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(3)

23 September 1968

MEMORANDUM FOR: Mr. George Carroll
 Assistant to the Vice President
 Room 319, East Building

SUBJECT : Morarji Desai and Indian
 Politics

As a follow-up to the intelligence memorandum on the Indian political scene provided you earlier this month, I am attaching a brief commentary on Morarji Desai's possible re-emergence as an active political power. An Embassy airgram on the same subject is attached in case you have not already seen it.

/s/ R. J. Smith

Deputy Director for Intelligence

Attachments (2)
 As stated
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28 September 1966

MEMORANDUM

SUBJECT: Morarji Desai in Indian Politics

1. Morarji Desai's position has been something of an enigma ever since he lost the succession battle to Mrs. Gandhi last winter, and his aloofness from direct involvement in intra-party machinations keeps it that way. The US Embassy in New Delhi has produced an excellent summary of recent developments involving Desai (Airgram 231, 16 September--attached as an annex). We concur in its analysis.

2. The OCI report "Indian Prime Minister Gandhi: Performance and Prospects" was published just before rumors began to circulate in New Delhi that Desai might be brought back into the cabinet. At the time some of Desai's past associates were in the news as active critics of Mrs. Gandhi's fertilizer and exchange rate policies. Desai himself, however, was energetically chairing the government's administrative reforms investigative committee and holding to his longstanding vow never to criticize either the Congress Party or the government in public.

3. [REDACTED]

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[REDACTED] a factional split within the Congress Party, with three separate groups crystallizing around Mrs. Gandhi, Party President Kamaraj, and Desai. We believe this analysis is considerably oversimplified; most party bosses are still chary of binding commitments to anyone.

4. Nevertheless, Morarji's sudden emergence--at least at the rumor level--as a prospect for a major cabinet post reflects uneasiness within party ranks about the image of vacillation and uncertainty now being projected by the

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Gandhi government. Many party members probably feel that the addition of the stern, sober, and competent Desai would stiffen the government's backbone. On balance, however, we concur with the Embassy's judgment that major cabinet changes (including Desai's entry) are unlikely before the February elections.

5. After the elections it will be a considerably different ballgame, played by different rules. Even then, although a move to oust Mrs. Gandhi is quite possible, especially if the elections go badly, we see little chance that Desai's power position will improve sufficiently to give him much of a chance at the premiership. It is conceivable that Desai will accept a senior portfolio in a post-election cabinet reshuffle. We do not believe his bargaining position will be as strong then as it is now, however, because of the lesser need for a party-unifying gesture.

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

September 21, 1966

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Dear

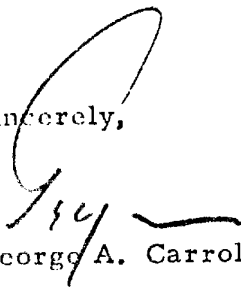
I received today your OCI report, "Indian Prime Minister Gandhi: Performance and Prospects" and hasten to thank you for it.

I suppose the only surprise in it is its treatment of the position of the former Finance Minister, Morarji Desai. We would have thought that Desai's position deserved a few more sentences. I wonder, in retrospect, what your analysts would say to this point.

I shall pass along your study to the Vice President and let you know if he has further needs. In the meantime, thank you very much.

Best wishes.

Sincerely,


George A. Carroll

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Office of the Deputy Director
for Intelligence
Central Intelligence Agency
Langley, Virginia

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