. But it emerged from the discussions in the Lok Sabha that many of its members including some from the ruling Party were opposed to the establishment of the Indo-U.S. Foundation. Perhaps they thought that instead of improving Indo-U.S. relations, the proposed Foundation would be an institution through which the Americans would try to tamper and to interfere with our domestic policies and administration.

Reactions In The Academic Circle:

The proposed foundation also evoked sharp criticisms and adverse reactions among a large section of academic and educational institutions in India immediately after the publication of news report that President Johnson proposed to Mrs. Gandhi the establishment of an Indo-U.S. Foundation. On 6 April 1966, fifty-four heads of various Departments, some Professors and Readers of the Delhi University expressed their 'serious misgivings' about the creation of the Foundation. They said in a public statement that the U.S. Government's intentions to promote Indian education and technology would be 'best served by giving the money directly to the Ministry of Education' (of India); otherwise, they felt, the U.S. proposal would imply the

99. Ibid., 3105.
100. The Statesman, Calcutta, 7 April 1966.
'intimate involvement' of the U.S. Government with the educational policy of India. The Students' Union of Calcutta University was reported to have mobilised public opinion against the proposed Indo-American Foundation.

In other Universities, teachers in their individual capacities strongly expressed their sentiment against the U.S. proposal. Mr. Mohan Ram, the then Assistant Professor of Economics in the Presidency College of Madras University, criticised the Foundation vehemently. He wrote:

"Short of gracefully writing off the accumulations, which if paid in rupee currency would only accentuate the inflationary pressures in the country, the United States Government could have asked for their investment in public utilities and in urban reconstruction projects. But instead, education has been chosen as one of the prime investments in the strategic sense though in terms of finances, the proposed foundation would mop up only 10 per cent of the funds... it would acquire a stronghold over India's higher education and direct it in unwholesome channels which would meet American requirements. This super foundation through its immense powers of patronage and money power, would bring all our Universities under American hegemony and open the doors to a gross and vulgar Americanization of our intellectual life." 103

101. Ibid.


Describing the Foundation as a 'national disgrace,' Mr. V. K. Krishna Menon, the former Defence Minister of India, remarked that "it is better to remain illiterate, unscientific and untutored than to be mal tutored by having the foundations." According to him, "its (Foundation's) impact on our (India's) educational policy would be dangerous."  

It was also pointed out by some educationists in India that if the Foundation was established, its obvious result would be that the United States would ultimately control India by Indian money. Dr. Sisir Gupta, a noted educationist and a diplomat, pointed out: "

"the proposed Indo-U.S. Foundation is to be run with Indian rupees in American hands. The interest payment on the defrozen counterpart funds under PL 480 will be paid to the foundation by our Government out of our own resources. Thus, America will be controlling us with our money in our own hands."  

The critics of the Foundation apprehended that through the Foundation the Central Intelligence Agency (CIA) of the United States would spread its not-work in the Universities of India, and ultimately the Universities would be made to serve the needs of CIA and the U.S. Government.  

104. Hindustan Times (Delhi), 30 April 1966.  
105. Ibid.  
107. For detail discussion on the U.S. infiltration in the educational sphere of India see, Benoy, K. Roy: U.S. Infiltration In Indian Education (New Delhi, 1973).
The CIA which is financed by the U.S. Government, secretly channelize money to many organizations and institutions (academic or otherwise) abroad. The CIA supply to the U.S. policy-makers the information regarding foreign countries. Being fully aware of the nature and role of the CIA the Indian intellectuals suspected that the proposed foundation would be a cover of CIA activities in India, Dr. Sisir Gupta said:

"It is well known that the United States has been using University research projects as a cover for activities to subvert Governments in several countries. Why need we create dangers and then tell ourselves that we should not lose our confidence in our capacity to face them"? 110

But there were some who argued that instead of harming the cause of education and academic independence of India, the proposed foundation might help the development of research and the

108. It has been pointed out that "The Foreign foundations act as cover organizations of CIA ... These foundations outwardly look charitably but in fact are used by CIA to establish contacts in various sphere of life and control other organizations and exploit them for their vested interests ... The new organizations and foundations are created to meet special requirements (of the U.S. Government) as and when situations so arise." See, Daljit Sen Adel: Danger of CIA (New Delhi, 1976), 23-24.

