

INSTITUTE OF CURRENT WORLD AFFAIRS

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INDIA: WHO GETS THE AID CREDIT?

Claridge's Hotel.
Aurangzeb Road, New Delhi.
March 31, 1959.Mr. Walter S. Rogers.
Institute of Current World Affairs.
366 Madison Ave., New York 17, N.Y.

Dear Mr. Rogers:

As much as I would like to indulge myself in running away from economics, a course in college I passed only by playing the law of averages on the multiple-choice examination questions, I find I have to face up to it here in India. The theme of my 13-month, round-the-world study is the arguments for neutralism and non-alignment. And I am afraid I've found India's non-alignment position inseparable from her receipt of foreign aid and from the development needs involved in her First, Second and forthcoming Third Five-Year Plan.



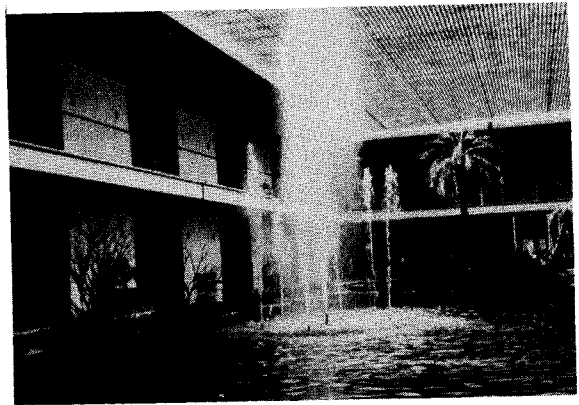
BHAKRA DAM: Indo-American confab

Essentially, I suppose, it's a question of who gets the credit. As altruistic as the West might want to be in helping India to help herself, there seems to be a very human desire to get the donor's name inscribed on the gift card. I have found this to be particularly true of the U.S., particularly when the inevitable comparisons come with Russia.

Currently, the Americans are very anxious to produce an "impact" project which will leave no doubt in the Indians' mind that it came from a benevolent Uncle Sugar. In actual figures, the U.S. has been India's Uncle Sugar right along. The U.S. so far has extended India a total of \$1.65 billion in public and private aid. Two-thirds of this has been in the form of loan money -- which nationalistically-proud India prefers -- and this includes the \$190 million wheat loan of 1951 and the equivalent of some \$383 million in Public Law 480 surplus food commodities whose sale price in rupees has been put in Indian banks and made available as a low-interest loan kitty for the Indian Government. By contrast, Chinese aid has been confined to Ceylon and Nepal and Russian aid to India has totaled but \$350 million, almost all of it in loan money. But where the U.S. aid money has been seeded throughout the economy to provide badly-needed foreign exchange and bulwarks against inflation, the bulk of this has been in such an economically sophisticated form that only India's economists and businessmen have been able to appreciate its value. Russia, on the other hand, has pinpointed her aid in the Bhilai steel plant and the Suratgarh mechanized farm -- projects that can be seen and appreciated by Common Man. And she has been assisted in getting the message of goodness across through full-page newspaper ads (a self-praise expenditure Congress refuses to sanction in our Technical Cooperation Mission here) and by all-too-willing praise in Indian newspapers and All-India Radio, which some Indians have told me may be accentuated by a few reporters and commentators with an ideological bias.

Now two factors have accentuated all this for our foreign aid people during even my brief two months here: 1) The hoop-la attendant on the dedication of the one million-ton capacity steel plant at Bailai for which Russia has loaned India half the cost (\$140 million at a favorable 2½ per cent interest over 12 years) to pay for Russian equipment and the salaries of some 800 experienced Russian engineers and technicians; and 2) the current formulation of India's Third Five-Year Plan which will begin in 1961 and which hopefully will give India a really big boost in achieving a production rate and standard of living which can insure its survival as a socialist democracy.

