

## INDIA

### INTEREST OF THE UNITED STATES IN THE SITUATION IN INDIA; MISSION OF WILLIAM PHILLIPS AS PERSONAL REPRESENTATIVE OF THE PRESIDENT<sup>1</sup>

[For statement, "United States Objectives in India and the Far East," made on February 1 by President Roosevelt, regarding the presence of American troops in India, see Department of State *Bulletin*, February 5, 1944, page 145.]

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845.00/2217 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, February 19, 1944—1 p. m.

[Received February 20—12:46 a. m.]

132. After appealing for the cooperation of all elements in India in the prosecution of the war, the Viceroy<sup>2</sup> on February 17, 1944, in his first political pronouncement of importance told the Houses of the Indian Legislature that: (1) The British Government and people hope that as early as possible India can achieve complete self-government as a willing partner of the British Commonwealth. (2) The Cripps' offer<sup>3</sup> which was not made in panic still stands and suggests *one*, but

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<sup>1</sup> Continued from *Foreign Relations*, 1943, vol. iv, pp. 178-231.

<sup>2</sup> Field Marshal Archibald P. Wavell, Viscount Wavell, Viceroy since October 1943.

<sup>3</sup> In March, 1942, the British War Cabinet had commissioned Sir Stafford Cripps, then Lord Privy Seal and Leader of the House of Commons, to proceed to India to offer Indian nationalist leaders a plan proposing an interim transfer of political power in India, pending a permanent constitutional settlement at the end of the war. The "Cripps proposals" (printed subsequently as a White Paper, British Cmd. 6350: *India (Lord Privy Seal's Mission)*, April, 1942) were rejected by the Indian leaders, both of the predominantly Hindu Congress party and the Moslem League.

With the subsequent evoking of mass civil disobedience by the Indian nationalist leader and proponent of non-violence, the Mahatma Mohandas K. Gandhi, and endorsed by the leadership and Working Committee of the Congress party, the Government of India in August 1942 had ordered the arrest and imprisonment of Gandhi; Maulana Abul Kalam Azad, Congress party president; Pandit Jawaharlal Nehru, Gandhi's "heir" in the Congress party leadership; and the Working Committee of the Congress party. Widespread disorders followed throughout the country.

For interest of the United States in aspects of the situation in India in 1942, see *Foreign Relations*, 1942, vol. i, pp. 593 ff.

not the only way towards the framing of a new constitution which rests completely in Indian hands. (3) When a constitution is agreed upon Britain is ready to relinquish authority but this cannot take place until at least the two principal parties (Congress and Muslim League) come to terms. (4) India is a natural unit and it is up to Indians to devise arrangements so that the Hindu and Muslim communities can live within this unit. (5) Until the detained Congress leaders prove their willingness to cooperate in driving the enemy to the gates of India, and withdraw the quit India resolution, demands for their release are barren. The first reaction of both the Congress party and Muslim League press is disappointment and the assertion that the speech offers nothing new.

The leading Muslim press newspaper is bitter at the Viceroy's reiteration of the opposition to Pakistan<sup>4</sup> expressed by his predecessor<sup>5</sup> in December 1942.

The Viceroy spoke courteously of the jailed Congress leaders recognizing their ability and high-mindedness and refrained from calling them pro-Japanese. He made it plain that they will not be released until they abandon their August 1942 stand. The Hindu press is bitterly disappointed in this, stating that a new constitution cannot be drawn up with these leaders in jail, and their imprisonment makes impossible the negotiation of a compromise between Congress and the League. *Dawn*<sup>6</sup> states that Gandhi wants an unconditional release by an apologetic government. The Viceroy apparently insists that admission of their errors and a promise of loyal cooperation during the war must precede release. *Dawn* sums up this situation neatly by stating that there is a spirit of unconditional surrender on both sides. One Indian Nationalist characterized the speech as "frank but cautious, disappointing but hopeful, tone not bad".

I feel that this speech does not alter the political situation materially and that there will be no progress until either the imprisoned Congress leaders, or the British, or both modify the stand both sides have taken of questioning the good faith and sincerity of the other.

Full text of speech forwarded by air mail.<sup>7</sup>

MERRELL

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<sup>4</sup> The concept of a separate Moslem state in India after independence and the touchstone of the political objectives of the Moslem League.

<sup>5</sup> The Marquess of Linlithgow.

<sup>6</sup> Influential Moslem newspaper.

<sup>7</sup> Despatch No. 366, February 21, not printed.

845.00/2253 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, May 6, 1944—11 a. m.

[Received May 6—8:29 a. m.]

324. Gandhi was released unconditionally at 8 p. m. today.

A communiqué issued by the Government of India at midnight reads *in toto* as follows:

"In view of the medical reports of Mr. Gandhi's health, Government has decided to release him unconditionally. This decision has been taken solely on medical grounds. The release takes place at 8 p. m. on May 6".

MERRELL

845.01/272 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, May 19, 1944—1 p. m.

[Received 1:08 p. m.]

357. May I now in accordance with the Department's 505, September 12, 4 p. m., 1942, request the Department's instructions regarding the disposition of the President's letter to Gandhi? <sup>8</sup>

I feel sure that Gandhi understands why he did not receive a reply to his letter of July 1, 1942,<sup>9</sup> and he probably would not expect one at this late date. If a reply is made it might encourage him to correspond further with the President. It is probable too that the receipt of the reply would become known to the Government of India whose suspicions would be (my 674, Sept 3, 3 p. m., 1942)<sup>10</sup> aroused as to how Gandhi's letter evaded censorship in India; the mission however is in position to assure the Government of India that it had nothing to do with the transmittal of Gandhi's letter.

