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PAGE 01 NEW DE 23621 01 OF 02 101546Z

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DEPARTMENT OF STATE TELEGRAM

~~CONFIDENTIAL~~ SECTION 1 OF 2 NEW DELHI 3621

DISSENT CHANNEL

N.O. 115821 GDS

TAGS:

SUBJECT: DISSENT CHANNEL; DEVELOPMENT AID AS A POLITICAL WEAPON

1. THIS CABLE TRANSMITS A DISSENTING VIEW SUBMITTED BY [REDACTED] REGIONAL LEGAL ADVISOR, USAID.

2. THE DEPARTMENT'S RECENT DECISION TO POSTPONE TALKS ON ECONOMIC ASSISTANCE TO INDIA RAISES IMPORTANT ISSUES WHICH GO FAR BEYOND THE CURRENTLY TROUBLED STATE OF INDO-US RELATIONS:

(1) ARE GOOD POLITICAL RELATIONS NECESSARY TO SUPPORT AN EFFECTIVE AID PROGRAM? (2) WHAT U.S. FOREIGN POLICY INTERESTS ARE SERVED BY DEVELOPMENT ASSISTANCE? (3) SHOULD DEVELOPMENT AID BE USED TO PUNISH OR REWARD GOVERNMENTS FOR THEIR POLITICAL BEHAVIORS? WHILE IT MAY BE TOO LATE FOR RECONSIDERATION OF THE INDIA DECISION FOR FY 76, A DISPASSIONATE ANALYSIS OF SUCH ISSUES SHOULD PREVENT THAT DECISION FROM BECOMING A POLICY PRECEDENT (IN INDIA AND ELSEWHERE) AND TURN OUR ATTENTION TO THE DESIGN OF AN INNOVATIVE DEVELOPMENT AID POLICY FOR FY 77.

A. RELEVANCE OF POLITICAL CLIMATE  
THERE IS VISCERAL LOGIC IN RESOLVING NOT TO FREE THE MOUTH THAT BITES US, BUT WHETHER THE PRIME MINISTER'S VISCERAL ACCUSATIONS THWART OUR ABILITY TO ADMINISTER AN EFFECTIVE

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AID PROGRAM IS ANOTHER QUESTION. OF COURSE BREAKING OFF DIPLOMATIC RELATIONS, EXPELLING AID OFFICIALS, REFUSING OFFERS OF ASSISTANCE OR FAILING TO NEGOTIATE PROJECT AGREEMENTS WOULD FRUSTRATE BILATERAL AID. THERE IS NO EVIDENCE HOWEVER THAT THE GOVERNMENT OF INDIA HAS TAKEN SUCH EXTREME ACTIONS OR THAT IT HAS BEEN UNCOOPERATIVE IN RECENT EFFORTS TO REESTABLISH A DEVELOPMENT ASSISTANCE PROGRAM. TO THE CONTRARY THE GOI MADE KNOWN ITS DESIRE TO RECEIVE AMERICAN AID ONLY LAST FALL. NOTWITHSTANDING THE INDIAN POLITICAL CLIMATE, OTHER U.S. PROGRAMS SURVIVE. THE WORK OF THE JOINT COMMISSION PROCEEDS WITHOUT INTERRUPTION. (EVEN A NEW FELLOWSHIP PROGRAM HAS BEGUN). MILITARY TRAINING PROPOSALS WIN RAPID APPROVAL. WITH ONLY MINOR DELAY, NEGOTIATION OF A NEW TITLE I AGREEMENT (ESTIMATED AT 5113 MILLION) IS SET TO BEGIN. OUR TITLE II PROGRAM (298 MILLION) CONTINUES AS BEFORE. A RESIDENT USAID STAFF MAINTAINS SATISFACTORY CONTACTS WITH THE MINISTRY OF FINANCE IN THE ADMINISTRATION AND MONITORING OF A SIZEABLE PORTFOLIO OF RESIDUAL PROJECTS. YET WITH ALL THIS BUSINESS AS USUAL, THE DEPARTMENT PRESS SPOKESMAN DESCRIBED THE "ATMOSPHERE" AS INAPPROPRIATE FOR DISCUSSION OF A 578 MILLION DEVELOPMENT AID PROGRAM (STATE 43333). IT SEEMS INCONSISTENT IF NOT CHIMERICAL TO DENY THE POSSIBILITY OF THE LATTER, WHILE OTHER AND LARGER PROGRAMS CARRY ON AS BEFORE.