Now I personally saw some of the shudders among the American Government colony -- U.S. Information Service, which seems prone to shudder; International Cooperation Administration (called Technical Cooperation Mission here); and the U.S. Embassy itself -- when the testimony of Under Secretary of State Douglas Dillon before an executive session of the House Foreign Affairs Committee in February was released here. Dillon had used the word "impact" in trying to sell Congress on a solid aid program for India. "Impact" is precisely what the American colony here wants. But they somehow feel open use of the word amounts to a confession of guilty intent. However, aside from this little barb, I certainly am not going to sit in judgment on the people who are trying to serve both the U.S. and India here under most difficult circumstances. In a sense, it amounts to a sort of tragic logjam.



NEW DELHI EMBASSY: Quandry

+ The U.S. wants to help. But since Russia is getting credit for its help, the U.S. wants credit too.

+ The projects which carry "impact" -- such as steel plants -- lie mainly in the "public sector" (Government-owned).

+ Congress, which won't even approve Government-built, commercial-scale nuclear power plants to get America's domestic nuclear power program going, certainly isn't in any mood to encourage the Government-owned projects of the "socialistic" Mr. Nehru.

+ Yet "public sector" projects are precisely what India now needs for India, unlike Nineteenth Century America, neither has, nor can it attract, the necessary private capital to fulfill its tremendous production requirements under solely "private sector" auspices.

+ So our aid officials, seeking the possible, now are trying to allocate the accumulated 1.8 billion rupees (\$383 million) in banked P.L. 480 funds to finance irrigation dam projects throughout India. Dams carry "impact" and somehow Congress -- at least until the advent of the Eisenhower Administration -- decided dams were fit projects for public money at home. And as far as I know, Congress has not proscribed their construction with U.S. aid money abroad.

+ Yet such a top expert on India's agricultural and econ-

omic needs as Douglas Ensminger, for seven years head of the Ford Foundation's projects in India, says his advisers have found that the way to irrigate India's land and encourage productive farms is through tube wells, which will force up the water from the soaked ground far beneath. Big dams carry "impact" all right, he acknowledges, but in India their water backlog is dependent on the ups and downs of the seasonal monsoon rains. Tube wells, however, don't look very glamorous.

+ Comes now the Third Plan with Russia already slated to steal the show by loaning \$40 million to help build a Heavy Machinery Plant. This will produce the parts necessary to enable India to build future steel plants on her own. Needless to say, the enormously costly HMP project will be in India's "public sector."

+ Then we have Senators Kennedy and Cooper getting up on the Senate floor and proposing that an international commission be established to insure India of long-range, well-planned assistance. But back here in New Delhi, Dr. S. Radhakrishnan, India's Vice President and world-famous philosopher, tells me: "I know they have the best interests of India in mind, and I know their motive was to get Congress friendly, But think of the horrified reaction we have here when people say, 'See, even on the floor of the United States Senate they admit that China's agricultural progress is three times India's. And after we've tried so hard in our democratic way.'"

+ Now how does America help India to help herself and also help America? Is a puzzlement.

Well, I've already confessed I'm no economist. So I'll tell you what other people say.

First off, the aforementioned Ensminger of the Ford Foundation: "It is not a question of India's neutrality but a question of, 'Will democracy succeed in India and then be an example for Asia?' We should put this in positive terms instead of allowing our psychosis of Communism to mention China at all. And that goes for trying to get Nehru to come out against Communism. The tragedy is that this country by choice sides with democracy. But Nehru has to take increasing risks with the other side. If you keep hungry people waiting -- how long do you have? Right now we are not at the point of having to compete with the Russians. All we have to do is be aggressively bold in our readiness to help in the policy decisions India already has made. The most important thing is that this country succeed. And the most appropriate method is construction in the public sector. What we're going to have to realize is that we're already more 'socialistic' right now than India will be when she gets through. What difference does it make to us whether it is in the public or private sector if our object is to make India succeed as a democracy? If we were really bold, we would come over here and sit in on the Third Plan. As it is, we're just sitting. India should be able to count on \$1 billion a year from the West in order to make her next plan succeed. If we want 'impact' we should let Ben Fairless come over here and talk to Nehru about building a five million-ton steel plant. But if he comes over here and says, 'only in the private sector,' we won't get it. And if we are interested in agricultural 'impact,' I would suggest a massive tube well program with electric or diesel pumps; a massive warehousing program; a massive road building program for farm-to-market transportation; and a series of fertilizer plants."

