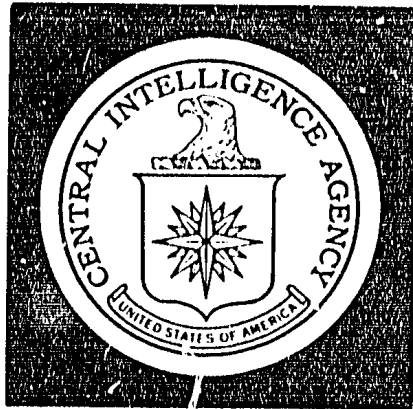


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Indian Politics: Adapting to a Changing Environment

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28 December 1970
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28 December 1970

SPECIAL NOTE

On 27 December, India's President Giri, acting on Prime Minister Indira Gandhi's recommendation, dissolved Parliament. National elections will be held in late February or early March--the precise timing to be announced within a few days. The endorsement of early elections by the Ruling Congress Party hierarchy and the recent fall of the Bihar State Government into opposition hands were factors that apparently clinched Mrs. Gandhi's decision to seek a fresh mandate for her party's "socialist and secular policies and programs."

The Intelligence Memorandum which follows was written before the events of 27 December. It is being issued as prepared because, other than for Mrs. Gandhi's electoral decision, its substance remains valid. The map should now show Bihar State in stripes (OC led or supported). Sentences 3 and 4 in para 25 are now outdated.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
28 December 1970

INTELLIGENCE MEMORANDUM

Indian Politics: Adapting to a
Changing Environment

Introduction

National elections must take place in India by February 1972, but could be called as early as this winter or next spring. The timing rests with Prime Minister Indira Gandhi, who has good reasons for making either choice. Her popularity has risen over the course of the year, but her party's organization remains weak in much of the country.

