Chapter II

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I

The State of International Politics
in the Post War Period

Anti-imperialism gained a new impetus during the inter-war period. It had two major stimulants. The first was the success of the Russian revolution. The alternative it furnished in diplomacy and inter-state relation, encouraged many to visualize the end of colonialism. The decline of the British empire, both economically and politically, was the second stimulant. The two were often linked together. The degeneration of the British imperialism was attributed to the crisis of capitalism itself. As a corollary it was expected that the Russian experience would provide a new alternative in the sphere of inter-state relations too.

But capitalism, did not die a natural death, rather it was revitalised by a push in technological innovations. What followed, therefore, after the second war, was only a political rearrangement of imperialism, with United States occupying the position of the traditional imperialist powers—Britain and France. Though the consequences were the same, the techniques employed were more sophisticated and less overt. Probably America's own experience as an ex-colony, prevented her from taking the traditional course of colonialism. The country was therefore a pioneer in contriving new forms of
penetration without formal political control. This neo-colonialism was also conditioned by the fact that America was a late participant in the colonial race and therefore was not in a position to challenge the older imperialist powers directly for a top leadership role. In 1815, after the Napoleonic wars England had become the unrivalled leader of the capitalist world which was followed by more than half a century of Pax-Britannica. During this entire period of unchallenged British leadership United States played the part of her ally. But the geopolitical insulation by which she was circumstanced enabled her to steadily build up neocolonialism in the Latin America. At the turn of the century America's process of becoming a "have power" had already started. By 1945 it reached her to the position of the leader nation in the capitalist world which was as commanding as that of Britain after 1815.

The major consequence of this reshuffling of position in the capitalist world was an intense militarization of the American economy. United States military needs which were enormously increased during the two wars, remained huge by any peacetime standard even after the second war. Obviously the leader nation could be expected to maintain a military superiority over others. But Britain had experienced a similar position in the nineteenth century without feeling the need of such gigantic military strength. Rather her own position of unchallenged superiority had such a stabilizing
effect over all other members of the capitalist world, that the importance of militarism sharply declined in the nineteenth century. This was in sharp contrast to seventeenth and eighteenth centuries' militarism caused by continuous struggle between Spanish, Dutch and finally between British and French imperialism. The capitalist ideology in fact went so far as to claim that "Modern pacifism and modern international morality are...products of capitalism". The reversal of the situation in the case of United States had two causes. British capitalism in its heyday was never challenged by any alternative economic and social order. But United States was challenged by Soviet power in 1945, which had not only entrenched itself within the Russian boundaries, but could successfully replace the cordon sanitaire of reactionary client states around itself by a protective belt of socialist countries reaching into the heart of Europe. Of equal importance to United States was the rise of socialist forces in colonial and semi-colonial countries against the long-established regimes. World capitalism therefore, despite its achievement of a second industrial revolution was faced with an unprecedented crisis. Given the situation, United States as the leader nation felt the immediate necessity of building up a capitalist counter-offensive. In 1945, the major battle

on the European front had been won. Therefore the necessity of carrying on with the Soviets, which had produced Roosevelt's policy of adjustment and cooperation, was no longer there. This shift in circumstance was coupled with the presidency of Harry S. Truman - the architect of cold war policy - and an year later the return of a conservative Republican Congress on the basis of a declared manifesto of war against communism. A few months after coming to office Truman characterized this reversal of policy in a letter to Secretary of State Byrnes by stating "I am tired of babying the Soviets". The actual launching of the policy, however, had to wait for more than a year which was taken to prepare the American public and the representatives in the Congress for underwriting the world-wide crusade against communism. A major contribution in this came from Churchill's famous "iron curtain" speech delivered at Poulton, Missouri on March 5, 1946. Churchill shuddered at the thought of "what Soviet Russia and its Communist international organization intends to do in the future, or what are the limits if any to their expansionist proselytising tendencies". Though officially the British Government refused to take the responsibility of Churchill's


speech, Churchill's call for an alliance of the English speaking nation foreshadowed the coming containment policy of the Anglo-Saxon world under the leadership of United States.