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LET US BE HONEST WITH OURSELVES ON THE FACTS: WE HAVE CHOSEN (RIGHTLY OR WRONGLY) TO DEMONSTRATE OUR POLITICAL DIFFERENCES BY SACRIFICING THE AID "PLAN" SIGNIFICANTLY. IT WAS THE NASCENT DEVELOPMENT AID PROGRAM, AMONG ALL OUR VARIOUS DIPLOMATIC, CULTURAL AND ECONOMIC CONTACTS WITH THE GOI, WHICH WAS SINGLED OUT AS THE PRIME INSTRUMENT OF RETALIATION. I BELIEVE THAT DECISION WAS WROONG BECAUSE IT FAILED TO TAKE INTO ACCOUNT PARAMOUNT U.S. FOREIGN POLICY INTERESTS IN BILATERAL DEVELOPMENT AID.

B. U.S. FOREIGN POLICY INTERESTS IN DEVELOPMENT AID  
 REASONABLE MINDS MAY DIFFER AS TO WHAT FOREIGN POLICY

OBJECTIVES SHOULD BE SERVED BY DEVELOPMENT AID. BUT CONGRESS HAS ALREADY SPOKEN TO THE POINT. U.S. POLICY INTERESTS ARE DEFINED IN SECTION 122 OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED. AMONG OTHER THINGS, THAT SECTION ESTABLISHES

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PAGE 03 NEW DE 00621 01 OF 02 101545Z

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THE IMPORTANCE

"TO OUR NATIONAL SECURITY THAT THE UNITED STATES... ASSIST THE PEOPLE OF LESS DEVELOPED COUNTRIES IN THEIR EFFORTS TO ACQUIRE THE KNOWLEDGE AND RESOURCES ESSENTIAL FOR DEVELOPMENT..."

WHILE CONGRESS HAS EVINced ITS WILL TO SUSPEND ASSISTANCE TO ANY COUNTRY THAT HAS SEVERED DIPLOMATIC RELATIONS WITH THE UNITED STATES, IT HAS NOT GONE SO FAR AS TO MAKE COUNTRIES INELIGIBLE FOR THEIR UNFRIENDLY POLITICAL STATEMENTS. EVEN THE NEW SECTION 115 PERMITS AID TO GOVERNMENTS WHICH VIOLATE HUMAN RIGHTS IF OUR ASSISTANCE "WILL DIRECTLY BENEFIT THE NEEDY PEOPLE". INDEED

THE "NEW DIRECTIONS" EMBODIED IN THE RECENTLY ENACTED INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE ACT REINFORCE A CENTRAL POLICY THRUST OF THE FACTI A COMMUNITY OF FREE, SECURE AND PROSPERING NATIONS BEST. SUSTAINS THE FREEDOM, SECURITY AND PROSPERITY OF THE UNITED STATES. THERE WOULD SEEM TO BE NO QUESTION THAT DEVELOPMENT ASSISTANCE SERVES LONG-TERM U.S. FOREIGN POLICY INTERESTS IN AN INTERDEPENDENT WORLD.