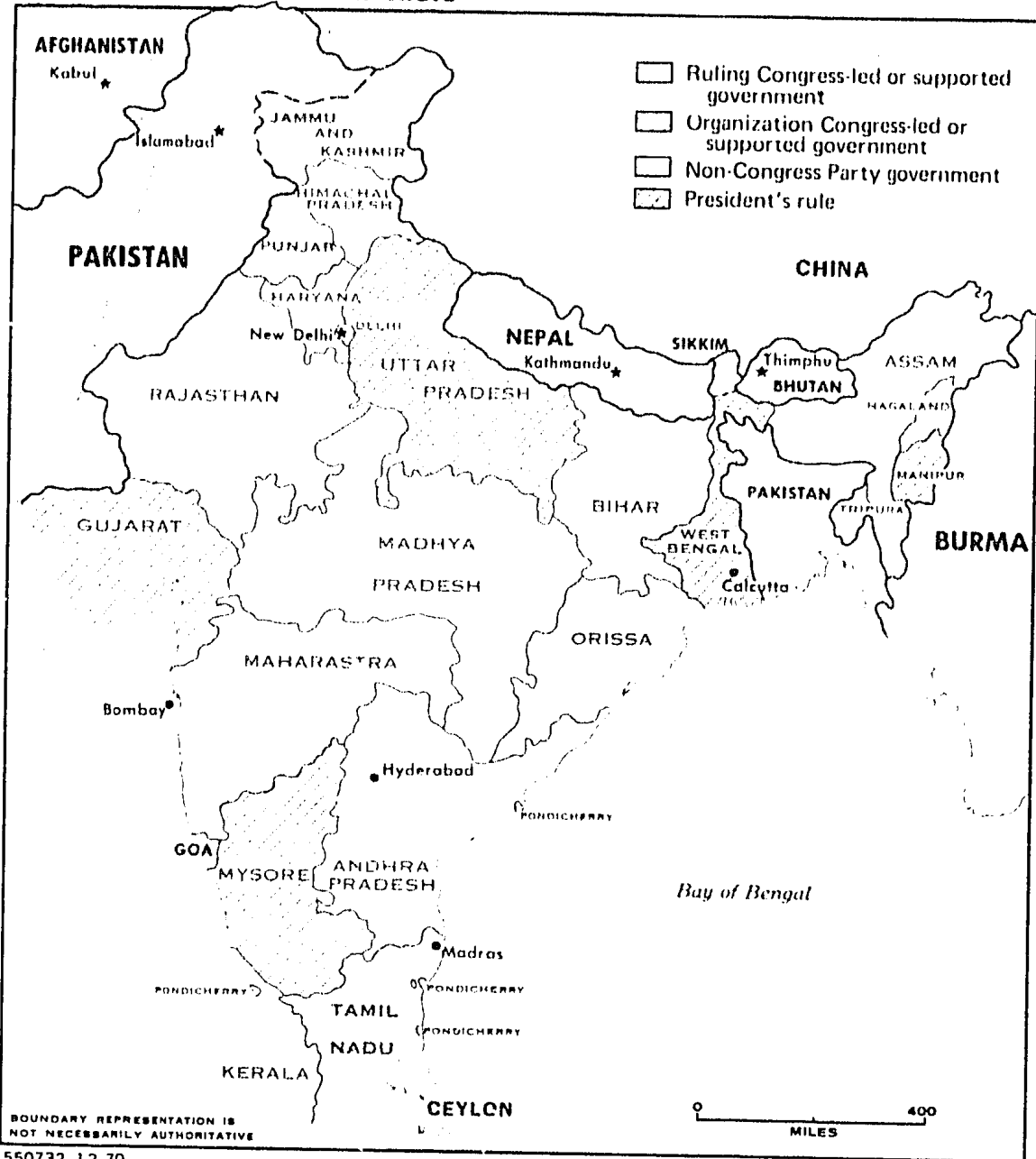
India's political parties are currently struggling to adjust to a new order. The split in the long-dominant Congress Party in November 1969 caused a major shake-up that has forced most parties to reassess their identity and devise new tactics. Although Mrs. Gandhi survived the Congress split, she now heads a minority government that must rely on the support of a variety of generally left-of-center opposition parties and independents. Her dependence on these groups has invigorated the opposition, presenting it with new possibilities for participating in electoral alliances and coalition governments at both the state and national level.

Instability and fluidity may well be the prevailing features of Indian politics over the next several years. Attempts to reunify the two Congress parties have so far failed, and polarization of the political system to the right and left has not come about, largely because political expediency and opportunism--rather than ideological conviction--govern political decision-making in India.

Note: This memorandum was produced by the Office of Current Intelligence and coordinated within the Directorate of Intelligence.

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The Political Situation in India



Background

1. A year has passed since the Congress Party split, divorcing Prime Minister Gandhi and more than half the party's membership from the segment headed by old-time, relatively conservative leaders. This move was a dramatic break from the past, for no longer would the Indian political scene be monopolized by one, basically centrist party. Under the leadership of Mrs. Gandhi's father, the Congress Party had spearheaded the long drive to independence, and for the next 22 years it dominated political activity both in the states and in New Delhi. Since the Congress split, political forces have been unable to forge anything resembling a stable realignment to adjust to the new situation.

2. The split in Congress had been in the wind for several years. Since her selection for the prime ministership in January 1966, Mrs. Gandhi has nurtured a strong instinct for political survival, a development unforeseen by the Congress bosses who had supported her nomination in the expectation of profiting from her political inexperience and assumed malleability. Until the national election in 1967, however, Mrs. Gandhi was principally a creature of the Congress hierarchy and had evidenced little promise of emerging as the independent-minded, often unpredictable leader she is today.