C.D. DESHMUKH was considered to be one of the world's most brilliant Finance Ministers until he resigned from the Indian Cabinet two years

ago in protest over the Government's failure to divide Bombay State along linguistic lines. Now he heads the University Grants Commission. I interviewed him in his New Delhi home, which is an interesting combination of brilliant flower beds ("My wife and I plan the garden together; we do everything together"); a vast library, with heavy emphasis on books by American authors and economists; and burning punks poked into sand bowls before each room's Hindu shrine.



Here are Deshmukh's comments, delivered from an armchair in a flat, resigned tone: "If any country has had the opportunity of taking advantage of our plans, it is more the West than the USSR. It is a great pity the West did not build our first steel plant. In 1949, when I was Finance Ambassador to Europe, I sought out three or four leading American steel manufacturers to see if they could supply India with private capital. They said they were more interested in Venezuelan iron deposits. Then I went to Japan, but they wanted very hard terms. Then I tried a combination of U.S. and Japanese capital, but nothing came of it. Then I went to West Germany and the Rourkela plant is the result. It was only after this that the Russians threw a stone in the pond with a statement by a trade counselor in Bombay. We made inquiries and then the Russians decided to follow through with Bhilai. Then the UK sat up and took notice with their Durgapur plant because they knew there was room for more. But the Russians went all out and got their plant up first.

"In the U.S., in so far as things are under their control -- like the food surpluses -- they are willing and anxious to help us. We have had good dealings with the International Bank. But for the rest, we are still divided by economic ideology. You have no use for public investment. We have no such article of faith and take a more pragmatic view. We feel we have to take the initiative ourselves. If you would allow yourselves to be a little freer in your economic thinking, you would come to the same conclusion. The only answer is for you to decide that you will give us a general development loan not tied to any project and leave it to us to apply it to the project from the development plan shelf you see. You have given unspecified loans to other countries. You should come out of your narrow ways."

I have always assumed that Finance Ministers, even out of office, represent the most conservative thinking of a country. Therefore I could hardly believe my ears when this mild-mannered gentleman declared: "The one element which the dynamic developments of today are robbing us of is time. Frightening things can happen in 10 years. China is what is disturbing us. And what should be disturbing you. Till the last two years, I was happy in thinking we were not paying too high a price for the safeguarding of our civil liberties. But now the achievements of China in the last few years are just frightening. When their agricultural production is supposed to have risen from 180 million tons to 380 million tons, one is entitled to gasp. Our Government will have to modify the rules of democracy and choose a government of all types of talents."

I asked Deshmukh that if by this he meant bringing Communists into the Cabinet. He said, "Yes."

L.K. JHA, Additional Secretary in the Ministry of Commerce, is one of those bright, young administrators you immediately feel is rooting hard for your side and trying to rationalize his disappointment when you don't follow through. Jha is one of the key economists working on the Third Plan. He keeps a very busy schedule. I interviewed him in his office

and he had appointments lined up before and afterwards. Since he is a civil servant, he asked that I not quote him directly. In essence, Jha declared:

There is no doubt that the U.S. aid to India is much more massive than Russia's. Just as there is no doubt that the Russian aid is making a much greater emotional appeal. Russia is supplying the things India needs and which the U.S. either can't give or get through Congress. Moreover, India, with a dearth of private capital, faces development requirements similar to those already faced by Russia. Bicycles and sewing machines are now in full production in India, true, but they are just a scratch on the surface. Steel is the thing which is both necessary and economically sound, because of India's vast iron ore deposits. And here the technological problems are different from those in the West and similar to those already faced by Russia. The West has feeder industries for necessary components. Russia has big integrated planned units and plans in terms of how much equipment is necessary to increase the entire national steel capacity by so many million tons a year. Russia, for instance, already has a Heavy Machinery Plant which makes the components of future steel plants. Negotiations are already underway for Russia to loan India \$40 million to build such a plant during the Third Five-Year Plan. And Czechoslovakia is to loan India another \$40 million to build an accompanying feeder plant which will produce the castings and forgings. Then, for little more than the current cost of building a steel plant with foreign equipment, India in the future will be able to build its own steel plants at half the price. Conversely, as long as India is forced to import her machinery, she will be forced to go hat in hand every year for loans. The Third Plan, therefore, is pegged at not just importing capital goods, but at importing the capacity to make goods. And the Russian-Czech Heavy Machinery Plant is going to steal the show of the Third Plan unless the West finds something to better it. And this plant also represents the point where a project with economic appeal and mass appeal coincide. This is not to underrate the aid the West has given. The PL 480 funds have made it possible for us to combat inflation while still maintaining deficit financing (I don't vouch for my economic accuracy in translating Jha here). But you must realize that the extent to which the state depends upon the public sector to do the job is an index of how underdeveloped its economy is. The difficulty is not our reluctance to take, but your stipulations in giving. Even the British have no such psychological difficulties. Remember, they even nationalized the railroads while they were still here. I think your top administrators in the U.S. now realize our problem. But not yet Congress. Remember, if our private industry had the capital, they would do many of these things themselves.

SIR V.T. KRISHNAMACHARI, at 78 one of the grand old men of Indian public administration, is Deputy Chairman (under the Prime Minister) of the Planning Commission and for years has been Nehru's chief economic adviser. "Sir V.T." (as everybody calls him) comes from a distinguished line of Brahmins who traditionally have scored "firsts" at Oxford and were brought back by the British to become the key components of the crack Indian Civil Service. (The remaining Service members still proudly list "ICS" after their name in both phone book listing and residential name placard.)

Sir V.T. leaned over his desk



in the Planning Commission building and declared: "The most useful aid we have had from any country has been from your country, especially the P.L. 480 money. And the great advantage of the Development Loan Fund is that we can place orders wherever we like and buy at the most favorable terms. The present interest rate of 4 to 4½ per cent (the Russians charge 2½ on Bhilai) is not excessive. We have no complaint here. But these loans are repayable over short periods of five to ten years. All the irrigation and electric projects take five years to build and another five years to realize full results. If these loans were repayable over 30 to 40-year terms we could plan for a long period. Then from our own products we could repay with our own products. There is no doubt whatsoever that we can repay. One of the first things in the Third Plan is to make a schedule of repayments -- how to repay. And by the end of the Fourth Five-Year Plan we ought to be on our legs. We then should not need to have any special credit from anyone.

"In 1956, with the Second Plan, we said we hoped to double our per capita income of \$56 by 1976. The next 10 years of the Third and Fourth Plans are considered crucial. We expect that the foreign exchange will become available.

"Now when we talk about 'socialistic planning' we mean two things: 1) social justice -- we want to bridge the gap between the great industrial areas and the underprivileged millions in the villages who don't even have drinking water; and 2) supplementing the private sector when its best cannot achieve the sort of development that we want. We find out what each can do and then let each go forward. For instance, we had 1½ million tons of steel production at the end of the First Plan. We calculated on another 4½ million tons at the end of the Second. Of this, two million tons are being built by the private sector -- in additions to the Tata and Indian Iron & Steel Works plants which are being financed by World Bank loans for which the Government stands as guarantor. This is all the private sector said they could do. The remaining 2½ million-ton capacity is being built in the public sector with help from Germany, Britain and the USSR. In the Fourth Plan, we hope the private sector can expand much more rapidly. But we don't know. The cloud on the horizon is that the beginning of industrial development is always difficult.