109. See, H.D. Malaviya: CIA: Its Real Face (New Delhi, 1975), 14. See also, New York Times, 27 April 1966. Mr. John D. Smith, who confessed to have worked as a CIA agent in India, wrote that "Many people are under the impression that the USIS (United States Information Service) in India is only an educational and information project. However, its main aim is to act as a supplement and help to the CIA." See, Smith, John D.: I Was a CIA Agent. (Communist Party Publication, New Delhi, 1967), 26-30.

advancement of technology in India. In their opinion:

"there is a definite exaggeration of the role of CIA. . . . In any case, support from foreign foundations could never be a sufficient proof of anti-national activities for intellectuals or academic institutions, particularly in a country like ours where indigenous sources of finance are so scarce and extra-academic ambitions so abundant. . . . Neither academic freedom nor intellectual integrity can survive in a country in which all its places of learning and scholars are made the subjects of public discussion. . . ." 111

But this pro-foundation opinion was challenged by Mr. G.N. Chattaranjan, a well known journalist. He said: "in countries like ours, where educationists and research scholars feel constantly frustrated by the paucity of funds . . . the American agency with unlimited dollars at its disposal, finds a most fertile field. 112 He further pointed out that the organizational structure of the proposed foundation would be such that the Americans, if they desired, would get their programmes carried out by the Indians "without themselves (the Americans) coming directly into the picture." 113

Reactions of Political Parties:

Some members of the ruling National Congress Party criticised the setting up of the Foundation. On 18 April 1966, the Congress Socialist Forum (an inner group of the National Congress


113. Ibid.
Party) said in a statement that "just as we shut foreign or private enterprise from the strategic fields of our economy or do not permit foreign experts in our foreign office, we certainly must not allow by the same token foreign influence in the most basic sector of our national life-education." This statement was issued by the Congress Socialist Forum in the context of the Government's intention to set up the proposed Indo-American Foundation.

On the issue of the Foundation, a meeting of the Executive of the Congress Parliamentary Party was convened in New Delhi on 29 April 1966. Mr. Bhagawat Jha Azad, a very influential member of the party and a member of the Lok Sabha, vehemently criticised the plan and concluded that such a Foundation might be acceptable if the Americans would leave the executive control of the Foundation to a body exclusively composed of Indians, and if the Americans be content with an advisory role in the Foundation. In the same meeting of the party executive which discussed the proposed Foundation but could not take any decision on it, Mr. S.N. Mishra, the convener of the Congress Socialist Forum, contended that the influence of the Foundation in India could not but be "corrupting" In the meeting 17 members took part, and at the end of the meeting it was found that those who criticised the

115. Ibid., 30 April 1966.
116. Ibid.
The issue concerning the Foundation was also discussed in the session of the All India Congress Committee (AICC) held in Bombay from 21 to 23 May 1966. It was reported that in the session the project of the Foundation was severely criticised and the critics of the Foundation asked the Government of India on 22 May 1966 to ensure that its establishment in India did not enable the Americans to indoctrinate the Indians or to make inroads into Indian culture. In order to allay the apprehensions of the members, Mr. U.N. Dhebar, the leader of the Congress Party, assured the members at the AICC session in Bombay (in May 1966) that the Government (of India) would be vigilant so that the Americans could not indoctrinate the Indians into Americanism nor could make inroads into Indian culture. He further said that the Foundation would have to be registered under the country's (India's) laws and would be thus subject to the legislative control of the Indian Parliament.

The Communist Party of India vehemently opposed the establishment of the proposed Foundation at various platforms and meetings. The Party apprehended that if the Foundation was set up

117. Ibid.
119. Ibid.
120. Ibid.
121. Ibid.
122. For the criticism of the Party see the Party's journal New Age (New Delhi) during 1966 and 1967.
In India, the United States would penetrate into socio-cultural, political, economic and educational life of India, and the CIA would spread its network. In a resolution on 12 June 1966, the National Council of the Communist Party of India said that the proposed Foundation was a "Gigantic instrument of massive American penetration into Indian cultural life . . ." 123

The Government of India's Response to the Criticism:

Mrs. Gandhi did not agree with these criticisms levelled against the Foundation by the Parliamentarians, educationists etc. Regarding the allegation that the Foundation, if it was set up, might help the CIA to infiltrate into India's educational system and elsewhere, Mr. Gandhi stated in the Lok Sabha on 9 May 1966 that the Government of India was fully aware of the activities of the CIA and the Government would not allow, in any circumstances, the CIA to infiltrate into the activities of the proposed Foundation. 124

The then Education Minister of India, Mr. M.C. Chagla, too did not share the apprehensions of the critics that the American culture would be injected into our own if we had the Foundation.