On February 24, 1947 Britain declared the withdrawal of its support from the rightist government in Greece fighting against the communist guerrillas. British resignation facilitated the transfer of capitalist leadership from Britain to United States and also America's emergence as the world policeman. In his message to the Congress, Truman declared on March 12, 1947, an American protectorate over Greece and Turkey and announced that henceforth "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures". Truman doctrine, however, did not spell out the full scope of the new global policy. It revealed only the negative aspect of the policy - the determination to prevent any further expansion of socialism. The positive requirement of the containment policy was rehabilitation and strengthening

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4 Churchill's Foulton Speech was disowned in a letter written to Louis Ludlow of Indiana, member of the House of Representative, by John Balfour, Envoy Extraordinary and Minister Plenipotentiary of Great Britain, British Embassy, Washington. Balfour wrote that "His Majesty's Government had no previous knowledge of the contents of the Speech". *Congressional Record*, 1946, vol. 92, part 10, Appendix A-2421.

of the traditional centres of capitalist powers and their integration into U.S. dominated military alliance system. The positive objective was fulfilled by Marshall Plan announced in June 1947. The negative objective was fully accomplished by the North Atlantic Alliance Treaty launched on April 4, 1949, thus setting the stage for an atmosphere, unprecedented in human history. It was neither a climate of peace nor of war but one of rising tensions with expectations for a future war.

Though it was true that the rise of Communism contributed appreciably to American militarization this was not the real reason behind it. Even the Western leaders did not think at the end of the war that Soviet Union was committed to ultimate and universal dominance. Back from Yalta Roosevelt had told a joint session of the Congress on March 1, 1945, "I come from the Crimean Conference with a firm belief that we have made a good start on the road to world peace".

American Secretary of State, Byrnes' stenographic report of the Yalta Conference recorded Stalin's emphasis on the need of unity in the post-war period. "The difficult task will come after the war", said Stalin, "when diverse interests tend to divide the Allies. It is our duty to see that our relations in peace-time are as strong as they have been in war".

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7 Byrnes, James F., Speaking Frankly (London, 1947), p. 44.
Churchill too in his report to the House of Commons on February 27, 1945 said:

The impression I brought back from the Crimea, and from all my other contacts, is that Marshall Stalin and the Soviet leaders wish to live in honourable friendship and equity with the Western democracies. I feel also that their word is their bond. I know of no government, which stands to its obligation, even in its own despite, more solidly than the Russian Soviet Government. (8)

One cannot deny that Red Army's presence and active help facilitated the communication of Eastern Europe. But one cannot equally overlook the fact that the major responsibility for this goes to Churchill himself and his predecessor. Stalin tried and successfully retrieved what he had lost in Munich in 1938. Eastern Europe had been used as a corridor of invasion to Russia twice early, and it was opened for the third time by Chamberlaine's appeasement. One cannot, therefore, discount Russia's anxiety about the vulnerability of this region which might have been helped further by the existence of rival political systems in the neighbouring states. Churchill had lost the last opportunity of allaying Stalin's suspicion when he deliberately delayed the opening of the second front on the West. He wanted to make Russian involvement and sacrifice in the war greatest. It turned out so. But what the Red Army gained at the cost of their epic
struggle was the occupation of the Eastern Europe. They obtained their security themselves, which under no circumstances could be denied to them unless of course, American and British armies had met Stalin's army immediately outside the Russian borders. It was impossible to obviate her diplomatic advantages in Europe without setting a limit to the contributions she made to achieve it. Field Marshall Ian Smith of South Africa in a letter written to Churchill on 31 August 1943 had expressed concern at the unequal position of the two armies. Deploring the slackening and tardiness in operation and also the insufficiency of Anglo-American war effort, he wrote "almost all the honours on land go to the Russians and deservedly so, considering the scale and speed of their fighting and the magnificence of their strategy on a vast front". Therefore "A tremendous shift in our world status may follow and will leave Russia the diplomatic master of the world.... Unless we emerge from the war on terms of equality our position will be both uncomfortable and dangerous...."