3. The Congress' debacle at the polls in 1967 signaled a major turning point for the party and for Mrs. Gandhi. Although its popular vote fell only four percent, the number of seats the party held in the lower house fell from 73-75 percent attained in the three previous national elections to 54.6 percent. In the state legislative assemblies, Congress retained an absolute majority in only half the 16 states where elections were held, and a number of influential state party leaders were among the casualties. Amid an atmosphere of disillusionment and confusion, a caucus of senior Congress bosses again

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selected Mrs. Gandhi as prime minister; this all-India figure was thought least likely to interfere with their vested interests. Meanwhile, the small opposition parties, whose development had been stunted by two decades of Congress predominance, basked in the glow of electoral success. They had discovered that alliances were the key to denying Congress the towering parliamentary majorities it had constructed from its electoral pluralities during the Nehru years.

4. The period between 1967 and 69 was essentially one of governmental drift. Important policy decisions were deferred as Mrs. Gandhi failed either to challenge or submit to the "syndicate"--the leaders who dominated the party organization. Increasingly, however, she began to ignore these old-time party bosses and look to her own coterie of advisers, generally younger men who shared her enthusiasm for socialist reform as an antidote to India's economic woes.



"Syndicate" Members Confer at Time of Congress Split

5. Following the death of President Husain in May 1969, the question of a successor precipitated a clash between Mrs. Gandhi and her opponents in Congress that ultimately split the party. She refused to accept the choice of the party bosses for President and tacitly endorsed V. V. Giri, who ran successfully as an independent. To strengthen her

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PARTY POSITIONS IN THE LOWER HOUSE OF PARLIAMENT	
Mrs. Gandhi's Core of Support (273 seats)	
Ruling Congress Party	225
Dravida Munnetra Kazhagam (DMK)	24
Communist Party of India	24
The Opposition's Core of Support (131 seats)	
Organization Congress Party	63
Swatantra Party	35
Jana Sangh Party	33
Others (116 seats)	
Communist Party of India/Marxist	19
Samyukta Socialist Party	17
Praja Socialist Party	15
United Independent Group	25
Unattached Independents	30
Indian Revolutionary Party (BKD)	10
Vacancies	2
Total Membership	522*
<i>*excluding nonpartisan speaker</i>	

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position and to refurbish her credentials as a champion of the people, she urged nationalization of the banks, a long-time objective of the Congress that had been shelved by the party's right-wing. She thus forced the resignation of her foremost opponent, the conservative Morajii Desai. Tension between the two factions mounted throughout the fall of 1969. The die was cast when the party bosses supported a no-confidence motion that the opposition parties had brought against the government the first day of the winter session of parliament. The vote reaffirmed support for Mrs. Gandhi as prime minister, and she faced the new year as head of her own independent faction, the Ruling Congress (RC).

Making it With a Minority Government

6. Throughout 1970, Mrs. Gandhi has concentrated on consolidating her power and sharpening her image as a "progressive" socialist, always with an eye on the next round of parliamentary elections that must take place before the current five-year term ends in February 1972. For the first time, India is experiencing a minority government. In the 522-seat Lower House--the more important of the two houses in terms of financial control and ministerial responsibility--the RC holds only 225 seats. The government achieves a narrow majority of 273 when Mrs. Gandhi receives the support of two frequent allies--a small South Indian regional party, Dravida Munnetra Kazhagam (DMK), and the pro-Soviet Communist Party of India. The more moderate of the two main socialist parties (Praja Socialist Party) and most of the independents can usually be rallied as well, thus reducing the danger of the government's falling on a no-confidence vote. The opposition bloc, headed by the old-line party bosses' Organization Congress (OC), normally can muster only about 131

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votes, around half of which derive from two right-wing parties, the conservative Swatantra and the Hindu nationalist Jana Sangh. The remaining lot of about 118 votes, coming from small parties covering the spectrum of Indian politics, is sought by both Congress groups.

What Do The Parties Stand For?