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PAGE 01 NEW DE 23621 02 OF 02 161556Z

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DISSENT CHANNEL

C. AID AS A WEAPON

THE DECISION TO POSTPONE INDIAN AID TALKS AND RECENT NEWS-  
PAPER REPORTS THAT CERTAIN OTHER COUNTRIES WOULD BE PENALIZED FOR  
THEIR

U.N. VOTING RECORD SUGGEST THAT THE DEPARTMENT MAY IN FACT BE  
USING DEVELOPMENT AID AS A POLITICAL WEAPON. IF THIS IS SO,  
IT IS MOST UNFORTUNATE. IN MY VIEW, DEVELOPMENT AID SHOULD NOT  
BE USED TO PUNISH POLITICAL "FOES" AND REWARD "FRIENDS" FOR  
THE FOLLOWING REASONS:

--SUCH A USE DEFEATS U.S. POLICY INTERESTS DEFINED IN THE  
FACT AS AMENDED (SEE PARA 2B ABOVE).

--SUCH A USE IS CONTRARY TO THE NEW DIRECTIONAL MANDATE  
TO HELP "MERCY PERSONS" (AS OPPOSED TO GOVERNMENTS).

--SUCH A USE IS UNLIKELY TO INFLUENCE POLITICAL BEHAVIOR,  
EXCEPT PERHAPS IN THOSE FEW COUNTRIES WHERE OUR ASSISTANCE  
LEVEL IS HIGH ENOUGH TO COMMAND LEVERAGE. (THESE LATTER COUNTRIES  
WOULD CERTAINLY NOT INCLUDE INDIA).

THERE ARE, MOREOVER, SERIOUS RISKS IN WIELDING AID AS A SWORD:

--IT SUBSTITUTES CYNICISM AND POLITICAL EXPEDIENCY FOR  
HUMANITARIAN CONCERN AND LONG-TERM GOALS.

--IT PROVIDES A VISIBLE ISSUE FOR CRITICS OF THE U.S. TO  
EXPLOIT.

--IT JEOPARDIZES "MATURE" POLITICAL RELATIONSHIPS OF THE  
TYPE WE HAVE BEEN TRYING TO CREATE IN INDIA.

FINALLY, IT IS IMPORTANT TO NOTE THE "BULKINESS" OF AID

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PAGE 02 NEW DE 23621 22 09 62 101596Z

PROGRAMS, WHICH MAKES THEM POORLY SUITED TO SUDDEN STARTS AND STOPS. THE LEAST TIME REQUIRED FOR FISCAL YEAR OBLIGATIONS, STAFFING PATTERNS AND CLOSING OUT ACTIVITIES CANNOT EASILY BE SHORTENED TO REFLECT THESE UPS AND DOWNS OF A POLITICAL

RELATIONSHIP. IN SUM, WE HAVE LITTLE OR NOTHING TO GAIN FROM USING AID AS A POLITICAL WEAPON AND MUCH TO LOSE BY IT.

3. IN JUSTIFYING A RESUMPTION OF DEVELOPMENT AID OF INDIA, IT IS NOT ENOUGH TO DISMISS THE POLITICAL REASONS FOR POSTPONEMENT. WE NEED THOUGHTFUL ANSWERS TO SUCH QUESTIONS AS "HOW MUCH AID?" AND "FOR WHAT ACTIVITIES?" MORE IMPORTANTLY, WE NEED TO KNOW THAT THE U.S. CONTRIBUTION (WHICH MIGHT BE REPLAYED EFFECTIVELY ELSEWHERE) WON'T SIMPLY BE ANOTHER DROP IN A LARGE BUCKET.