Besides, history would not forget that it was Churchill's initiative that had produced the famous Moscow meet of British and Russian leaders for deciding the sphere of influence in Balkans. In October 1944, Churchill and Eden went to Moscow where Churchill proposed a ninety per cent-

predominance in Rumania for Russia, the same for Britain in Greece, for Yugoslavia and Hungary fifty-fifty influences for Britain and Russia and for Bulgaria seventy-five per cent control to Russia and twenty-five per cent to others. Though Churchill had agreed to Roosevelt's suggestion that it would be a temporary arrangement, the very fact that he was the first to cash his side of the bargain in Greece followed by Stalin in Bulgaria and Rumania, suggests that neither leader had the intention of having it temporarily. If there was any moment when the fate of the Balkan countries was decided it was this. And "the Russians took it for granted that by the agreement...Britain and the US had assigned them a certain portion of the Balkans...as their sphere of influence". What Churchill did was to recognize the then current position of the Russian armies and perhaps inadvertently, also the fact, that Balkans being the soft underbelly of Europe it would not be possible to gain a foothold there without conceding Russia's security demands. The initiative to draw the "iron curtain" closer to the West was thus taken first by Churchill, though it is true that Stalin might have done the same even without a gentleman's agreement with Churchill.


At Yalta, the Western leaders enjoyed the illusion of retrieving Eastern Europe, despite Red Army's occupation. By the Declaration on liberated Europe the Big Three pledged to assist all liberated countries in Europe "to create democratic institutions of their own choice". It was revealed later by the course of events that concepts of democracy in East and West were different. The usual form of bourgeois democracy if permitted in East Europe would have brought back the same upper classes who had collaborated with the fascists even to the extent of sending millions of their peasants into Russia as part of Hitler's army. Stalin naturally had his greatest stake in eliminating these anti-Soviet votes. One should recognize this constraint on Stalin's part. Russia thus opposed the formation of reactionary governments in Eastern Europe in the same way as America would have opposed or even prevented communist government in Latin America. Spectre of cold war would never have haunted Europe, had there been a simple recognition of this fact. It is difficult to believe that the country which had felt acute discomfiture at the sudden stoppage of the lend-lease supplies or which had made repeated request to America for a loan of 6 billion for post-war reconstruction, was at the same time preparing for an

all-out challenge against her donor country. It was ridic-
ulus too that the country which had the monopoly in nuclear
power and also the complacency that it could remain so for
quite a few years had to prepare for defence against Soviet
Union whose war-time devastation and the need for post-war
reconstruction had no parallel in American life and experience.
Stalin in fact had told Alexander Werth in September 1946
that he did not "doubt the possibilities of peaceful coopera-
tion, far from decreasing may even grow. Communism in one
country is perfectly possible" he said, "especially in a
country like the Soviet Union".

The danger of universal dominance by the Soviet Union
was, therefore, not the real cause behind America's massive
military preparedness after the second world war. The funda-
mental reason behind this problem was contributed by the
character of the monopoly capital. Monopoly capital generates
an enormous productive potential. But since capitalism seeks
to serve only a segment of the society, the investment outlets
to absorb this economic surplus are abnormally few. The sur-
plus that is not invested is not produced either. And after
a point the excess capacity grows so large that it discourages
any further investment. This self-limiting investment pattern
ends in economic downturn. American economy had had to
experience these depressive effects of growing monopoly, but

14 Congressional Record, 1945, vol. 91, part 8, p. 10130.
Fortunately, till 1940s it could tide over the crises situations with the help of external stimuli like war mobilization or technological innovation that shook up the entire pattern of the economy. But since 1870, the approximate time from which the growth of monopoly may be dated, the tendency of economic surplus to rise much above the capacity to absorb had always been a menace whenever the external stimuli weakened or disappeared. A notable example would be the great depression of 1930s, which was precipitated firstly by the disappearance of the aftermath boom generated immediately after the First World War, and secondly by weakening of the stimulus of automatization. The result is that behind the appearance of growth and prosperity of the American economy the potentialities of economic down turn always, loomed large. A partial, though not conscious, realization of this potentiality came after the Great Depression of the thirties as the intensity of the calamity made it a second historic experience for the American people after their Civil War. Since then American economy suffered from a depression psychosis specially after it had been realized that "the Great Depression of the thirties never came to an end. It merely disappeared in the great cause of the militarization of the forties".

