

INTER-OFFICE CORRESPONDENCE

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P+P

FROM: DR

DATE: September 18, 1958

TO:

Directors and CA		
JGH		<i>[Signature]</i>
RFC		<i>[Signature]</i>

COMMENTS:

SEP 22 1958

4644  
all-India Inst.

SUBJECT: Visit of Hon. Shri Morarji Desai, India's Finance Minister, 9/12/58

9/12/58 attached

I would suggest that LCD's memo of conversation be read before my own reactions to Mr. Desai's visit because I have taken his memo for granted in my comments.

9/12/58 -  
memo  
attached

Let me underscore the importance of great discretion in discussing Mr. Desai with persons outside the RF. Even more care should be used in remarks made in writing to our own colleagues in India. I will drop a little note to Cummings, Gregg and Allen to suspend their natural curiosity until my arrival in October.

DR  
D.R.

attachments (2)

Not for transmission to  
colleagues in INDIA

- 902

IMMEDIATE REACTIONS TO CONVERSATION WITH MR. DESAI, INDIAN MINISTER OF FINANCE

APR 16 1959

It might be well for me to jot down my first impressions of the meaning of the conversation with Mr. Desai, reported in detail in the attached memorandum of conversation. I do so in order to add some thoughts for our consideration and not to outline what our considered judgment ought necessarily to be.

Having not met him before, I was much interested in Mr. Desai as a personality. He was obviously a highly intelligent man who has sorted out most of his views and knows what he thinks. His combination of arrogance and meekness is a little difficult for me to take and could lead to irritation if one wished to indulge in it. His approach was that of the dialectic offensive, a characteristic of many intelligent Indians who developed it as a fine art under the special circumstances of colonial rule. This caused him to wander beyond his knowledge of and responsibilities for India into such fields as our motivations in philanthropy and judgments about our work on which he was not really informed.

The conversation with Mr. Desai can be extremely useful to us in the Foundation as an indication of how others may sometimes see us, even though they seldom get around to expressing it. He frankly did not believe that The Rockefeller Foundation is capable of making the "right" judgments about India and Indian institutions without the help of those responsible for India. He welcomes Foundation grants but looks upon them as intervention in India; Indian leadership is therefore interested in having this intervention monitored from their point of view in order that they might protect themselves against results about which they would be unhappy. I suggest that we think about this attitude quite soberly because we do intervene in other people's affairs. If we are inclined to exclaim, "Who do they think they are?" this can be offset by exactly the same question on the other side. I mention this only as a caution against letting our own habits of thought stir up a certain resentment which might distort our judgment.

Mr. Desai came clean on the point of not readjusting budgets retroactively in the light of Foundation grants. When he charged us with having generated unnecessary suspicion on this point, I was glad to be able to tell him that the issue had really been raised in our minds by one of his own senior colleagues in the Government of India. He did not, however, say anything which would give us any confidence about the prospective readjustment of budgets. In fact, his references to jealousy and to the needs of the weaker and mediocre institutions would make me think that he himself would make such readjustments if the matter were in his hands. I deliberately decided not to press the point during his brief visit because we could easily have reached an impasse where our policy and his sense of self-respect could have caused us to agree to abandon grants to universities in India.

It seemed clear that Mr. Desai, speaking for the Ministry of Finance, was prepared to delegate his interests in Foundation grants

to universities to the University Grants Commission. This might clear the way for us to continue grants to universities by workable arrangement with Mr. Deshmukh. The UGC gets its allocations in lump sum from the Ministry of Finance and has a considerable degree of autonomy in making suballocations to the universities. We might take advantage of Mr. Desai's invitation to cut the Ministry of Finance out of the university picture and to take up with Mr. Deshmukh all questions of procedure and policy.