123. See, Asian Recorder, (New Delhi), 1966, 7174.

124. See Mrs. Gandhi's statement in Lok Sabha on 9 May 1966 during call attention discussion on 'spying by CIA on India's nuclear energy capacity.' L.S. Deb., 55 (1 May 1966), 15328. During this discussion, Mrs. Gandhi was asked by Mr. Hem Barua if... may I know whether our Prime Minister is in a position to give us an assurance against this pattern of the CIA conspiracy being perpetrated in the proposed Indo-U.S. Foundation that is going to be established in this country" (L.S. Deb., 55, (9 May 1966), 15328.
established in India. 125

On the question whether the funds ($300 million) that the United States proposed to endow the Foundation with was a "gift" to India, Mr. Chagla made it clear in the Lok Sabha on 5 August 1966 that the proposed funds "have not been given to us. They are counterpart money... it was not we who asked Americans to give us a gift... That is not a gift that is being made by the United States; it is a trust and it is a trust of moneys which are entirely at the disposal of the United States." 126

Mr. Chagla did not accept the contention that the CIA activities in India would increase if the American money was invested in the Foundation. On the contrary, Mr. Chagla pointed out, the CIA activities might increase if the $300 million owned by the U.S. Government was left at the discretion of the American Embassy here (India)." 127

Thus, it would appear that the Government of India thought that the proposed $300 million funds were the U.S. funds on which India had no control nor could India dictate the terms of how and where the money of the said funds should be spent. It would also

125. See, Mr. Chagla's statement in the Lok Sabha on 5 August 1966: L.S. Deb., 57 (5 August 1966), 3090-3097. In this connection see also the statement of Mr. M.C. Chagla (as the Foreign Minister) in Lok Sabha on 23 March 1967, during discussion over the question that the CIA was financing some organisation in India. See, L.S. Deb., 1 (23 March 1967), 893.

126. L.S. Deb., 57 (5 August 1966), 3056-3091.

127. Ibid., 3092.
appear that they (the Indian Government) did not think that India's national interests would be jeopardised if the Foundation was set up. However, faced with the severe criticisms in Parliament and outside, the Government of India seemed to have given a second thought to the matter and perhaps considered that some changes in the organizational structure of this Foundation might assuage the feelings of the critics of the Foundation. Though the Government of India was convinced that the national interests of the country would not be prejudiced by setting up the Foundation, Mr. Chagla proposed some changes in the composition of the Board of the Foundation. He suggested on 1 May 1966 that it might be possible to have an Indian as a permanent chairman of the Foundation. However, originally the United States had suggested that the office of the chairman and the chief Executive of the Foundation might rotate between an Indian and an American.

The Proposal Set Aside:

On 17 July 1966 it was 'semi-officially' confirmed in New Delhi and in Washington that by "mutual consent" the Indian and American administrations had agreed to the reservations made by Mr. Chagla. In this connection it should be pointed out that during replies to oral questions on the visit of Mrs. Gandhi to USA, Mrs. Gandhi said in Rajya Sabha on 15 February 1966 that "... I shall not agree to anything (during her tour in USA) that goes against the interest of our country" (See R.S. Deb., 55 (15 February 1966), 74-75). Therefore, it could be said that by accepting President Johnson's proposal to set up the Indo-U.S. Foundation, Mrs. Gandhi did not think she agreed to one proposal which went against the interest of India.

128. In this connection it should be pointed out that during replies to oral questions on the visit of Mrs. Gandhi to USA, Mrs. Gandhi said in Rajya Sabha on 15 February 1966 that "... I shall not agree to anything (during her tour in USA) that goes against the interest of our country" (See R.S. Deb., 55 (15 February 1966), 74-75). Therefore, it could be said that by accepting President Johnson's proposal to set up the Indo-U.S. Foundation, Mrs. Gandhi did not think she agreed to one proposal which went against the interest of India.