7. Ruling Congress--In the heady atmosphere immediately following the party split, Mrs. Gandhi's RC sought to project a more progressive image, particularly in the economic sphere, by adopting an ambitious resolution that reiterated the Congress' traditional commitment to socialism and called for the nationalization of general insurance, the abolition of the privileges and payments to the former rulers of princely states, official procurement of major agricultural commodities, and a predominant role for government in the import-export trade. The rapid implementation of existing land reform legislation, including a ceiling on urban property, and an increase in the role and scope of the public sector in the economy were also listed as objectives.

8. Six months later, at the party's June meeting, however, RC leaders could report little progress on the party's economic program, which was understandable considering the magnitude of India's economic problems. To divert attention from this situation, the government focused on emotion-laden communal problems. A bloody series of Hindu-Muslim confrontations, particularly in Bombay, gave Mrs. Gandhi a pretext for patriotic affirmations of devotion to Indian secularism. In effect, she was making a bid to welcome Muslims and other minority groups into the RC. As an election strategy this was a prudent tack, for the RC must win heavily in the northern, Hindi-speaking belt where Muslim votes can determine victory or defeat for many candidates.

9. Mrs. Gandhi's government has yet to demonstrate significant forward movement in any major problem area--economic growth, population control,

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education and unemployment, or center-state relations. She has tried to substitute appeals for reinvigorated nationalism for positive action as a time-buying device in anticipation of approaching elections.

10. Organization Congress--Since mid-1970, the RC has muted its verbal attacks against the OC, largely because the old-line faction has proven incapable of mounting any real threat. Heavy on aging leaders and low on rank and file, the OC has failed to come up with a program that could attract sizable sections of the electorate. The OC now assesses its minority position more realistically, however, and has focused on what must be done if the party is to gain some share of power in the next government.

11. The most important result of an OC conclave in June 1970 was the adoption of a political resolution calling on all "democratic, nationalist and socialist" forces to unite in order to "Save India, Save Democracy." Party leaders contended that Indian democracy was being jeopardized by Communist subversion resulting from Mrs. Gandhi's reliance on the pro-Soviet CPI and her government's partiality toward the USSR. In addition, they faulted her administration for not curbing leftist extremists, particularly the pro-Mao terrorist, Naxalites of West Bengal, who are a constant threat to law and order. Swipes were made at the government's economic policies, specifically the heavy losses incurred in public sector projects and the RC's declared intent to expand the government's role in industry and trade.

12. The OC fully realizes the need to expand its popular base by electoral arrangements with other opposition parties, but no firm alliances have yet been achieved. It now appears that any electoral relationships will consist of ad hoc agreements arising from local political situations

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rather than from a formal nationwide alliance. The two rightist parties with which the OC shares some ideological affinity, Swatantra and the Jana Sangh, reacted favorably to the OC's earlier proposal for a "grand alliance" of opposition parties and have since expressed disappointment that the OC has not followed through.

13. There are several fundamental reasons for the OC's hesitation about making such a commitment. The party has already been stigmatized--to a greater extent than it probably deserves--for being rightist and reactionary. In essence, personal rivalries rather than ideological differences forced the Congress split. As long as communalism remains a sensitive political issue, too close an association with the foremost Hindu nationalist party, the Jana Sangh, can only be a liability, alienating the important Muslim minority. Swatantra's fundamental espousal of a laissez-faire economic policy--free enterprise, private ownership of land--and its Western-oriented image are inconsistent with the avowed socialistic goals of either Congress faction.

14. Regional variations pose further problems. In the states of Gujarat and Mysore, where the OC forms the government, there is strong opposition from OC leaders to obligatory alliances. In Gujarat for instance, the major opposition to the OC government is provided by the Swatantra Party. Although the OC leadership is openly divided on the issue, it appears that the choice of alliance arrangements will remain the prerogative of regional leaders.

15. The Non-Congress Parties--The Congress split caused rejoicing among opposition parties. The two major Communist parties--the internationally independent Communist Party/Marxist (CPM) and the more moderate, pro-Moscow Communist Party of India (CPI)--view it as a new opportunity to press for a leftward orientation of government policies and the CPI, particularly, sees a chance to win new respectability on the Indian scene.