There can be no mistake about one point: the problems which our men in India have been encountering at the official level in the various ministries stem directly and specifically from Mr. Desai. When the question of my letter arose, he promptly said that he was the initiator of the moves which have been taken in recent months and that, had I not myself raised the question, he would certainly have done so. Bearing in mind that the Ministry of Finance has authority to issue directives and instructions to all other ministries on such subjects, my guess is that we shall have a problem so long as Desai is Minister of Finance. I may be wrong but it is also my impression that he will not change his mind one iota with respect to the superiority of Indian judgments about our work and the necessity for Indian "coordination".

I do not believe that there is any particular problem for us at the All-India Institute of Medical Sciences, the Indian Agricultural Research Institute or the Virus Research Centre. With our own staff in residence and in intimate relations with the Indian leadership of these institutions, we ought to be able to keep ourselves well informed about the budgetary picture. In this respect the leadership of the institution and we have common interests over and against the Finance Ministry.

I think I must make a quick trip to India in October to see Mr. Deshmukh. Meanwhile, we might wish to be cautious about negotiations for further grants to Indian universities, agricultural colleges and medical schools. With regard to the music grant to the University of Delhi in the September Docket, I think we can safely proceed because that matter has been fully discussed with the University Grants Commission and the U.G.C. has itself made at least some additional allocation to the costs. I do not know enough about the September item for Lucknow, particularly the extent to which it has been discussed with one of the ministries. Unless there has been ministerial clearance, I think we might wish to hold it up until my October visit. I can imagine that Mr. Desai might be much offended, not without some cause, if we should take an action in September so quickly after his visit to our offices which seemed to cut across the points upon which he insisted in his discussion here.

Mr. Desai, in a technical sense, retracted at the very end much of what he had said earlier by remarking that we could of course proceed with or without his blessing because, in any event, our grants



would do some good. I doubt that we ought to rely on this, however, to the extent that we just consider that our conversation never took place. Our interest in India and India's need for the kind of help which The Rockefeller Foundation can give are too great to let us work at cross purposes with Mr. Desai. Whether or not he becomes Mr. Nehru's successor, he is and will continue to be a very important leader in a crucially important country. I would hope that we could work out our relationships in a mutually agreeable way which would preserve the essence of our position.

My guess is that had our own Trustees been sitting in on the correspondence and the conversation that they would have had a variety of reactions but would, after discussion, have concluded that we ought to try to find a reasonable working relationship with India. It seems to me that there are many factors in this basket which have their influence on the Indian side which make our problem somewhat more complicated than in many other countries. Just to name a few of them: (1) the internal political problems of a vast country which is struggling for unity in the face of state and regional jealousies and rivalries (2) a struggle for influence and authority between the states and the Central Government during this early period when the bare-boned structure of the Indian constitution is gathering precedent, procedures and operational principles (3) the appetite of bureaucracy for power (4) the pressure toward "coordination" brought about by woefully inadequate resources for even the most pressing needs (5) certain psychological reactions to the fact that the RF is, after all, American and white (6) Mr. Desai's own personal reactions as a man with personal loyalties to a particular state and to a technical college in which the RF is not interested. More positively, (7) India's need for all kinds of help, including Foundation help (8) genuine appreciation for the contribution which the RF has been making (9) India's lively interest in scientific development which makes it almost unique among the underdeveloped countries. My colleagues could add others.

It is of some interest, but not really important, that some of the other Indians present with Mr. Desai were unhappy about the trend of the conversation and tried to put in an occasional word which would soften the effect upon us. Their efforts were not very successful because Mr. Desai's views were definite and I was unwilling to give his Indian colleagues the comfort of assurances which might have carried us further than we might be able to go. I had to make a decision during Mr. Desai's visit not to let matters come to a conclusion because I could see nothing but an impasse down the road. I think we can avoid an impasse but not by the direct conversion of either Mr. Desai or the Foundation. I am sorry that more of my colleagues did not have the opportunity to sit in on what proved to be a most interesting conversation but his party was so large that chairs were all occupied. LCD has been good enough to prepare a detailed memorandum of conversation.

DR

D.R.

September 12, 1958