In view of the changes in the world situation as well as the present political situation in India, I doubt that the implied emphasis in the President's letter on military considerations is any longer time [timely]; and I anticipate that paragraph 5 page 5 of the Secretary's radio broadcast of July 22 [23] 1942,<sup>11</sup> would awaken only skepticism now as Gandhi in common with most Indian Nationalists probably doubts that the U.S. has used the full measure of its influ-

<sup>8</sup> Telegram No. 505 not printed; for President Roosevelt's letter of August 1 to Gandhi, see *Foreign Relations*, 1942, vol. I, p. 703.

<sup>9</sup> *Ibid.*, p. 677.

<sup>10</sup> *Ibid.*, p. 728.

<sup>11</sup> Text in Department of State *Bulletin*, July 25, 1942, p. 639; President Roosevelt had enclosed a copy of the text of this radio broadcast in his letter of August 1 to Gandhi.

ence during the past two years to support the attainment of freedom by India.

I accordingly feel that no reply should be sent unless it is one which takes cognizance of the circumstances existing at present and is intended to serve a constructive purpose vis-à-vis the Indian political situation. Such a purpose might be served by the inclusion in a new letter of the following:

"I am hopeful that you will experience a speedy recovery from your illness and am pleased to note that, according to reports reaching me, you intend upon your return to health to discuss Hindu-Muslim understanding with Mr. Jinnah;<sup>12</sup> I feel sure that the reaching of such an understanding would enlist maximum world sympathy."

With reference to the above suggested paragraph, Gandhi on May 14 telegraphed to the leader of the Khaksars<sup>13</sup> in response to latter's suggestion that Gandhi and Jinnah should meet to explore the possibilities of an agreement and said that as soon as he was well enough he would be ready to discuss the question with Jinnah.

MERRELL

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845.01/6-1444

*Memorandum by the Secretary of State to President Roosevelt*

[WASHINGTON,] June 2, 1944.

I informed you on September 9, 1942 that delivery of your letter of August 1, 1942 to Gandhi<sup>14</sup> was impractical because of the latter's imprisonment. You agreed to the suggestion that the letter be retained in the files of the Mission at New Delhi until delivery to Gandhi might be feasible and appropriate.

The Mission now requests instructions. It recommends against delivery on the grounds that the context is not now entirely timely; that failure to have received a reply will be understood by Gandhi because of his having been held incommunicado; that difficulty may be experienced in convincing the Government of India that this Government was not a party to the evasion of censorship which occurred when Gandhi's letter was delivered to you; and that it is inadvisable at this time to encourage Gandhi to communicate further with you. A copy of the Mission's telegram no. 357 of May 19, 1944 on the subject is attached.<sup>15</sup>

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<sup>12</sup> Mohammed Ali Jinnah, Moslem League president.

<sup>13</sup> The Khaksars were a minor Indian political group; Allama Mashriqi, the Khaksar leader, had in 1942 written a booklet, *Which Way to Pakistan*, which was a condemnation of both the Moslem League and Hindu political organizations regarding the Pakistan question.

<sup>14</sup> *Foreign Relations*, 1942, vol. I, p. 703.

<sup>15</sup> *Supra*.



There appear to be three possible procedures: (1) that the letter not be delivered, with the resultant possibility that some day Gandhi may accuse you of a lack of interest in India's problems; (2) that the original letter be delivered with appropriate explanation from the Mission, and—in order that no charge of subterfuge may be brought by the Government of India—after prior advice to the Government of India; (3) that a new letter with more timely context be drafted for delivery in the same manner, with the resultant possibility that, as in procedure no. 2, difficulty may arise from the censorship angle, and that Gandhi may be encouraged to endeavor to communicate further with you in a manner embarrassing to you and both embarrassing and annoying to the Government of India.

An expression of your wishes in the matter is requested.<sup>16</sup>

C[ORDELL] H[ULL]

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845.01/272 : Telegram

*The Secretary of State to the Officer in Charge at New Delhi*  
(Merrell)

WASHINGTON, June 16, 1944—2 p. m.

427. The President desires that his letter to Gandhi (your 357, May 19) be delivered, after you have appropriately advised the Government of India. You may wish to utilize Gandhi's son as an intermediary for delivery.

Appropriate explanations regarding the delay will of course be in order.

HULL

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845.01/7-744 : Telegram

*The Secretary of State to the Officer in Charge at New Delhi*  
(Merrell)

WASHINGTON, July 7, 1944—8 p. m.

467. Please inform Department of present status of matter discussed in Department's 427 of June 16. Drew Pearson's<sup>17</sup> column of July 6 featured a story on this subject. There is some indication that he received his information from Indian nationals in the United States. Does the Mission believe that the existence of the letters in question could have been made known by Indian Congress circles to sympathizers in the United States.

HULL

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<sup>16</sup> Notation by President Roosevelt to Edward R. Stettinius, Jr., Under Secretary of State: "E. R. S. I think No. 2 best. F. D. R."

<sup>17</sup> Drew Pearson was the writer of a syndicated newspaper column.

845.01/7-1044 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, July 10, 1944—6 p. m.

[Received 7:20 p. m.]

503. Pearson's article was published in *Extension India* on July 8 (Department's telegram 467, July 7, 8 p. m.)

The Government of India previously having been advised, the President's letter was handled [*handed?*] by Berry<sup>18</sup> to Birla<sup>19</sup> at Bombay on about June 24 for delivery to Gandhi. Birla was proceeding to Poona the following day. Several newspapers mentioned the letter in connection with Berry's trip to Bombay and I believe that this was probably the source of Pearson's information rather than any direct communication by the Indian Congress circles to sympathizers in the United States.

In fairness to the Government of India and in compliance with the Foreign Secretary's<sup>20</sup> request that I deny the report that the Government of India was responsible for the letter not having been delivered prior to Gandhi's release I gave a statement today to Reuter's correspondent to the effect that the American Mission had at no time requested the assistance of the Mission [*or permission?*] of the Indian Government to transmit a letter to Gandhi and that the report in the press is therefore erroneous.

