By this time it is clear that a major change is taking place in the functioning of the Government of India and it is increasingly apparent that it will be very difficult to reverse the actions which the Prime Minister has taken in order to enforce her control of the Government. There are many uncertainties, however, in regard to future actions which she may take. Having started out on a course of control of the Government by coercion, she will be forced to take further moves to maintain her position. It is already rumored here, for example, that she may declare President's rule in all of the states as a way of controlling opposition activities in state legislatures, particularly in those states where opposition parties control the Government (Kerala and Gujarat). The question arises as to the proper US Government stance under the present circumstances. Any decisions on this must obviously be highly tentative.
DURING THIS INITIAL WAIT-AND-SEE PERIOD WE BELIEVE THAT THE US SHOULD SEEK TO MAINTAIN THE BASIS FOR THE IMPROVEMENT IN US-INDIA RELATIONS AND AVOID ACTIONS WHICH MIGHT INTERFERE WITH THIS. WE DO NOT BELIEVE THAT WE HAVE EITHER THE CAPACITY OR THE INTEREST TO MATERIALLY AFFECT THE COURSE OF EVENTS IN INDIA. OUR TENTATIVE ESTIMATE IS THAT THE PRESENT GOVERNMENT CAN BE EXPECTED TO REMAIN IN OFFICE. THERE WOULD BE LITTLE TO BE GAINED BY INTENTIONAL COMMENTS OR ACTIONS WHICH WOULD BE VIEWED BY THE GOVERNMENT AS UNFRIENDLY, AND CERTAINLY UNINTENTIONAL ACTIONS SHOULD BE AVOIDED. THUS FAR THERE IS EVERY INDICATION THAT THE GOVERNMENT WISHES TO CONTINUE ON ITS INITIATIVE TO IMPROVE RELATIONS WITH THE US. DESPITE POLITICAL TEMPTATIONS THERE HAVE BEEN NO ATTACKS ON THE US AND SINCE THE CRISIS BROKE THE GOVERNMENT HAS REAFFIRMED ITS INTENTION TO MOVE AHEAD WITH THE SUBCOMMISSIONS AND A COMMISSION MEETING. IN THE FUTURE THE FORM AND FUNCTIONING OF THE GOVERNMENT MAY HAVE IMPORTANT EFFECTS ON THE NATURE OF COOPERATION WHICH CAN TAKE PLACE BETWEEN THE US AND INDIA. FOR EXAMPLE, EDUCATIONAL AND CULTURAL COOPERATION WILL CLEARLY BE MUCH MORE LIMITED IN SCOPE IF RESTRICTIONS ON FREEDOMS CONTINUE IN FORCE. ECONOMIC AND COMMERCIAL COOPERATION MAY BE AFFECTED BY NEW NATIONALIZATIONS.

WE BELIEVE, HOWEVER, THAT JUDGMENTS ON THIS SHOULD BE DEFERRED UNTIL THE SITUATION IS CLEARER.

3. IN ACCORDANCE WITH THIS VIEW, THE EMBASSY HAS ALREADY TAKEN CERTAIN MEASURES TO AVOID STIMULATING THE SUSPICIONS OF THE GOVERNMENT. FOR THE PRESENT WE ARE AVOIDING CONTACTS WITH LEADERS OF OPPOSITION PARTIES AND EXERCISING CAUTION IN REGARD TO OUR ASSOCIATIONS WITH CONGRESS PARTY MEMBERS UNFRIENDLY TO MR. GANDHI. WE ARE RESTRICTING OUR BRIEFING OF THE AMERICAN PRESS TO DEEP BACKGROUNDING ON FACTS AND AVOIDING ANALYSIS AND PREDICTIONS WITH ABSOLUTELY NO ATTRIBUTION OR INDICATION OF AMERICAN SOURCES (SEE SEPTEL). WE DO NOT INTEND TO MAKE EMBASSY FACILITIES AVAILABLE TO AMERICAN CORRESPONDENTS IN ORDER TO AVOID CENSORSHIP. WE ARE LIMITING USBG-Sponsored Programs in outlying areas to insure that they can successfully take place under present conditions and that they will not be seen as inconsistent.
WITH GOI ACTIONS, WE ARE SIMILARLY RESTRICTING TRAVEL BY EMBASSY POLITICAL AND ECONOMIC OFFICERS OUTSIDE OF NEW DELHI AND THE CONSULAR CITIES.

4. IN REGARD TO TRAVEL TO INDIA BY AMERICANS, WE SEE NO BASIS FOR THE DEPARTMENT TO ADVISE AMERICAN CITIZENS TO STAY AWAY. ALL TOURIST SERVICES SEEM TO BE FUNCTIONING WELL AND AS YET THERE IS NO INDICATION OF WIDESPREAD CIVIL DISTURBANCE. IN THE PAST WHEN THERE HAVE BEEN DISTURBANCES THEY HAVE Seldom AFFECTED FOREIGNERS. IN REGARD TO OFFICIAL TRAVELERS, WE BELIEVE EACH CASE SHOULD BE EXAMINED SEPARATELY. AMERICANS COMING FOR OPERATIONAL COORDINATION WITH INDIAN COLLEAGUES (E.G., SCIENTISTS) SHOULD COME UNLESS ADVISED TO THE CONTRARY. OTHERS PLANNING TO ENGAGE IN PUBLIC ACTIVITIES INVOLVING SPEECHES, SEMINARS, ETC., SHOULD NOT COME WITHOUT SEEKING ADVANCE APPROVAL FROM THE EMBASSY. DEPARTMENT OFFICIALS WISHING TO CONSULT WITH THE EMBASSY CONTINUE TO BE MOST WELCOME. THUS FAR WE BELIEVE THEY WILL HAVE ACCESS TO INDIAN GOVERNMENT OFFICIALS BUT AT PRESENT ACCESS TO THE INDIAN PRESS WOULD BE SEVERELY LIMITED. NATURALLY, ALL INDIANS, OFFICIAL AND UNOFFICIAL, WILL BE VERY CAREFUL IN ANY EXPRESSION OF VIEWS TO VISITORS.

5. WE URGEE THAT THE DEPARTMENT CONTINUE TO AVOID MAKING ANY COMMENT ON THE SITUATION IN INDIA. WE BELIEVE THAT THE DEPARTMENT SPOKESMAN'S COMMENT JUNE 26 THAT WHAT IS HAPPENING IN INDIA IS AN INTERNAL MATTER WAS EXACTLY RIGHT.

6. FINALLY, WE RECOMMEND THAT WE REVIEW THIS POSITION PERIODICALLY AS THE STRUCTURE AND POLICIES OF THE PRESENT GOVERNMENT BECOME MORE CLEAR.

SAXBE