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Aided by India's increasingly permissive political climate and by their willingness to compete within the Indian democratic system, the CPM and CPI are now recognized as legitimate contestants for power. The former aversion toward cooperation with Communists in electoral agreements or coalition state governments is rapidly evaporating.

16. Both the CPI and CPM support Mrs. Gandhi's socialistic goals and provide conditional support to her government, primarily to prevent its replacement by right-wing forces. The CPM, with its 19 members of the lower house, remains aloof, however, and is officially opposed to joining in a coalition with the RC. Mrs. Gandhi is not solely dependent on the 24 CPI votes in Parliament, but her safety margin is narrow enough to dissuade her from seriously alienating the party and losing its future support.

17. Among the non-Communist opposition, the party with the most to gain from electoral alliances, at least in the short run, would appear to be the Swatantra. Small and conservative, with support largely confined to three states, it may have forestalled its demise by seeking participation in multi-party coalition government elsewhere in India. It has encountered reverses in Gujarat, and is uncertain of its position in Rajasthan. In Orissa, where Swatantra theoretically leads a coalition government, it actually supplies little more than a name to another older and strongly rooted regional party. Some OC leaders have questioned the value of any formal alignment with Swatantra since a number of its members will probably eventually drift to the OC of their own accord.

18. A larger and better organized party, the Hindu nationalist Jana Sangh, has sought to expand its base for several years and has cast about for mergers with other non-leftist parties. Thus it is favorably disposed to closer ties with the OC,

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but like the other opposition parties refuses to have its support taken for granted and assumes an independent stance on some issues. The main socialist parties are undergoing serious organizational problems and will have difficulty sustaining national support.

Electoral Alliances

19. The most significant step toward a new electoral strategy was taken in Kerala's mid-term election last September, the first state-wide election since the Congress split. In the first outright electoral "understanding" (Mrs. Gandhi insisted it was not an "alliance") between the RC and a Communist party, Mrs. Gandhi's faction openly campaigned with the CPI-led front. Although the peculiarities of the Kerala situation preclude duplication throughout India, it is still noteworthy that such a venture, inconceivable several years ago, was successful for both parties. In contrast, the OC with its rightist allies--and ironically with an "understanding" with the extremist CPM--was ignominiously defeated, attesting both to the unpopularity of conservatives in that traditionally leftist state and to the poor quality of local OC leadership.

20. Since then, Mrs. Gandhi has kept one of her ablest lieutenants, C. Subramanian, busy as a liaison officer, giving credence to reports that similar electoral experiments will be tried in other parts of the country. The next testing comes in late December in Tamil Nadu, where the OC and the Dravida Munnetra Kayhagam (DMK) are contending for power. Subramanian and the CPI are behind the formation of a seven-party alliance whose prime aim is to defeat the OC, which now controls eight of the ten municipalities going to the polls. Although the OC lost control of the state in 1967, it still enjoys a major asset in K. Kamaraj, a former president of the unified Congress Party and a proven vote getter in Tamil Nadu. The RC, buoyed by its success in Kerala and recognizing its minimal strength in Tamil Nadu, clearly feels it has little to lose by strongly supporting an anti-OC alliance.

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Mrs. Gandhi and C. Subramanian

21. Along with this jockeying for allies, there are tentative efforts to garner support for a reunification of the two Congress groups. There has been talk of forming a separate "unity" bloc in Parliament to keep alive the idea of reconciliation. The Indian press speaks of a "silent majority" of Congress parliamentarians who have no major personal stake or deep emotional involvement in the politics of the Congress split and who think their own electoral chances would be bettered by a reunion of the party. At this point, however, there appears to be little prospect of reconciliation. The OC insists that Mrs. Gandhi must express regret for forcing the split and must renounce her understanding with the Communists. Many within the RC allege that the hidden hand of big business lurks behind unity proposals. If the fortunes of RC continue to rise, and its parliamentary position holds, OC overtures for re-merger will spark little interest. Nevertheless, neither future reunification nor the possibility that individual members of the OC may recross the aisle can be entirely dismissed.