MERRELL

845.00/7-2244 : Telegram

*The Ambassador in the United Kingdom (Winant) to the Secretary of State*

LONDON, July 22, 1944—6 p. m.

[Received July 22—3:30 p. m.]

5810. Personal for the Secretary from Phillips.<sup>21</sup> Following a statement on foreign affairs in Parliament by the Prime Minister<sup>22</sup> on August 2d, it is possible that there will be a debate on the Indian

<sup>18</sup> James L. Berry, Secretary at New Delhi.

<sup>19</sup> Probably G. D. Birla, Indian industrialist and member of a family prominent in Indian industrial, commercial, and financial life.

<sup>20</sup> Sir Olaf Caroe, Secretary to the Government of India in charge of the External Affairs Department.

<sup>21</sup> Appointed in December, 1942, Personal Representative of the President in India with the rank of Ambassador, William Phillips had been absent from his post at New Delhi since April 28, 1943. From September, 1943, he had been serving on a special assignment as the Secretary of State's representative at the Headquarters of the Supreme Allied Commander, European Theater. For correspondence regarding the mission of Ambassador Phillips in India, see *Foreign Relations*, 1943, vol. iv, pp. 178 ff.

<sup>22</sup> Winston S. Churchill.

situation. It is said that on July 29, Jinnah will meet with the Working Committee of the Moslem League to explain his attitude to Rajagopalachari's<sup>23</sup> formula.

Since coming to London I have carefully avoided showing any interest in Indian affairs in the belief that in view of my present connection with SHAEF<sup>23a</sup> it was best not to do so.

However because of developments which appear to be occurring in Germany<sup>24</sup> might it not be opportune for us to express again our interest in the Indian situation? This could be done in two ways; either by an informal call by me on Mr. Amery,<sup>25</sup> the Secretary of State for India, or better still by a word from the President to the Prime Minister, if the President feels inclined to take such a step.

If left to me I should like to be able to express the hope of my Government that every opportunity will be taken to bring the opposing political parties together and that I was mentioning the matter now because of recent developments in Germany and because of the great importance which we in America attach to the contribution which a united India could make to the future peace of the world. Some such expression of American interest in the right quarters at the present time might be opportune.

If the coming debate in Parliament could be so guided that India would feel the sincerity of the British position; and if the Viceroy on his part could invite the needed cooperation between the two leaders perhaps some forward step might be taken by the leaders themselves.

Personally it seems to me that Gandhi is making an effort to come to terms with the Moslems although his approach from our point of view does not appear to be a very straightforward one. Jinnah's response on July 29 will be exceedingly important. But in my opinion it would be far more important if a convincing effort could be made now by the British Government to bring the leaders together in the interest of world peace. [Phillips.]

WINANT

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<sup>23</sup> Chakravarti Rajagopalachari, former Premier of Madras and leading Indian nationalist. In 1942 Rajagopalachari had resigned from the Congress party in order to work for active resistance to the Japanese, in contrast to the "Quit India" policy of Gandhi and the Congress party leadership. Rajagopalachari also desired to promote a *rapprochement* between the Hindu Congress and the Moslem League, and, on April 8, 1944, had started a correspondence with Jinnah containing proposals for a Hindu-Moslem settlement on the Pakistan question. Due to his close relationship with Gandhi, Rajagopalachari's proposals were considered to have Gandhi's approval, and marked an important shift in Gandhi's attitude toward the issue of Pakistan. Jinnah, however, had submitted the proposals to the Working Committee of the Moslem League without recommendations, as they had not come directly from Gandhi himself.

<sup>23a</sup> Supreme Headquarters, Allied Expeditionary Force.

<sup>24</sup> Apparently a reference to the attempt on July 20, 1944, by certain German Army officers to bring about the assassination of Adolf Hitler, German Reichschancellor and Führer.

<sup>25</sup> Leopold S. Amery.

845.00/7-2544 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Winant)*

WASHINGTON, July 25, 1944—midnight.

5828. For the Ambassador and Phillips. Drew Pearson's column today prints large part of Phillips letter to President<sup>26</sup> on Indian situation in which he advocated that British King Emperor issue declaration with respect to later independence for India after the war.

This publication was made without any prior knowledge of the Department and we do not know how Pearson came into possession of copy of this letter addressed to the President.

HULL

845.00/7-2244

*Memorandum of Conversation, by the Assistant Secretary of State  
(Berle)*

[WASHINGTON,] July 27, 1944.

Sir Ronald<sup>27</sup> came in to see me at my request. I referred to his protest at the publication, in Drew Pearson's column in the *Washington Post*, of a copy of William Phillips' letter to the President about India.<sup>28</sup> I said this was a wholly unauthorized publication; that we regretted its appearance; and that no responsible officer of the Government had had anything to do with it.

I added that we were cabling the substance of this statement to our Embassy in London.<sup>29</sup>

A[DOLF] A. B[ERLE], JR.

845.00/7-2844 : Telegram

*The Ambassador in the United Kingdom (Winant) to the Secretary  
of State*

LONDON, July 28, 1944—4 p. m.

[Received July 28—1:10 p. m.]

6002. Personal for the Secretary from Phillips. I learned today that the Foreign Office has received a full report from the British Embassy in Washington of the Drew Pearson article referred to in your No. 5828, 25 July, midnight, and are considerably annoyed by it (which does not surprise me). In view of this fact, it would prob-

<sup>26</sup> Dated May 14, 1943, *Foreign Relations*, 1943, vol. iv, p. 220.

<sup>27</sup> Sir Ronald I. Campbell, British Minister.

<sup>28</sup> Sir Ronald had called and made such a protest on July 25; memorandum of conversation not printed (845.00/7-2544).