The greatest problem of the US economy after the Second World War was how to maintain the props that could hold back the inevitable slump. The gigantic production apparatus serving the war time needs multiplied the problem of the economic surplus thousand-fold. America's contribution to Western industrial production rose from 47 per cent to 60 per cent in ten years from 1938 to 1949. End of war meant closure of major investment outlets for the economic surplus. So the disappearance of an external stimulant again threatened American economy with an inevitable slump. The only solution under the circumstances was to bring back stimulation from outside. Increased military budget, disproportionate to peace-time necessities was chosen as the major prop to replace war-time production, though of coordinate importance was also a second wave of automobilization and suburbanization.

The image of cold war was devised to rationalize this absorption of the economic surplus through increased military spending. This has been recognized even by J.K. Galbraith, without of course conceding, as he said, "wittingly or unwittingly, the purpose of communist propaganda" "that a capitalist economy suffers from an inherently limited market (and) Arms expenditure, like imperialism, is one of the necessary correctives". He however, reached the same conclusion

without the help of communist propaganda. Industrial "system's planning...reaches its highest state of development", he wrote, "in conjunction with modern military procurement. ...it is necessary, however, that there be an image of the world which justifies or rationalizes the military expenditures that the arrangement requires. ...the requisite image has been that of the Cold War". Galbraith also expressly identified militarization as an important external stimuli for the American economy. "In an orthodox conflict", he wrote "the arrival of peace abruptly removes the support for future outlays. A war without fighting neatly obviates the danger that fighting will stop". Therefore, "a drastic reduction in weapons competition following a general release from the commitment to the Cold War would be sharply in conflict with the needs of the industrial system".

Military spending was, therefore, the last solution for the American economy. Under the circumstances, the third world countries were threatened by a two-fold danger. On the one hand they were expected to participate in the world crusade against communism, be parts of the American alliance system and supply bases of operation for the American armed forces. On the other hand, since most of these countries had

18 Ibid., p. 331.
19 Ibid., p. 333.
20 Ibid., p. 342.
rich raw material deposits, they were expected to be the sources of uninterrupted supply for America’s massive military production. According to a New Times Report, top business magnates of the United States demanded before the thirty-eight Annual Session of the U.S. National Foreign Trade Council, that U.S. foreign economic policy should be "directed aggressively towards facilitating the contribution which private industry can make in increasing raw material production in foreign lands and toward assuring the availability of these materials in quantities adequate to our growing requirements in the United States". As a necessary requirement they also demanded the "creation of political and economic environments conducive to the (American) investment" in these lands. The Third World Countries, in other words, were threatened by direct or indirect political and economic control by the United States of America.

II

India’s Responses to the International Situation

The problem of imperialism was, therefore not solved by the cessation of war in 1945 rather it was heightened by the reappearance of a less overt and sophisticated variety of it. All of Nehru’s apprehensions thus came true. The

21 New Times (Moscow), 14 November 1951.
22 Jawaharlal Nehru, Discovery of India (New Delhi, 1972), p. 549.
surplus of monopoly capital introduced new tensions and the world awaited for another era of domination. Every attempt was made, however, to make the communist expansion in the Eastern Europe the scapegoat of troubles, its ideology the most condemned evil of the day. But India, identified the neo-imperialism, that resulted from America's status as the leader of the capitalist world and also the needs of monopoly capital, as the real cause behind the cold war tensions in the post-war world. India was not convinced of the inevitability of confrontation between East and West and therefore the necessity of preparing for a world crusade against the Communist world. Nehru irritated the Cold War strategists by declaring that "the conditions that ultimately lead to war (was)... the overpowering fear...." "Let us banish", therefore, he said in one of his General Assembly Speeches, "all thought of an aggressive attitude whether by word or deed".