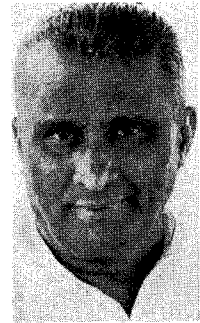
"Seventy per cent of our people live in the villages -- 65 million families cultivating 250 million acres. This is less than four acres to a family, and even these are scattered isolated bits. The enormous experiment is to make them practice scientific agriculture, for you cannot have an industrial development without an agricultural base. Our community development program is at the heart of our plan -- to increase production, education and income, make village life more and more pleasant and richer."

What about Mr. Nehru's new insistence on "cooperative farming" which his opponents call "collective farming" and compare to the Chinese commune? "Here this differs from China and Russia in that there can be no element of compulsion. The Planning Commission says, 'Let the people decide what they like when they want it.' Our cooperative movement is a people's movement and the people have to decide how far they want to join together. Maybe it will be for pooling tractors, wells, an electrical system, or maybe for pooling the lands themselves. The P.M. accepts this philosophy."

S.K. PATIL, India's Minister for Transportation and Communication, is an ex-Bombay journalist who, even at the ripe age of 57, is considered one of the "younger" members of the Cabinet. Patil's name has also been mentioned as a possible successor to Nehru someday, but Nehru is said to look

upon Patil with some misgivings because of his all-out sympathies for the West.

"I'm for non-alignment, but we should not have a slant," Patil told me with the clear implication that he thought India's non-alignment policy now did have a slant — toward the East. He said he is unable to make any sense out of an American aid policy which spends "millions and millions" in diverse gifts, but fails to help America's own industrialists with subsidies so that they can bid competitively with other countries for big projects abroad. "You don't do it this way because of your 'moral code.' You don't care to come in and build the steel factories at one dollar less than your regular prices. Even Bhilai would not have come to be if someone had given us the same price that Russia did. The oil exploration in Assam is being exploited by Rumania. The technical reason given is that the American quotations were too high — and they were. Now our popular man feels Russia and Rumania are 'doing something.'

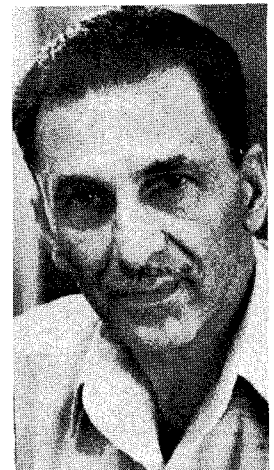


Patil also urged a step-up in training Indian students abroad. He said he has "six Ambassadors for America" in his own family: sons, daughters, nephews and nieces, all now enrolled in U.S. universities.

ASOKA MEHTA, the Praja Socialist Party leader (WWU-11) who fears the strong possibility of an economic stagnation in South Asia and, with it, the ripening of Communism's chances, seemed to echo the advice of the Ford Foundation's Ensminger:

"If the Congress Party fails it will not be a failure of the Congress Party only but a failure of the democratic way of life. And the need to raise the resources for a Third Plan may compel the Congress to move in a different direction. The next seven years are crucial. If we can have understanding and support from the West, I feel we can move toward a self-sustaining growth. But by 'understanding' I mean the realization that we will have to move towards socialism in the beginning. The freer aspects will have to come at a later stage. And your Congressmen will be denouncing us without understanding the whole stage. And by 'understanding' I also mean the West as a whole will have to make available \$3 billion in the next seven years, both in capital goods and the raw materials that we need. After that it will be trade and not aid. Just now it cannot be trade. But I'm optimistic. We shall be able to do it."

J.R.D. TATA, Chairman of the House of Tata, I found to be a rare item -- among financiers in particular, and human beings in general. I was given an appointment even though Tata had just returned from six weeks in Europe. (I found his secretary, a Miss Efficiency in Sari, had first phoned the local U.S.I.S. office to get a rundown on my credentials.) I walked into Tata's office on Bombay's Bruce Street (it looks exactly like Broad or Wall or William) and stopped in confusion. Was Tata the immaculately dressed man with a bundle of papers who seemed to be on his way out? Or the athletic-appearing type (Tata looks 10 years younger than his 50 or so years) with open-necked collar? He was, of course, the latter. And he quickly put me at my ease by slumping into an armchair, throwing his legs over the arm and spending the next hour and a quarter polishing his gold collar button alternately