<sup>29</sup> This was done in telegram No. 5933, July 28, 8 p. m.

ably not be opportune at this time for me to carry out the suggestion contained in my No. 5810, 22 July, 6 p. m. of expressing to the Secretary of State for India our interest in the Indian situation. [Phillips.]

WINANT

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845.00/7-2244 : Telegram

*The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)*

WASHINGTON, July 28, 1944—6 p. m.

5931. For William Phillips. The President is out of Washington and, as any action of the sort suggested in the Embassy's 5810 of July 22 should presumably take place before the debate in Parliament on August second, your suggestion that the President might wish to speak to the British Prime Minister now does not under the circumstances appear practical.

While the Department concurs in your opinion that any advance toward a settlement of the Indian problem would be particularly opportune at this time, it feels that your usefulness with SHAEF would be compromised were you to endeavor to influence the British Government in matters pertaining to India. The Department, however, approves of the Ambassador's speaking on the subject if after discussion with you he considers that such action on his part would be desirable. While publication of your letter to the President, as reported to you, may increase British unwillingness to discuss the Indian situation, it is felt that while reiterating this Government's expression of regret at the letter's publication, as made to the British Embassy and reported telegraphically to the Ambassador and to you, the Ambassador might well make known to the British Government that this Government remains of the opinion that a satisfactory solution of the Indian problem would contribute much to the successful prosecution of the war in the Far East and is of great importance to the future peace of the world.

Reports from the Mission are not encouraging regarding the possibility of any favorable developments as an outcome of the Rajagopalachari-Gandhi formula and the Gelder<sup>30</sup> statement. You may

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<sup>30</sup> In his telegram No. 351, June 26, 4 p. m., the Consul at Bombay (Donovan) had reported that: "Stuart Gelder, correspondent in India of *London News Chronicle* had interview with Gandhi June 19 at Poona. Gandhi wanted the interview publicized but without direct quotation; it is believed that he wished the interview published as a trial balloon. Burden of the interview was that Gandhi is extremely anxious to settle political deadlock and to meet the Viceroy for that purpose, but he insists on the Viceroy making first move." (845.00/2298)

Letters were exchanged during the summer months between Lord Wavell and Gandhi, in which the Viceroy refused to meet Gandhi and at the same time called upon the Mahatma to produce constructive proposals, taking into account that India was in the war (845.00/8-144). These events were described in considerable detail to the House of Commons by Mr. Amery, the Secretary of State for India, in closing a debate on India on July 28.

wish in that connection to refer to the Mission's telegram of July 24 to the Embassy <sup>31</sup> on the subject.

STETTINIUS

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845.00/7-2244 : Telegram

*The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)*

WASHINGTON, July 28, 1944—7 p. m.

5932. For the Ambassador. Your attention is invited to Deptl 5931 for Phillips on the subject of possible conversations with the British Government regarding the Indian situation.

STETTINIUS

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845.00/8-844

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] August 8, 1944.

Sir Ronald Campbell called at his request this afternoon and referred to the Drew Pearson leak on the correspondence between Ambassador Phillips and the President regarding India. He stated his associates in London were very disturbed and there were three points on which his Government wished either the President or Mr. Hull would comment:

1. The damaging reference to the morale of the Indian Army;
2. The unfair reference on the part that Britain was going to play in the war against Japan;
3. Churchill's reference to the fact that the Atlantic Charter <sup>32</sup> did not apply in India.

I told Sir Ronald I could not discuss this with the Secretary or the President for a few days but I assured him I would raise the matter with both gentlemen upon their return and would communicate with him as promptly as possible.

E[DWARD] S[TETTINIUS]

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845.00/8-844

*The British Minister (Campbell) to the Acting Secretary of State*

WASHINGTON, 8 August, 1944.

DEAR ED: When speaking with you this afternoon on Drew Pearson's article reproducing William Phillips' report to the President

<sup>31</sup> Presumably telegram No. 537, July 24, 5 p. m., to the Secretary of State, not printed.

<sup>32</sup> Joint Declaration by President Roosevelt and British Prime Minister Churchill, August 14, 1941, *Foreign Relations*, 1941, vol. I, p. 367.

about India, I mentioned that J. J. Singh's India League was about to publish an appeal to His Majesty's Government for immediate grant of Indian independence. I now hear that with this appeal which is to be published tomorrow, August 9th, they will also publish a photostatic copy of the Drew Pearson article. This seems to me to underline the desirability of a statement clearly dissociating the United States Government from the opinions expressed by Phillips on the three matters I mentioned, viz: (a) morale of Indian Army, (b) British rôle in the war against Japan, and (c) Mr. Churchill's statement on the application of the Atlantic Charter to India. It also seems to indicate that the sooner such a statement can be made the better.

Yours ever

RONALD I. CAMPBELL

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845.00/8-1544

*Memorandum by the Secretary of State to President Roosevelt*

[WASHINGTON,] August 15, 1944.

Drew Pearson recently published in one of his columns a letter which Ambassador Phillips had sent you on India. The Department has expressed its regret over its publication but Sir Ronald Campbell recently asked if a statement could be issued by this Government disassociating us from the views expressed in Mr. Phillips' letter. He referred especially to the following points:

- 1) The damaging reference to the morale of the Indian Army.
- 2) The unfair reference on the part that Britain was going to play in the war against Japan.
- 3) Churchill's reference to the fact that the Atlantic Charter did not apply in India.

It is the Department's feeling that it would be impossible to issue a statement satisfactory to the British inasmuch as we share in general the views expressed in the Ambassador's letter. Unless you feel that we should comply with the British request, I would appreciate having your permission to tell the British that we consider it preferable to make no public statement on the subject.

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845.00/8-2544

*The British Ambassador (Halifax) to the Under Secretary of State (Stettinius)*

WASHINGTON, 25 August, 1944.