130. Ibid.
the U.S. Governments had 'set aside' the proposal of the establishment of an Indo-U.S. Foundation.\textsuperscript{131} No reason was, however, given by either India or the USA for the dropping of the proposal. There was reason to believe that the Government of India dropped the proposal not because they considered that the said Foundation would go against the national interests of India, or that it would subvert India's educational system. From the point of view of the Government of India, the main reason for the dropping of the proposal may have been that it did not like to antagonize the opposition parties or groups in the country by totally ignoring their objections to the Foundation. But the real reason of scuttling the proposal might be that Mrs. Gandhi did not want to alienate her critics in view of the timing of the controversy. India was scheduled to go for the Fourth Parliamentary elections in February 1967.\textsuperscript{132} It might be that Mrs. Gandhi, the leader of the Congress Party, did not like to be accused as pro-American just before the elections in 1967 because, that might adversely affect her and her party's prospects of winning the elections. That was why the proposal was dropped in 1966.

There was another opinion which sought to suggest that when

\begin{itemize}
\item[131.] See, Keesing's Contemporary Archives, 1965-1966 (Weekly world news; Bristol), 21541.
\item[132.] The General Elections in India were held between 15 and 21 February 1967.
\end{itemize}
Mrs. Gandhi accepted the proposal, she was the prisoner of the rightist elements in her party, but soon she realized that her "rightist" image and her effort to be closer to the United States would not help her in consolidating her position at home. That was why she later dropped the idea of the establishment of the Indo-American Foundation.  

Reactions of The U.S. Government:

The immediate reaction of the United States to the dropping of the proposal of the Foundation was not known. The U.S. State Department did not overtly comment in any way on the dropping of the proposal. But naturally the United States was not happy over the circumstances in which the proposal was dropped. In the opinion of Mr. Chester Bowles, the then U.S. Ambassador in India, the timing of President Johnson's announcement of the proposal was not opportune, as the President's proposal came something as a surprise to the Indian press, public or parliament.  Mr. Bowles further thought that the Foundation had to be set aside in 1966 by the Government of India mainly because some of the intellectuals and educationists in India vehemently

133. An author on Indo-U.S. relations wrote: "Indira Gandhi seemed to have realized . . . that she had become a prisoner of rightist elements in her party. She changed her stand. The change was evident in her anti-U.S. stand on West Asia . . . The new policy upset Washington's calculations. In July 1966 by mutual consent Washington was forced to set aside Johnson's proposal to finance an Indo-U.S. educational Foundation." See, T.V.Kunhi Krishnan, The Unfriendly Friends: India And America: (New Delhi, 1974), 158.

opposed it. So the Government of India, according to Mr. Bowles, could not be held responsible for the dropping of the idea. This would be clear from Mr. Bowles' writing. He wrote:

"The President's (Johnson's) announcement of the Indo-American Foundation had come as a complete surprise to the press, Parliament and public (of India). ... I was most concerned by the attacks by economists and political scientists at Delhi University, many of whom had been educated in the United States ... However, in India, as in other new countries intense nationalism was an important and growing force, and the left-wing assertion that this Foundation represented an attempt by the United States to subvert the Indian educational system made a deep impression on even normally sensible people who were good friends of the United States. It was particularly disturbing that the problem could easily have been avoided if only we had been able to explain publicly in advance what the Foundation was being set up to do and how it would operate." 135

It was reported that the U.S. Government felt that the wide-spread criticisms of the proposed Foundation embarrassed the Government of India. 136 In an attempt to assuage the apprehensions of the critics of the Foundation Mr. Donald Horning, President Johnson's Adviser on Science and Technology, said in New Delhi on 3 May 1966 that the proposed Indo-American Foundation 'would be substantially an Indian body operating with Indian Laws' although the Foundation would have American nominees on it. 137

On 9 May 1966, Mr. Chester Bowles met the then President of the National Congress Party, Mr. Kamraj, in New Delhi and talked with him about the Foundation. 138 It was reported that

135. Ibid.
137. Hindustan Times, Delhi, 4 May 1966
in this meeting Mr. Kamraj explained to Mr. Bowles that the idea of the Foundation might not have been vehemently opposed in India if the constitution of the Foundation had assigned to the United States the advisory role in it and if the executive functions of the Foundation were left to an Indian agency. It might be that Mr. Bowles met Mr. Kamraj to find out a solution that would satisfy the critics (of the Foundation) within the Congress Party.