In fact the existence of the Soviet system had little relevance for Indian diplomacy which was geared mainly to the prevention of the American imperialism. Though Nehru was never happy at the way the iron curtain was drawn closer to the West, yet he had conceded the objectives behind its

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24 Ibid., p. 165.
creation and knew that the relevance of Eastern Europe to Soviet Security can have no parallel for other regions. For Russia the wall of defence had to be on the West and since security was the only compulsion behind Soviet expansionism, developing nations had no significance for the survival of communism except in an indirect manner by which the fulfilment of socialism in other countries could strengthen the position of the first socialist country in the world. Two other reasons had helped to maintain this indifference to the Soviet World. Firstly the menace of Chinese existence across the border had not been apparent in the late forties. Nehru's theory of peaceful co-existence between the two systems, therefore, was not yet put to the test. Secondly, the communists also maintained indifference to the developing world. It was only in the mid-fifties that developing nations ruled by the national bourgeadsic came within the range of foreign policy consideration of the Soviet Union.

But despite India's apathy forwards West's cold war attitude she received special attention in United States' global strategy. She had two vulnerable neighbours - Russia and China - both declared enemies of the United States. India was not merely a country but a subcontinent containing some few hundred millions of hungry people susceptible to Communist penetration. She was strategically situated connecting West Asia on the one hand and South and South East Asia on the other.
And finally the power potential of India both in terms of human resources and natural resources drew American attention to the subcontinent.

India responded to the situation with non-alignment as an escape from the neo-imperialism. Nehru declared in the Constituent Assembly in December 1947, "we will not attach ourselves to any particular group". He explained to the world that this policy stemmed from a difference in approach between Europe and Asia. "Europe", he said, "has a legacy of conflicts of power, and of problems which come from the possession of power. They have the fear of loosing that power and attacking one country or the other. So that the European approach is a legacy of the past conflicts of Europe". The problem of Asia, on the other hand, was primarily economic - the problem to secure minimum necessities for common man, the problem to find means of fighting hunger, destitution and illiteracy. Therefore, he thought, "it would be folly in the extreme for the countries of Asia or for India to be dragged in the wake of the conflicts in Europe". "We want atleast fifteen years of peace", he said, "in order to be able to develop our resources".

26 Ibid., p. 22.
27 Ibid., p. 23.
28 Ibid., p. 48.
Non-alignment was not welcomed in the West. It was described as an irresponsible and immoral position when the world was threatened by communist conspiracy. In the developing world, though it was recognized as an alternative to the diplomacy of confrontation, it was not always considered to be a feasible method of defending world peace. But none of the descriptions did reveal the real character of non-alignment. Non-alignment did not conceive, as was commonly assumed in the forties, of keeping India outside the contest for power. It did intend an eventual participation, though only in the long run. It was, therefore, neither a passive doctrine nor a simple moral position born of impractical idealism. Indian leaders, specially, Nehru, was conscious of the power potential of this country and believed that given a period of peaceful construction, India would become an important regional force ultimately impinging on world affairs.

Indian nationalism was never a simple urge to gain political independence. It was born out of the cultural and religious revivalism in the nineteenth century and its basic objective had been to develop an Eastern identity distinct from that imported from the West to this soil. This strong sense of bearer of a rich heritage coupled with the power potential that was assured by her size and the geopolitical situation, gave India the confidence to assert a position that was totally disproportionate to her capacity.

India's foreign policy was thus based on a strong
sense of national interest. This was revealed by Nehru's statements made immediately after independence. "Our instructions to our delegates have always been" he said, "to consider each question first in terms of India's interest and secondly on its merits...." Similarly he said, "We are not going to join a war if we can help it (but) we are going to join the side which is to our interest when the time comes to make the choice". Explaining the new foreign policy before the Constituent Assembly, Nehru said, "foreign affairs are utterly realistic today...." "...the art of conducting foreign affairs of a country lies in finding out what is most advantageous to the country". "...a government functions for the good of the country it governs and no government dare do anything which in the short or long run is manifestly to the disadvantage of that country".