MY DEAR ED: You will remember that Ronnie<sup>34</sup> spoke or wrote to you on the 8th August about Drew Pearson's article on William

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<sup>34</sup> Sir Ronald I. Campbell.



Phillips' report to the President about India. In your reply of the 9th August, you said that you were taking the matter up with Mr. Hull, and that either he or you would take it up with the President as soon as he returned.

Have you been able to do anything about it? Of the points Ronnie mentioned, I think the most essential and urgent are that something should be said publicly disassociating the United States Government from what Phillips had said about:—

- a.) the morale of the Indian Army, and,
- b.) the future attitude of the British Commonwealth towards the Japanese war.

It would appear to me that the matter might be handled in a positive way by means of some speech or statement in appreciation of the achievements of the Indian Army in Africa, Europe, and Burma, and referring to the many statements by the Prime Minister and other British Ministers about United Kingdom participation in the war against Japan.

I hope you will have had a good time in New York, and that none of you will have got into trouble!

Yours ever

EDWARD

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845.00/9-244

*Memorandum of Conversation, by the Assistant Secretary of State  
(Long)*

[WASHINGTON,] September 2, 1944.

The British Ambassador came in to see me by appointment arranged by the Secretary's office. Prior to the arrival of Lord Halifax but after reading the ticker text<sup>35</sup> of the quotation from the Caroe telegram to the British Foreign Office, and after talking again with Senator Connally<sup>36</sup> I had talked with Senator Chandler.<sup>37</sup> I told Senator Chandler that we were in a position of finding that a confidential message between the units of another government had been published without the authority and without the consent of a friendly government. I asked Senator Chandler if he would divulge the source of his information. He declined to mention the source. Upon pressing he stated that he obtained the copy directly from a high United States official and he broadly indicated that that official had obtained either directly or indirectly the document from some source in the British Embassy itself. In justification of his stand he aggressively

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<sup>35</sup> Printed as annex to this memorandum.

<sup>36</sup> Senator Tom Connally, Texas, Chairman of the Senate Foreign Relations Committee.

<sup>37</sup> Senator A. B. Chandler, Kentucky.

stated that his original statement had been made to the effect that Phillips was "*persona non grata* to the British Government", whereas Lord Halifax stated in the reply to the effect that the British Government had never declared that Phillips was *persona non grata*, and that it looked to those who did not examine the niceties of the language that he himself (Chandler) had been placed in a false position. Consequently he stated that he had no recourse but to publish the text of this telegram which showed on the face of it that his original statement was correct and that the British answer was evasive and wrong and harmful to him. I explained to him the serious deterioration which might take place at this particular time in regard to the attitude of a large number of our people toward Great Britain. He said that he realized that there was that danger but that the reason for it was the position in which he had been placed by the British Ambassador and his statement under reference.

When Lord Halifax came in he took up the subject and said that he wanted to discuss it separately from the merits or demerits of the telegram itself or of the matter in the original letter of Mr. Phillips addressed to the President. He said that he considered these two matters as within the provinces respectively of the two Governments. However, he would seriously question the propriety and the ethics of the publication by an official of this Government of a message which must have been known to be confidential and which was an internal message between different elements of his own Government. He thought the situation might deteriorate if something were not said on the part of the Secretary of State or by Senator Connally, though he preferred that a statement be made by the Secretary of State which would draw attention to the fact that the publication of a confidential message of another friendly government without previous consent of that government was hard to defend on ethical grounds or on grounds of propriety. He also feared that the publication in London of these particular facts would cause a considerable revulsion of feeling there against Americans because of the unethical use of information.

I stated to Lord Halifax that we, of course, regretted the publication by any official of an unauthorized message without obtaining the previous consent of the government concerned; that the Department of State always followed the procedure unless we were at war with a government and that in the publication of our formal documents we always obtained the consent of the government on the other end of the correspondence before publishing the papers. However, in this case it seemed that the original source of the leak was British and not American; that no American authority could properly have this information unless it had come from some British source. I further stated that I had talked to Senator Chandler and that it was my belief,

after talking with him, that the person from whom Chandler obtained a copy of this paper had himself either directly or indirectly obtained it from some person in the British Embassy itself. That, I considered, should be taken into serious consideration in evaluating this whole incident.

Lord Halifax replied that he realized that it was probably true that the information had come either directly from his Embassy or from one of the affiliated missions in Washington. He was not prepared to say just where and how, but he thought he was on the trail of discovering where information came from. He was concerned, however, not now so much with that for he considered that an internal question for his own attention, as he was concerned with the serious deterioration of American relations in England and he hoped very much that the Secretary of State would be able to make some prompt reference to it which would express his disappointment or disapproval of the act.

I told the Ambassador that I had talked this morning with Senator Connally on the basis of a statement he might make in the premises as they existed prior to the publication by Senator Chandler of this latest message. However, the facts had changed since then so that I had subsequently talked to Senator Connally and he felt that the matter should go over until Tuesday and that in the meantime it might be considered what steps the British Embassy might take. However, I stated that I would bring the matter to the attention of the Secretary of State and would advise him that the Ambassador thought it important to make some prompt statement and if it was possible to reach Mr. Hull before Monday, and during Sunday, that I would be glad to bring it to his attention, but that he was inaccessible for the rest of this day.

The Ambassador did not indicate that he would make any statement public or that he would treat it in any way except as a matter of internal administration in his own Embassy and in connection with the affiliated missions.

B[RECKINRIDGE] L[ONG]

[Annex]

*Text of United Press Ticker News Extract*

Senator Chandler released the purported text of a cable from a British official in India declaring former Ambassador William Phillips "persona non grata" and stating that "we could not again receive him" should he be sent back to India.

Chandler, who made a Senate speech on Wednesday denouncing "British interference" in American diplomatic affairs, released the cable in reply to charges by the British Ambassador, the Earl of Halifax, that "persons in responsible quarters" had made assertions "which are quite untrue".