**Government of India Not Held Responsible:**

Though the idea of the Indo-American Foundation to develop closer Indo-U.S. relations had not materialized, there was no U.S. document to show that the U.S. Government held the Government of India responsible for the failure of the plan. The Government of India, also, did never say that they set aside the proposal of the Foundation because it was a bad idea or because it was against the national interests of India.

It has already been shown that the Government of India was very much willing to set up the Foundation in 1966. The United States realized the determination of Mrs. Gandhi's Government to set up the Foundation; perhaps they also realized that in spite of the Government's willingness it could not be established because of the vehement opposition to it from different corners of India. Mr. Bowles was very optimistic about the Foundation and

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139. Ibid.
thought that the Government of India might renew their attempt to set up the Foundation at an "auspicious moment."\textsuperscript{140}

After the General Elections in India in February 1967, the idea of the Foundation was, however, again raised by the Government of India. It was reported that India informally suggested to the U.S. Government that the management of the funds (which was to be used for the Foundation) should be left entirely to India, and the U.S. Government should have the right to review the working of the Foundation after a period of about three to five years.\textsuperscript{141} If after review the U.S. authorities felt that the money had not been spent in the best possible manner, they might have the right to call off the whole arrangement.\textsuperscript{142} On 1 December 1967 Dr. Triguna Sen, the then Education Minister of India, stated in the Rajya Sabha that the Government of India had not abandoned the idea of the Indo-American Foundation, and said that he was in touch with the educationists who had opposed the project.\textsuperscript{143} He said that there was opposition to the Foundation but he did not think that the whole country (India) was opposed to it.\textsuperscript{144} Dr. Triguna Sen's predecessor Mr. M.G. Chagla revealed in the Rajya Sabha on 2 September 1966 that after dropping

\begin{itemize}
\item \textsuperscript{140} Chester Bowles: \textit{Promises To Keep}, 514-515.
\item \textsuperscript{141} \textit{The Statesman}, Calcutta, 15 April 1967.
\item \textsuperscript{142} Ibid.
\item \textsuperscript{143} R.S. Deb., 62 (1 December 1967), 2047-2052. See also, \textit{The Statesman}, Calcutta, 2 December 1967.
\item \textsuperscript{144} Ibid.
\end{itemize}
the proposal in July 1966 he too met the educationists in a conference held in Delhi. Mr. Chagla further said that those educationists suggested to him:

"instead of investing the funds, proposed to be transferred to the Foundation, in Government securities and utilising the interest of Rupees 6 crores on the work of the Foundation, the Government of the USA might be asked to agree to make available annually a sum of Rupees 6 crores to the Foundation so as to prevent inflationary tendencies." 146

In reply Mr. Chagla said that the suggestion would be "taken into account by the Government" (of India) before they further began talks with the U.S. authorities regarding the establishment of the said Foundation. 147

It, therefore, appeared that with the dropping of the proposal of the Foundation in July 1966, the Government of India did not instantaneously set aside the idea to set up the Foundation. Here, in fact, lay the explanation why the U.S. Government never held the Government of India responsible for the failure to set up the Foundation. The intention of Indian Government to establish the Foundation was clear to the U.S. authorities.