The real urge behind the policy of non-alignment was fully expressed when Nehru suggested India's future role in a resurgent Asia "A certain special responsibility is cast on India", Nehru said. "She cannot be ignored, because...her geographical position is a compelling reason. She cannot be ignored also, because of her actual or potential power and

29 Ibid., p. 33.
31 Ibid., pp. 27 and 28.
32 Ibid., p. 44.
Moreover, "India is a country with a tremendous vitality which it has shown through its history. It has often imposed its own cultural pattern on other countries, not by force of arms but by the strength of its vitality, culture and civilisation", with this image of India in mind Nehru stated before the Constituent Assembly "it is not in consonance with our dignity just to interfere without producing any effect. We should either be strong enough to produce some effect or we should not interfere at all". India was thought to be destined to be great, to be one of the leading nations of the world. It should be noted here that India's dream to become great was facilitated to a large extent by the low profile maintained by China in the late forties. It is difficult to say whether India could have asserted a similar position had China been able to consolidate her position before India's independence. India was able to assume the unchallenged leaderships of Asia as her only potential competitor was then busy setting its house at order. Nehru was conscious of the future danger to India's leadership from China. Nevertheless, he utilized the opportunity of China's preoccupation with domestic uncertainties. Another factor acted in favour of India. In the late forties communism was

33 Ibid., p. 43.
34 Ibid., p. 39.
still an untried formula in Asia. Hence the Chinese model of development attracted less attention than the Indian one which also promised peace and prosperity but never overstepped the established tradition and norms. Both the points are endorsed by the fact that Sino-Indian relations worsened in the late fifties after China's successful experiments with communism, on the one hand offered the third world an alternative model of development, on the other hand, enabled China to assert a position equal to her power potential.

The policy of non-alignment thus provided for, more a model of development than any moral doctrine. The Indian diplomacy sought a course of future progress that would keep India away from the tentacles of neo-imperialism. In other words, in the period immediately after independence India started implementing the negative principles of anti-imperialism which were the first assumptions of Nehru's model of non-alignment. This was also the period when the positive principles of this development model were worked out. For twenty years preceding independence India concentrated on determining what she should not do as an independent member of the international world. Now it was time to determine the positive path of development. But surprisingly the positive and negative aspects of non-alignment contradicted each other. Politically India desired independent survival, but economically she hesitated to sever her trade and commercial links with the Western capitalist system. "Our trade and economic
interests", Nehru said, "might link us more with some countries and less with others...." The implication was that India would remain a part of the Western capitalist system. Going even beyond this Nehru asked for technological aid from the United States. In his first ever speech before the U.S. Congress in October 1949, Nehru said, "though our economic potential is great, its conversion into finished wealth will need much mechanical and technological aid. We shall, therefore, gladly welcome such aid and cooperation on terms that are of mutual benefit".

The paradox in this position was not immediately realized. Nehru wanted to oppose the principles of capitalism and imperialism, but being still a part of the system. He never realized, it seemed, the unfeasibility of such a revolt within the system that could be engineered by an insignificant power like India. In consequence, the logic or the lack of logic in the contradiction in Indian position pushed India more and more away from all radicalism. The objective of this dissertation is to trace the development of India's transition from radicalism to a more flexible and liberal attitude towards the United States and her Western allies. As would be seen in the next substantive chapters India had started with radical domestic and foreign economic policies. But needs for a

36 Ibid., p. 43.
37 Ibid., p. 591.
quicker growth, as also insufficiency of the domestic capital induced her to look towards foreign capital. In the process she had to soft-pedal her radicalism, welcome the foreign capital and allow the development of a relation of dependence with the United States, primarily, but also with other Western powers. This did not mean, however, that India's radicalism was sacrificed totally. The undercurrent of economic nationalism was always there and came up to the surface whenever provoked by super-power domination or encouraged by a favourable turn in circumstances. In the mid-fifties as the channels of socialist aid were opened to the third world, India took a stiffer attitude towards the foreign capital imported from the West. The corresponding foreign policy of the period also took a sharp radical turn. But the change over to radicalism was extremely shortlived. Firstly because the socialist aid, though pumped into vital sectors, was quantitatively too insignificant to encourage India in her independent position. And secondly, since India had major economic links with the system she belonged to, she could not take her urge for independence too far. A severe exchange crisis in 1967, thus brought back India to a more flexible position. Finally, the breakdown of Sino-Indian amity perpetuated the relation of dependence with the West and specially USA, as India's need for greater military and economic assistance increased with the border crisis in the north.
The substantive part of the study has been divided into two parts. The first part deals with the foreign economic policy and foreign policy of India during the period between 1946 and 1953. The second part, analyses the relation between the above policies during the period between 1954 and 1964.