The cable released by Chandler was signed by Sir Olaf Caroe, of the Department of External Affairs in New Delhi, India, and was sent to the Secretary of State for India in London. It termed Phillips "*persona non grata*" and revealed that the British have used censorship in an effort to block republication of the Pearson article in India. No date was on the cable as released by Chandler.

"We have stopped this particular message from coming into the country," the cable said, "and are doing our best to prevent entry of newspapers or letters carrying text of Pearson article.

"It is regrettable to have to use censorship in defense of such attacks by our greatest ally.

"We understand designation of Phillips is still President's Personal Representative in India. Whether or not he was connected in any way with leakage, views he has stated would make it impossible for us to do other than regard him as *persona non grata* and we could not again receive him. His views are not what we are entitled to expect from a professedly friendly envoy. Viceroy has seen this telegram."

SEPTEMBER 2, 1944.

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845.00/9-244

*Memorandum of Telephone Conversation, by the Assistant Secretary of State (Long)*

[WASHINGTON,] September 4, 1944.

Sir Ronald Campbell called by telephone to ask if there was anything that I could say for the information of Lord Halifax as to the matters discussed in the conversation he had with me on last Saturday, September 2.

I replied that the Secretary was laying the matter before the President and that there was nothing I could tell him further than that.

He asked if there was any indication as to time of a decision. I told him that there was no way I could inform him as to the time of a decision.

B[RECKINRIDGE] L[ONG]

845.00/9-444 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, September 4, 1944—4 p. m.

[Received 6:30 p. m.]

687. Although there has yet appeared no editorial comment, this morning's New Delhi press gave renewed prominence to Mr. Phillips' letter to the President of May 14, and published for the first time the substance of the telegram sent by Sir Olaf Caroe the Foreign Secretary in which he referred to Mr. Phillips as *persona non grata* in India.

In compliance with his request I called on Sir Olaf this afternoon and he said that he wanted to tell me quite frankly that the telegram was authentic except for the omission in the version published here of "the most important item" which was that Mr. Phillips' letter had "sneered" at the Indian Army.

He also mentioned particularly Mr. Phillips' allusion to the Indian Army as "purely mercenary" which had been taken up in another telegram. He added that he wanted to make clear that the telegram was not personal but was sent on behalf of the Government in India and represented others' views as well as his own. I confined my reply to expressing surprise and to emphasizing that the letter had been written more than a year before its publication.

Caroe appeared shattered that his telegram had been made public and said that he had no idea how the leak had occurred.

Sent to Department as 687, September 4, 4 p. m.; repeated to London.

MERRELL

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[Ambassador Phillips did not return to India, resuming his retirement status upon relinquishing his duties at the Headquarters of the Supreme Commander Allied Expeditionary Force (SHAEF). The Officer in Charge at New Delhi (Merrell) was on February 28, 1945, appointed Commissioner at New Delhi with the rank of Minister and on March 14, 1945, President Roosevelt accepted from Ambassador Phillips the latter's resignation as Personal Representative of the President in India.]

AGREEMENT BETWEEN THE UNITED STATES AND THE GOVERNMENT  
OF INDIA, AND EXCHANGE OF NOTES BETWEEN THE UNITED  
STATES AND THE UNITED KINGDOM, CONCERNING THE LEND-  
LEASE OF SILVER

845.515/545

*Memorandum of Telephone Conversation, by the Adviser on Political  
Relations (Murray)*

[WASHINGTON,] January 8, 1944.

Mr. Harry White <sup>38</sup> of the Treasury Department called me by telephone this morning to inform me of the latest developments in the question of lend-leasing 100,000,000 ounces of silver for use in combating inflation in India.

Mr. White stated that during the discussion of this matter with the "silver senators", when the question was asked whether this silver should be lend-leased to the British Government or to the Government of India, several of the senators had expressed a preference for a direct lend-lease transaction with the Government of India. Mr. White further stated that Secretary Morgenthau <sup>39</sup> favored dealing direct with the Government of India in this matter.

Recalling that this matter had been discussed earlier with certain officials of this Department and that a preference had then been expressed for dealing with the British Government in this matter, Mr. White inquired what our views were at the present time. I informed Mr. White that in the discussions which had taken place here we had been strongly of the opinion that the silver should be lend-leased direct to the British Government for any use they might see fit to put it to in India and that the British Government should assume the responsibility for the eventual return of the silver ounce by ounce.

In this connection I reminded Mr. White that the Government of India is not a "government" in our ordinary understanding of the word but is merely a term for the British Government exercising its rule in India; that in our view no possible political advantage would be gained by dealing with the Government of India in this matter, whereas certain future risks and disadvantages might result.

Mr. White then stated that the Treasury had not considered that the risks were any greater in one case than in the other and that he could not conceive of any government repudiating an agreement to return silver which had been furnished it under a Lend-Lease arrangement. I told Mr. White that I was unable to follow his reasoning that there would be no greater risk in dealing with the Government

<sup>38</sup> Harry Dexter White, Assistant Secretary of the Treasury in charge of Monetary Research and Foreign Funds Control.

<sup>39</sup> Henry Morgenthau, Jr., Secretary of the Treasury.

of India than there would be in dealing with the Government of Britain in this matter for the reason that no one could foretell what the set-up in India would be after this war; that a violently nationalistic government made up of Indians themselves might gain power and that it would, in our view, be rash to assume that such a native government, with possibly strong color prejudice against the white peoples of the West, would voluntarily assume obligations undertaken on their behalf by the British under the name of "Government of India" at this time. It seemed to me, therefore, advisable to place the responsibility in this matter squarely upon the British Government which, in turn, is in a position, if it wishes, to shift the burden of obligation to the Indians. If it does not wish to do so or if it feels that it cannot do so, that is of course of an intra-Empire matter, and irrespective of any such action which might be taken by Great Britain we would be in a position to look to it for the fulfillment of the transaction.

