

enemies, the Muslim Jamaati Islami, to set off Hindu-Muslim riots across northern India. Elements within the Janata Party leadership, seeing ground lost to the RSS and dissatisfied with Desai's dependence on this tendency, merely capitalized on the anger and fear voters had communicated to their political leaders on the communal question. When Parliament opened in July, in one week 106 Janata party members abandoned the party, openly attacking the Jan Sangh tendency. Deputy Prime Minister Charan Singh, a rich farmer with the backing of the Bharatiya Lok Dal (BLD) grouping, has since joined this group.

### The Gandhi factor

There are undoubtedly tremendous opportunities for national leadership which are being wasted even by Mrs. Gandhi. Despite Mrs. Gandhi's attacks on the Janata Party, if national polls are held this October, even she may not do so well. This would not be a reflection on her personal popularity—that remains unmatched—but on the weakness of her organization, the Congress-I. In the year and a half it has been in the Opposition, the Congress Party has splintered into over six pieces. Now there are two large pieces, the Congress-I (Mrs. Gandhi), and the Congress-S, led by former Foreign Minister Swaran Singh. In March of this year, both came very close to unity, but talks collapsed around personality clashes. Mrs. Gandhi has since campaigned across the country and spoken out strongly on issues, but organizationally the Congress-I machine is very weak and splintered. It underwent further factionalization in June when another respected top leader, Devaraj Urs, left the Congress-I to form his own Congress.

A united Congress election stand is the only combination that could produce a majority government at national level, yet that is no where in sight. The passage by Parliament of a Special Courts bill overriding the constitution, and the expulsion of Mrs. Gandhi from Parliament last December, are both actions which Congress unity could have prevented. Yet political opportunism remains supreme in the Indian Parliament. The next few months will tell whether Mrs. Gandhi and others who represent the industrialization outlook of India's founding fathers will rise to tasks of providing both political stability and a clear program of economic development to rally the nation forward into the future. The path backward—the one Iran is now on—is certainly as clear as the other road open to India at this crucial moment in its history.

—Dan Sneider and  
Leela Narayan

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## India's foreign policy: staunchly nonaligned

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When the Janata Party government was installed in March 1977, great hopes were expressed in Washington and London that here would be an Indian government which would extricate India from its alleged position in the Soviet sphere of influence. Expectations were built that Indo-Soviet friendship could at last be diluted and replaced in some form with a regional role for India in a Washington-London-Peking axis.

With the Desai government crisis, the same Anglo-American policymaking bodies are expressing renewed anxiety. The lead editorial in the July 21 *New York Times* succinctly explained these fears: "If Mrs. Gandhi should ever return to power, her country's nonalignment would again tilt toward Moscow." This presumes that the Desai 'genuine nonalignment' somehow has tilted the other way, and betrays continuing Anglo-American fantasy about India's policies.

If it had been left to Desai's impressionable Foreign Minister A.B. Vajpayee, the State Dept. version of "genuine nonalignment" might have been successfully implemented. What has occurred however is far different. Desai, Mrs. Gandhi, and the mainstream political leaders of India all make foreign policy on a pro-Indian platform. India is not pro-Soviet, as the British and American policymakers fear, or pro-U.S., as they may desire.

Economic development has been the key negotiating issue in all foreign policy. It has been this issue that has led even the Janata government to question some of the fundamental beliefs in the U.S. vis-à-vis India, and to push Indo-Soviet relations forward.

The last four months of foreign policy developments should have taught some lessons to those dealing with India. In March, following China's attack on Vietnam, Soviet Prime Minister Alexei Kosygin visited India. He received one of the warmest welcomes ever by the Indian public, and toured key industrial centers. Kosygin spoke out freely on the Chinese threat, detailed his perceptions of India's economic difficulties, and made numerous Soviet aid offers to resolve them. Among the Soviet offers were increased oil supplies to make up for shortfalls in Iranian oil supplies, a nuclear plant six times the size of the U.S. built Tarapur plant,

and a linkage of the Soviet projects to production schedules of Indian machine tool plants. Desai accepted the oil deal, but turned down the nuclear plant at the time.

In a parallel development, Indo-U.S. relations continued to slide downhill. Despite many letters between Jimmy Carter and Morarji Desai, the U.S. has continued to renege on its contractual obligations to supply enriched uranium to India. The only U.S. initiative on the Indian scene was a blatant effort to prevent India from recognizing the new government in Kampuchea, and to induce it to play second fiddle to China's foreign policy aspirations in Asia. In exchange, in hard bargaining, the U.S. gave nothing.

On economic policy the high point was the June Aid-India Consortium meeting where, working closely with the World Bank and Britain, the U.S. praised India's maintaining its \$6 billion hoard of nonworking foreign reserves, and its emphasis on rural development. The U.S. warned that, while economic troubles may reappear in the near future, India was best advised to draw on World Bank project-linked aid.

The government's answer was a little delayed but forthcoming. Mararji Desai visited Moscow during a tour of socialist countries and West Germany which lasted from June 10 to June 22. Domestically his government began to collapse, but the kind of foreign deals he lined up were impressive.

The Soviet Union and India finalized agreement on the following projects:

- full Soviet credits for a new steel plant in the southeastern port city of Vizakapatnam.
- a go-ahead for the previously offered Soviet nuclear plant, along with assurances of greater oil, nuclear supplies, heavy water and even enriched uranium if the need arises in the event the U.S. shuts down the Tarapur plant.

The highlight of the trip was the launching by the Soviet Union of India's second satellite, "Bhaskara," to monitor drought and climatic conditions for Asia. The Soviet Union at the same time offered to put an Indian astronaut in space in the 1980s in a joint space program—the first such Soviet offer ever to a non-Comecon nation.

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## World's tenth largest

*Janata ruralization policies threaten*

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India today ranks as the tenth most industrialized nation in the world, although the stereotyped view of India in the West is still that of a semi-naked, emaciated holy man taking a dip in the sacred Ganges River. That view is far from reality.

While one still sees an occasional "holy man" when traveling in India today, what is most striking to the visitor is not India's proverbial backwardness and poverty, but the large—and rapidly growing—number of industries which are springing up across the country. Aside from the older, traditional urban industrial cities, Bombay and Calcutta, new industrial centers are emerging throughout India.

It is not surprising, therefore, that the recent efforts by the Carter administration to lure U.S. business into China as part of its overall "China Card" policy have met with a great deal of scorn in India. One Indian business leader put this quite bluntly: "American businessmen who think that China is a better investment than India should have their heads examined. China simply doesn't have the industrial infrastructure and scientific and technical manpower that we have."

From all indications, despite recent economic problems India is excellently situated today for a real "take-off" in its development. It has plentiful natural resources, a well-established capital goods industry and, most important, the third largest pool of scientists and technicians outside of the U.S. and the Soviet Union.

The opportunities available to the advanced industrialized nations—the U.S., Europe and the socialist countries—for doing business in India in the years ahead, are virtually unlimited. This magazine, in an in-depth economic program currently under preparation, estimates that by the year 2025 India could be producing as much as the total world economy produces today, with an industrial labor force of well over 20 million! Without a doubt, in the years to come, India can become the center of a vast development effort stretching from Africa to southeast Asia.

With a concerted policy in the advanced sector aimed at the rapid industrialization of the Third World—such as that originally envisioned by the founders of the European Monetary System—there is no doubt that these goals of rapid development can be achieved in India.

Because of its historic friendship with the Soviet