SIGNIFICANTLY, THE DRAFT WORLD BANK ANNUAL REPORT ON INDIA IS CALLING ON CONSORTIUM MEMBERS TO CONSIDER AID ON DEVELOPMENTAL CRITERIA AND RECOMMENDS AGAINST BALANCE OF PAYMENTS "GAP-FILLING" (NEW DELHI 3231). RECOGNIZING THE RELATIVE SOPHISTICATION OF 50% DEVELOPMENT PLANNING AND THE CONSISTENCY OF FIFTH PLAN OBJECTIVES WITH AID LEGISLATION, IT MAY BE POSSIBLE FOR US TO UNDERTAKE MEANINGFUL AID ACTIVITIES WITHOUT INCREASES IN earmarked FUNDING OR STAFF. FURTHERMORE, SUCH ACTIVITIES WOULD ALLOW US TO RETAIN OUR DONOR'S SEAT IN THE INFLUENTIAL AID TO INDIA CONSORTIUM. IN MY VIEW, THE TRADITIONAL GOVERNMENT-TO-GOVERNMENT LOAN ASSISTANCE PACKAGE (GIVEN THE PROBABLE LIMITED SIZE OF WHAT MAY CONSORTIUM MEETING, WE SHOULD BEGIN NOW TO EXPLORE A VARIETY OF POSSIBLE INITIATIVES FOR FY 77 (INCLUDING MULTILATERAL PROGRAMS, THE NEW TITLE XII, AND PVD GRANTS THROUGH THE WELL-DEVELOPED VOLAG NETWORK IN INDIA). BY STRESSING INNOVATIVE RURAL-ORIENTED PROJECTS ADMINISTERED BY INTERMEDIARIES WE COULD CONTINUE OUR LONG ASSOCIATION WITH INDIAN DEVELOPMENT WITHOUT EXACERBATING POLITICAL FRICTIONS.

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# AGENCY FOR INTERNATIONAL DEVELOPMENT

American Embassy, West Building, Chanakyapuri,  
New Delhi-21, India

Telephone : 7 0 3 5 1  
Telegrams : 'USAID'

May 27, 1976

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Mr. Reginald Bartholomew  
Acting Director  
Policy Planning Staff  
Department of State  
Washington, DC 20520

Dear Mr. Bartholomew:

Many thanks for your letter of May 7 commenting upon my dissent message ("Development Aid as a Political Weapon"). Interestingly, you suggest that timing played a major role in the decision to withdraw our aid offer. Of course, aid decisions then on the table would be bureaucratically vulnerable to political uses. I can well understand the pressures of the moment which prevailed. Nevertheless, one should expect that the art of foreign policy be more selective, rising above mere bureaucratic expediency.

While continuing respectfully to disagree with the aid to India decision, I am grateful for your candid and articulate explanation.

Sincerely yours,



Regional Legal Advisor

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B6

May 7, 1976

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[redacted]  
Regional Legal Advisor, USAID  
American Embassy  
New Delhi

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Dear [redacted]:

Thank you very much for your dissent cable of March 10, dealing with the political uses of aid. You are raising points of genuine concern and ones that have been widely considered in overall aid policy formulation as well as in the specific case of India.

I could take issue with a number of the points that you make, but I am sure that you know the arguments and counterarguments very well. I would only point out that development aid to India became--as you express it--the sacrificial lamb simply for probably unfortunate reasons of timing: aid decisions were on the table at the moment when we felt that a political signal had to be sent; at the time there was no other relevant element of the Indo-US relationship available to be used as the medium for a necessary message.

In regard to the broader proposition of relating aid to political criteria, you have stated your case cogently and the problems that you raise are matters which in their general form we all consider to be far from closed questions.

I would observe that we believe it legitimate, both in relation to congressional mandates and to the standards of sensible public policy, that development aid decisions as among countries which are qualified on need and developmental criteria not be immune from considerations of a political, or inter-governmental order. In the case of India, when the head of government made and repeated statements about the United States which were both unfriendly and untrue (and which by implication supported suggestions that U.S. aid workers were intelligence agents) the demands of the political order for a clear and concrete response were of great importance.

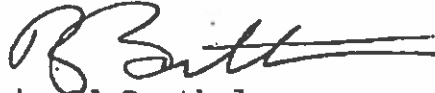
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- 2 -

Your message is of course being forwarded to the Secretary. I had intended to suggest further that you submit the substance of it to Open Forum but as this letter was being prepared, Peter Lydon informed me that you had already done this. I think your piece will be a useful contribution to an important discussion, although it should not be shown as having been a dissent message as well.

Sincerely yours,



Reginald Bartholomew  
Acting Director  
Policy Planning Staff