Mr. White inquired of me whether we had discussed this matter with Lend-Lease people since there was a feeling in Treasury that it was a matter for agreement between ourselves and Lend-Lease. I told Mr. White I did not know what there was precisely to discuss; that, however, in recent discussions regarding the method of obtaining under reverse Lend-Lease from India certain vitally needed raw materials we had strongly supported the view that Great Britain should assume the responsibility for coming to a satisfactory financial arrangement with the Government of India in order that the desired raw materials might be forthcoming. It seemed only natural to suppose that our viewpoint might be the same in the present matter of silver.

Mr. White then said that he agreed that there would probably be no useful purpose in our conferring with the Lend-Lease authorities about this matter and that he would take it up again with Mr. Morgenthau who might view the matter differently in the light of the factors in the situation of which he had not been aware when he had come to the conclusion that it might be preferable to deal direct with the Government of India in the lend-leasing of this silver.

WALLACE MURRAY

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845.515/539a

*The Under Secretary of State (Stettinius) to the British Ambassador (Halifax)*

WASHINGTON, January 19, 1944.

MY DEAR MR. AMBASSADOR: Following your letter to me of November 9, 1943<sup>40</sup> relative to the proposed lend-lease silver arrange-

<sup>40</sup> *Foreign Relations*, 1943, vol. IV, p. 280.



ment for India, officials of the Department have had many conversations on the question with our Treasury. I am now informed and am happy to tell you that the Treasury has made a favorable recommendation on the proposal to the Foreign Economic Administration. I believe, therefore, that only certain details which can probably be easily worked out are all that remain before the plan can be put into effect.

With best wishes,

Sincerely yours,

E. R. STETTINIUS, JR.

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845.515/536

*The British Ambassador (Halifax) to the Under Secretary of State (Stettinius)*

WASHINGTON, January 22, 1944.

MY DEAR ED: I have received your letter of January 19th in which you inform me that the Treasury has recommended favourably the proposal to make a hundred million ounces of silver available to the Government of India, and I note that it is your belief that only certain details remain to be worked out.

I have just received a telegram from Mr. Amery,<sup>41</sup> the Secretary of State for India saying how grateful he is that this valuable support to the Indian economy is forthcoming, and I want to thank you very much for your cooperation in arranging this matter.

Yours sincerely,

HALIFAX

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845.515/545

*Memorandum of Conversation, by Mr. Calvin H. Oakes of the Division of Middle Eastern Affairs*

[WASHINGTON,] January 26, 1944.

Participants: Mr. K. C. Mahindra, Chief of the Indian Supply Mission

Mr. Alling<sup>42</sup>

Mr. Oakes

Mr. Mahindra called at his request in connection with the proposed lend-lease of 100 million ounces of silver for use by the Government of India. He commenced his conversation by stating that he had been astonished and distressed to find that arrangements now con-

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<sup>41</sup> Leopold S. Amery.

<sup>42</sup> Paul H. Alling, Deputy Director of the Office of Near Eastern and African Affairs.

templated would render Great Britain responsible for the return of the silver; that it was his understanding that when this question was discussed last August in connection with the supply of 20 million ounces for coinage purposes it was decided that the return of silver provided to India would be an obligation of the Government of India. Mr. Stettinius, according to Mr. Mahindra, had indicated at that time that this would be the case.

It was pointed out to Mr. Mahindra that it was our understanding that the transaction effecting the 20 million ounces of silver had been simply an *ad hoc* agreement, and that arrangements made with regard to that transaction did not affect the present one. Mr. Alling asked Mr. Mahindra why he thought that the Government of India should be held responsible for the return of the silver rather than Great Britain.

Mr. Mahindra replied that, first, India was one of the United Nations and was regarded as a separate entity among those nations; and that, secondly, to refrain from making India responsible would suggest that we were concerned lest the Government of India would not honor its debt. He was sure that we did not have any such feeling, but that if we did he must consider it as an insult to his country.

Before any very precise reply had to be given to that observation, Mr. Mahindra continued his remarks with reference to the firm financial position which his country enjoyed, its past financial history, and implied that of the two Governments the Government of India was more solvent than the United Kingdom.

Mr. Alling replied that we were well aware of India's large sterling balances and that we questioned the solvency of neither Government. Mr. Alling asked, however, whether the Government of India was entirely independent financially.

Mr. Mahindra insisted that it was, except for the fact that the rupee was pegged to the pound. He admitted that his Government did not control the dollar balances accruing to it, but maintained that this was because of American insistence that empire credits be considered as a whole. He added confidentially that his Government expected shortly to have an independent dollar balance for purchases in the United States.

Reverting to the reason for Mr. Mahindra's call, Mr. Oakes stated that failing convincing argument to the contrary it appeared to the Department that the Government of the United Kingdom was the Government which should be expected to see to the return of the silver, in as much as lend-lease of the silver was being effected through the lend-lease agreement with the British Government, and in as much as it was the British Ambassador who had made representations to the Department on the subject.

Mr. Mahindra replied that he was in disagreement, in that the transaction was not really one of lend-lease in that there was the promise to repay which did not exist in true lend-lease transactions; and, secondly, that it was the Government of India which had pressed for the loan of the silver. The British Ambassador had entered the picture only because it had been thought desirable to make representations on as high a plane as possible. The British Ambassador represented in the United States, moreover, not only the Government of the United Kingdom but the Government of India. In the earlier representations Mr. Mahindra had advanced the matter for the Government of India, assisted by Sir Cecil Kisch of that Government. Sir David Waley of the British Treasury had assisted in these representations only because a silver expert was needed in connection with the conversations on the subject with the United States Treasury.