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Timing of Elections

22. Every Indian politician is anxious about his prospects in the next national elections, and his suspense is heightened by not knowing when they will be held. Many seriously believe they will not be re-elected. In past parliamentary elections, voters have regularly rejected nearly one-third of the incumbents and many constituencies have experienced important political and economic changes since the 1967 elections. Particularly vulnerable are OC parliamentarians whose access to patronage and power was undermined by their move to the opposition benches.

23. The timing of elections rests with Mrs. Gandhi, and she has given no hint of her inclinations. A good case can be made for either early elections or postponement. One factor in favor of early elections is the fact that the opposition is currently fragmented, both in the states and in the center. Moreover, the economy today is in a relatively favorable position, despite rising prices and unemployment. It has recovered from the immediate effects of the two worst drought years of recent times (1965-67) and the current foodgrain crop is expected to set an all-time record of 104 million metric tons. Although industrial production lags behind officially planned growth rates, there are signs of moderate expansion in many consumer-oriented industries. The outlook for the current fiscal year is for a small increase in both national and per capita income in real terms. Moreover, India is essentially an agrarian nation and--despite improvements in technology and seed--the greater proportion of its agriculture remains heavily dependent on the seasonal monsoon rains. If next summer's monsoon is inadequate, Mrs. Gandhi's campaigning will be made more difficult.

24. On 15 December, a Supreme Court ruling invalidated last September's presidential order terminating government payments and other privileges to more than 300 former rulers of princely states. Mrs. Gandhi strongly supported the cut-off and she

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could seize on the verdict as a campaign issue sure to win support from the masses. If elections are held in early 1971, the focus would probably be on national issues, such as this, rather than on the local concerns that will play a larger role in 1972, when the majority of states will elect new legislatures.

25. Militating against early elections is the RC's recent loss of control of Uttar Pradesh, Mrs. Gandhi's homeland and India's most populous state. Although the state's five-party coalition--led by the OC--may well be short-lived, Mrs. Gandhi would probably prefer to regain control of this key state, with its 85 Lower House seats, before national elections. The ruling coalition in neighboring Bihar State, though now under RC leadership, is shaky at best. RC leaders are attempting to bolster the government there in hopes of securing as many votes as possible from the large bloc of representatives from the Hindi-speaking belt in North India.

Outlook

26. Opposition parties, no closer now than they were last spring to forming a cohesive parliamentary alliance capable of voting Mrs. Gandhi out of office, withdrew their no-confidence motion before the opening of the winter session of Parliament. They were equally unsuccessful in attempting to censure the government for its imposition of President's Rule in Uttar Pradesh last October--a move that provoked widespread parliamentary and popular criticism. Furthermore, the opposition's failure to muster more votes from within its own ranks indicates that many politicians oppose a showdown with Mrs. Gandhi's government at this time. The leadership of the Organization Congress has, however, officially reaffirmed its desire for some sort of coordination of the rightist-oriented opposition, even though this may cause defections from the party in the two states where such alliances are anathema.

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27. The outstanding characteristic of the Indian political scene today is its fluidity. Polarization to the right and left has not followed the Congress split, and expediency and opportunism continue to determine political decisions. Ideological gaps have not inhibited alliances between theoretically incompatible partners where local benefits seemed possible, and the bargaining for electoral partners is sure to accelerate as elections draw closer. In the meantime, Mrs. Gandhi will continue to seek an expanded mass base by relying on populist politics. Although such a strategy involves cautious alliances with the left and verbal attacks on the right, she will probably continue her basically centrist approach to dealing with India's problems.

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