In the calculations of Mr. Chester Bowles, the then U.S. Ambassador in India, and Mr. Kenneth B. Keating, the U.S. Ambassador in India from 1970 to 1972, the Indo-American Foundation did not materialize because of the opposition of those in India who did not like that India and America should develop cordial

145. R.S. Deb., 57, (2 September 1966), 5236.
146. Ibid.
147. Ibid., 5237.
relations between them. In the opinion of Mr. Bowles, these people were, in the first place, the Communists in India. In an article he once wrote: "In the last few months it has become apparent that a carefully, calculated, massively financed campaign has been laughed" in India to spoil the American efforts to speed up the rate of India's development. 148 He further wrote, "Why do the Communists attempt to undermine American efforts to help India? . . . Obviously, their aim is to create distrust and antagonism between the world's two largest democracies, the United States and India, and to undermine the entire American economic assistance programme . . . ." 149 In the second place, Mr. Bowles thought that the idea of the Foundation did not materialize because of the opposition of the intellectuals and the educationists in India. 150

Mr. Keating, too, echoed the same opinion. Addressing the Cosmopolitan Institute of Public Affairs, Bhopal, on 7 February 1970, Mr. Keating said that "The Foundation died because of opposition by those who sought to prevent better relations between the two countries (India and USA)." 151 He refuted the charge of the intellectuals of India that the United States was trying


149. Ibid.

150. See, Chester Bowles: Promises To Keep; 514.

151. See, Times of India, Delhi, 8 February 1970.
to infiltrate in and to dominate India's educational system through the proposed Foundation. In an article Mr. Keating wrote:

"... It is regrettable, for example, that the 1966 proposal for an autonomous Indo-American Educational Foundation did not come to fruition." 153

Lastly, the U.S. Government thought that the Foundation did not materialize in 1966 not because India was unwilling to be closer to the United States or because India was not willing to set it up but because of India's domestic reasons. This was explicitly clear in the Report of Mr. William Rogers, the U.S. Secretary of State from 1969 to 1974, on U.S. Foreign Policy 1969-1970. In this Report Mr. Rogers stated that "The Indian Government had felt it necessary for domestic reasons not to proceed with establishing an India-American educational Foundation on which tentative agreement had been reached in 1966. 154

(a) From the above account it would appear that the U.S. Government felt that the Government of India was compelled to set aside the idea of the Foundation, and the compelling factor was the severe attacks on the Foundation within and outside the Parliament. It was, however, clear to the U.S. authorities that the Government of India was in principle in favour of

152. Ibid.
154. See, United States Foreign Policy, 1969-70: A Report of the Secretary of State (Mr. W. Rogers), Department of State Publications, March 1971; 92.
setting up the Foundation in India. The act of dropping the idea of the Foundation, therefore, did not turn out to be an irritant between India and the United States. So the Government to Government relations between India and the United States did not deteriorate following the dropping of the proposal in July 1966.

(b) After the dropping of the proposal in July 1966, the Government of India did not, however, formally proceed further to renew their attempt to set up the Foundation. Though in 1967 the Government of India had the thinking to set it up, there was, however, no formal and determined effort on their part to establish the said Foundation. The absence of initiatives on the part of India to set up the Foundation in consultation with the U.S. Government revealed the fact that they were no longer interested in setting up the Indo-American Foundation, and in fact, gave up the idea for ever.

Since the Government of India did not formally and seriously renew their attempts to set up the Foundation after the proposal had been set aside in 1966, it might be assumed that they accepted the U.S. proposal in 1966 simply to get food aid from the United States. After getting the aid from the United States, the Government of India lost interest in setting up the Foundation.

155. On 1 December 1967, Mr. Triguna Sen, The Education Minister of India, stated in the Rajya Sabha that the Government of India had the "thinking" in 1967 that the said Foundation could be established if the U.S. Government agreed on India's terms to set it up. See, R.S.Deb., 62, (1 December 1967), 2047-2052.
(c) Each time, i.e., in 1963 and in 1966, the proposal to set up the Foundation came from the U.S. side. In 1963 the proposal did not materialize. Still, the U.S. Government did not abandon the idea for ever. In 1966, the U.S. Government again proposed to set up the Indo-U.S. Foundation. In 1966 too, the Foundation did not materialise. But after 1966, the U.S. Government did not further propose to the Government of India to set up the Foundation. This revealed the fact that U.S. Government too, gave up the idea of an India-American Foundation not temporarily but for ever.

(d) Thus, both the Government of India and the Government of the United States appeared to be reconciled with the position of the other regarding the fate of the Foundation. Perhaps, the United States felt that it would again encounter strong criticisms if they renewed their proposal after 1966. So they decided not to renew the proposal. The Government of India too, perhaps, did not like to be branded as pro-American by insisting on the setting up of the Foundation after it was set aside in 1966.