on his shirt sleeve and the chair arm while he both asked questions and gave answers. Some say it's a toss up who is the biggest industrialist and financier in India -- Tata or G.D. Birla. Tata has steel, used to have airlines (he is now chairman of the Government-owned Air India International), and watches over an empire which includes the manufacture of just about everything. Birla goes in more for textile mills, has more sub-companies and bases himself primarily in New Delhi where he keeps an eye on the Government. Tata doesn't believe in getting mixed up in politics and modestly refers to Birla as a "really big" industrialist.

Well, modesty aside, Tata has some very definite ideas on foreign aid. He says it "should be in the interest of the West and the U.S. to see that India succeeds." He says the aid should be in the form of loans, not gifts. We have found this form more successful and he doesn't believe in gifts anyway, except for purposes of pure philanthropy. He said the loans should be long-term. (He interjected that India had made a big mistake in its Second Plan by having most of its loans fall due just as the Third will be about to begin, thereby putting the Government in a "bind.") And he said the loans to India should be economic loans, not military. He thinks the U.S. made a "big mistake" in involving so much of its foreign aid with military assistance.

Well, financier, what about the public vs. private sector argument? "Certainly there should be aid for the things we can't do with private funds -- railroads, dams, utilities, etc."

And steel, something you have a little knowledge of? "Too much of a premium has been put on it." He said steel has come to be the prestige rating of a great power and so everybody wants steel plants. With the emphasis being put on them in India, he wonders how much forethought has gone into determining whether India will be able to sell its steel products competitively. For himself, Tata said he made two futile trips to the U.S. in 1955 and 1956 trying to interest private capital in doubling the capacity of his one million-ton steel plant. "Everybody was enthusiastic," Tata said, "but they had nothing to offer." Eventually, Eugene Black of the International Bank decided to back Tata's expansion with a loan guaranteed by the Government of India -- preferring this to a Bank loan for a straight-Government plant. Tata then hired Henry Kaiser Associates to supervise the construction. He said if the American capital he sought had come through, the Kaiser project -- exactly the size of Russia's Bhilai -- would have become known as an "American" project. As it is, Kaiser is now just incidentally known as the hired hand.

Tata, by the way, had some criticism of his own Government's public vs. private sector policy. He said the Government is permitting only one private contract for oil exploration instead of throwing oil open to private incentive and so encouraging the chance of finds. As it is, he said, the Government now has but three rigs working for a commodity which, if found in quantity, could mean an enormous upturn in India's economic development.

THE AMERICANS. I've talked to U.S. officials at our Technical Cooperation Mission (the Indian Government doesn't go for the name "International Cooperation Administration"), the Embassy and the U.S. Information Service. I've gathered from them that they think India is not exactly impartial in acknowledging U.S. largesse. They admit that the Russians are playing it smart, insisting, for instance, that the Indians assumed the responsibility for Bhilai from the beginning (the Germans, in their Rourkela plant, have instead given the Indians to understand: "Keep out of it. We'll do the job. Then we'll give it to you to take over."). And the Russians, unbothered by the check-

and-balance approval which the West must endure before any foreign aid project is undertaken, can dispatch enough technicians for a steel plant on two-weeks notice. In other words, Russia can accommodate herself far more simply to the needs of India's Five-Year Plans. Moreover, Russia not only has the edge in some of the big impact projects. She gets them by default. U.S. steel and oil interests wouldn't hear of U.S. aid to Government-owned projects in India. So Russia gets steel and her ~~satellite~~, Rumania, now has landed a contract for carrying out the Government of India's oil exploration program. Undeniably the West -- specifically the U.S. and U.K. -- still has a linguistic advantage. Educated Indians speak English, usually as a first language and always as a second. It is therefore more tempting and more feasible for India to send her technicians to the West for their training. But swinging the pendulum back again is the pro-Russian publicity factor which I mentioned at the beginning of this letter. I was prepared to discount a good part of this publicity complaint from fellow countrymen as self-serving. But then I ran into some clear-cut evidence supporting them.

