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Office Memorandum • UNITED STATES GOVERNMENT

TO : Dr. Langer

DATE: 5 January 1950

FROM : NIE-72
25X1SUBJECT: Possible NIE on India's Position in the World Balance of Power

1. It is suggested that serious consideration be given to the desirability of producing a National Intelligence Estimate on India's Position in the World Balance of Power in order to assess India's will, as well as its capability, to resist further Chinese (or Soviet) aggression in Asia. Although a number of India's leaders appear increasingly disturbed by the implications of Chinese Communist aggression in Korea and Tibet and have unofficially indicated a desire to establish closer ties with the US, the Government of India, under the powerful influence of Prime Minister Nehru, continues to pursue a "middle course" in the East-West struggle. The Indian Government considers Chinese Communist aggression less of a threat than Western Imperialism to Asiatic nationalism and, consequently, is extremely reluctant to join with the West in collective security measures against such aggression. Even if India's will to resist Communist aggression were to increase significantly, there is considerable doubt as to its ability effectively to resist such aggression, because of a number of potentially critical developments both within India and on its borders.

2. The advance of Chinese Communist troops into Tibet is expected to result in the rapid subjection of all Tibet to Chinese Communist rule. Tibet's southern frontier is in places less than 250 miles from New Delhi and less than 350 miles from Calcutta. Chinese Communist troops in their drive into Tibet have been reported not only to have approached the Assam frontier but to have crossed the frontier on certain occasions.

3. If the French are driven from Indo-China and a Communist regime is established in that country, it is generally expected that Siam and possibly even Burma will not long be able to resist Communist pressures and will also become Communist states. Chinese Communist troops are reported near the borders of both countries.

4. China has long maintained claims to certain territory in northeastern India, and the Chinese Communist regime can be expected to take advantage of these claims at an appropriate time in order to bring pressure on India.

5. India is disturbed by the possibility of Chinese Communist aggression from Tibet against the border principalities of Nepal, Sikkim and Bhutan and has attempted by various means to increase Indian influence over these states. It has been successful in establishing protectorate rights over Sikkim and Bhutan, but its attempts to bring Nepal to heel are meeting with considerable resistance from the hereditary ruling clique in Nepal, the Rana family. India's chief instrument in undermining the authority of the Rana family is the Nepalese Congress Party. The danger exists that the struggle between the Nepalese Congress Party

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and the Rana clique will result in chaotic conditions within Nepal and thus render that kingdom an easy prey to exploitation whether by a hostile government in Tibet or by Communist and other disloyal elements in India. The Nepalese Congress Party is itself suspected of harboring Communist elements, and the Communist Party of India is reportedly planning activities to take advantage of the Nepalese situation. Nepalese Government troops, who are currently having considerable difficulty in suppressing insurgent forces of the Nepalese Congress Party, could probably put up only token resistance to a Chinese Communist invasion from Tibet.

6. ~~P~~ India is reported to have strengthened its garrisons along the northern and eastern frontiers and to have built more airfields in the north-eastern part of the country.

7. Although the Government of India continues to pursue a "middle course" in the East-West struggle, its faith in the concepts of an Asian accord and an Asiatic Third Force appears to be weakening. It recently turned to the US with a request for 2,000,000 tons of wheat, although admitting that it was in no position to pay for it. (At the same time, however, it has concluded a modest barter deal with Communist China for 50,000 tons of rice in exchange for jute.) A leading Indian industrialist recently proposed to the US Ambassador that India be assisted to participate in the production of military equipment for the Western Powers. Although the Government apparently desires to appear neutral, a number of officials have discussed the problem informally. Various officials have also responded enthusiastically to a US suggestion that the two countries informally discuss the South-east Asian situation.

8. The Kashmir issue continues to embitter India's relations with Pakistan, which might well resort to arms to prevent the establishment of an Indian-aligned Constituent Assembly by the present pro-Indian Kashmir Government. Preparations are already in progress for the election of an Assembly which is tentatively scheduled to meet either in May or September 1951. The disinclination of the UN to take any action which would have the effect of interrupting or delaying these developments in Kashmir has induced in Pakistan a feeling that the great powers are willing to sacrifice Pakistan interests rather than antagonize India. Consequently, public pressure to pursue extreme methods in Kashmir is growing, and Prime Minister Liaquat has refused to go to the London Commonwealth Conference until he obtains an assurance that the Kashmir issue will be formally discussed collectively by the Commonwealth Nations.

9. Although the Communist Party of India has been weakened during the past year by factionalism, there is considerable evidence that a determined effort is being made to heal the breaches in the party. Preparations are now in progress to hold a Party Congress in mid-January 1951, when an attempt will be made to establish a politburo and to devise a unified program. If this should occur and if more energetic direction were forthcoming from Moscow or Peiping, the CPI would constitute a serious threat to internal stability and in the event of war could seriously disrupt India's war effort. There has been no diminution of those factors—such as communal tension, refugee problems, and general economic distress—which encourage a growth of Communism.

SECRET

10. The recent death of Deputy Prime Minister Patel may have a significant influence on the trend of both foreign and domestic Indian policy as well as on India's political stability. The cleavage between the right and left wings of the ruling Congress Party and between sectionally minded groups can be expected to become more pronounced, thus further weakening the Government. Nehru has already strengthened his position in the Government at the expense of Patel's followers. At the same time the extreme nationalist Hindu Mahasaba Party has increased its criticism of the Government, and the Indian Princes have secretly discussed vague plans for a coup d'etat.

11. India's economic situation has worsened during the past year. Because of its embargo on Pakistan trade, India has been unable to dispose of much of its produce profitably. Because of natural disasters, it is being compelled to import increased quantities of food. It lacks the foreign exchange to purchase either food or the capital goods necessary to improve India's industry sufficiently to prevent a probable continuing decline in the Indians' standard of living. The deterioration of the economic situation is further undermining the authority of the Government and the prestige of the Congress Party.

12. It is evident from these various trends and developments that although India is becoming increasingly disturbed by the implications of Chinese Communist aggression in East Asia, it has shown little inclination to support collective action against the spread of Communism and is unlikely to be capable of effective resistance to further Communist aggression because of serious weaknesses in its internal situation and in its relations with its immediate neighbors.

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