1. When I first came to India in the beginning of February, there were successive stories in the newspapers heralding the dedication of two of the three foreign-assisted steel plants: Bhilai, being built with Russian loan money and technicians; and Rourkela, with German. (Durgapur, with British help, is to have its blast furnaces begin by the end of this year.) The Russian and German projects are comparable. Yet the Russians clearly walked away with the bulk of the dedication hoop-lax.

2. I went up to visit the great Bhakra-Nangal Dam setup in the Punjab, an overnight train ride North of New Delhi, and saw what everyone from Nehru on down now describes as "the showplace of India." Bhakra, the larger of the two dams, is being constructed at the one gap in the Himalayas where the Sutlej River has pushed through the mountains on its meander through the Punjab. When Bhakra is completed in 1961 its 740-foot height will make it the highest straight gravity dam in the world. Its initial five power units will have a capacity of 93,000 kilowatts each, or a total of 465 MW. Then there are plans to put in another four units. The task has been a tremendous engineering challenge for many reasons, one being that the mountain shoulders on either side of the concrete were so ridden with soft clay veins they literally had to have their insides pumped out of them and streams of cement grouted back in to replace them.

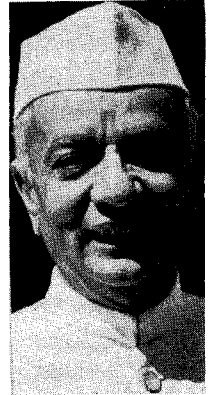


BHAKRA'S SLOCUM: "Best damn dam builder"

The straw boss for Bhakra (Nangal Dam is already completed and Nangal town, where the construction equipment is assembled, is being prepared as a railroad car manufacturing center once Bhakra's needs are over) is one Harvey Slocum. Now Harvey Slocum, by any standard, is a tough customer. He wastes no time in bellowing out that he is "the best damn dam builder in the world." He

probably is. He built Grand Coulee, Shasta, Bull Shoals in Arkansas. But he'll also tell you he is building Bhakra "inspite of India" — and I shuddered as he described the bellicose letters and phone calls he dispatches to "Mister Nayroo" whenever he gets real mad. Harvey Slocum, by his own admission, didn't want to come to India and had his San Francisco attorney draw up a contract which he was sure nobody would accept. India did accept it and I'm told Harvey Slocum is sure to be the most expensive hired hand in the history of India, pre-Independence and after. Yet Harvey Slocum told me one other thing: "You know, it's very funny, but with all the publicity on this thing, all the pictures they take ^{of} of the dam itself, the officials, and the celebrities who come up here to visit — you never find my name, my picture, nor any mention of America."

Well, I checked up on this. Even Mr. Tata, who took my fancy in every other instance, said there was no reason for it: Bhakra was financed by the Government of India itself and Harvey Slocum was indeed its hired hand — and a most expensive one at that. But G.L. Mehta, the former Indian Ambassador to the U.S. (WWU-12) provided considerably more information: "This is no 'aberration.' It is conscious policy. The P.M. himself is doing it and the newspapers take the cue." And Mehta indicated this policy from the top also has something to do with all the hoop-law Russia's Bhilai gets. Mehta said he does not excuse this policy. But he added: "In candor, if the West really wants to help us — and I know it does — it will have to continue to give and try to understand our lack of appreciation." Is this "lack of appreciation" due to Nehru's desire to assert Indian nationalism (in regard to Bhakra) or butter up Russia and encourage her to do more (in regard to Bhilai)? Mehta didn't make it clear.



MEHTA

But apparently Howard Houston, the U.S. Technical Cooperation Mission director in India, knows what Mehta means. "The important thing is that we support the Indian economy for political stability. We have not geared our aid program to the greater glory of the U.S.," Houston told me.

Isn't this where we came in — with the advice from the Ford Foundation's Dr. Ensminger?

Cordially,

Warren W. Unna

Received New York April 17, 1959