Mr. Mahindra continued that if we felt that the Government of India was worthy of receiving a note from us asking for reciprocal aid, he could not understand why his Government should not expect us to deal directly with it in so far as the present transaction is concerned. The lend-lease agreement with Great Britain simply provided a convenient means of effecting the transaction. He intimated that if we did not wish to treat his Government as an entity, his Government might well be justified in declining to provide reciprocal aid under the arrangement now contemplated.

Mr. Alling asked whether Great Britain was not assisting India in making available to the United States the materials requested as reciprocal aid. Mr. Mahindra replied in the negative, stating that the Government of India alone was responsible for furnishing these materials and that the British entered into the picture only to the extent of having suggested in the first instance that we make the request of the Dominions and of India.

Mr. Alling observed that he had been under a somewhat different impression. He continued that frankly, with regard to the general picture, he could not see quite where the Government of India began and where the Government of Great Britain ended; that we had reason to believe that the Indian people viewed lend-lease with considerable suspicion; that we did not wish to do anything which would suggest to the people of India that we were attempting to entrench ourselves in India; and that hence it appeared best that the return of the silver be made an obligation of Great Britain rather than of India.

Mr. Mahindra replied that there was some suspicion on the part of the Indians and that he was compelled to remark that American protestations did not always coincide with American actions. However, he himself understood why certain recommendations advanced by us

had not been implemented, but that the average Indian did not; that in making the silver available to the Government of Great Britain rather than to India direct there would be the feeling in India that this was a further indication of our tendency to strengthen the British yoke; and that, in fact, we would be increasing Britain's hold upon India.

Mr. Alling replied that Mr. Mahindra could be sure that in any of our actions regarding India we were motivated by a desire to do what was in the best interests of the Indians; that in this case there appeared to be an honest difference of opinion as to what the reaction would be among the Indians; that we felt that certainly from the long-range view there were apt to be less unfavorable repercussions if Great Britain was made responsible for the debt rather than the present Government of India.

Mr. Alling requested that Mr. Mahindra put on paper his views on the subject and promised that they would be given consideration. Mr. Mahindra agreed to send Mr. Alling a memorandum.<sup>43</sup> In parting he emphasized that he was most anxious that a prompt decision be made as delay in securing the silver was occasioning his Government great concern.

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845.515/529

*The Administrator of the Foreign Economic Administration  
(Crowley) to the Secretary of State*

WASHINGTON, January 27, 1944.

DEAR MR. SECRETARY: As you are aware, discussions have been going on since last summer with respect to a request from the Government of India for the lend-leasing of 100 million ounces of silver to be used to combat inflation in India and to provide a stabilization reserve there. The proposal contemplates an agreement for the return of the silver on an ounce for ounce basis at the end of five years. The proposal was initiated by the Government of India representatives here, with the knowledge and agreement of the representatives of His Majesty's Government in Great Britain. Mr. Morgenthau and Mr. Stettinius participated in the discussions from the American side.

Mr. Morgenthau has recently addressed a letter to me stating that the Treasury Department is now prepared to proceed with the lend-leasing of this silver as soon as an appropriate agreement for the return of the silver has been made by the Foreign Economic Admin-

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<sup>43</sup> January 26, not printed.

istration. Vice Admiral F. J. Horne has written Mr. Morgenthau on behalf of the Joint Chiefs of Staff, stating that they have no objection from the military point of view to the proposed operation, and Mr. Donald M. Nelson, Chairman of the War Production Board, has written Mr. Morgenthau, stating that it will not interfere with the domestic need of silver for use in the war effort.

The Foreign Economic Administration is prepared to approve the transaction in general principle. A question has arisen, however, as to whether the transaction and the return agreement should be arranged directly with the Government of India or with His Majesty's Government in Great Britain on behalf of the Government of India.

The advantages of handling the transaction with His Majesty's Government in Great Britain are the greater financial security provided, in view of the uncertainties of the post-war status of India, and the avoidance of creating possible ambiguities with respect to the present constitutional relations between India and Great Britain.

The advantages of dealing with the Government of India are the greater simplicity of this method of operation and the fact that it is believed that the Government of India, which initiated the discussions, would take serious umbrage at being regarded as not in position to undertake international obligations of this sort on its own responsibility.

The latter point is the more important because discussions are now in process between the Government of India, the Department of State and the Foreign Economic Administration with respect to the execution of an over-all agreement for the provision of reciprocal aid for lend-lease purposes by the Government of India to the United States. The general terms of this latter agreement, I believe, were agreed to in principle by the Department of State representatives on December 15, 1943.<sup>44</sup> The United States Government, if the second alternative method of handling the silver transaction be adopted, may therefore be in the somewhat difficult position of taking one attitude towards the Government of India with respect to mutual aid for lend-leasing purposes, and a contrary position with respect to the direct lend-leasing of silver.

I have the honor to ask your opinion as to the more appropriate method of arranging the proposed lend-leasing of 100 million ounces of silver for the use of the Government of India, under the conditions set out above. Because the Government of India desires to use part of the silver for coinage, and because the reserve of silver now in the

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<sup>44</sup> For exchange of notes between the two Governments on October 6 and December 15, 1943, see *Foreign Relations*, 1943, vol. iv, pp. 279 and 282, respectively.

hands of the Government of India is shrinking rapidly and will probably last less than two months more at the present rate of reduction, it is urgent that a decision be reached and the necessary steps taken at as early a date as possible.

Sincerely yours,

LEO T. CROWLEY

Files of the Policy Committee : Lot 122

*Minutes of the Seventh Meeting of the Department of State Policy Committee* <sup>45</sup>

[Extract]

[WASHINGTON,] February 2, 1944.

5. *Proposal to Lend-Lease 100,000,000 Ounces of Silver to India*

Mr. Murray declared that the point at issue is whether the responsibility for the return of the silver should be placed on the British or on the Indian Government. Mr. Murray felt that in view of the great uncertainty in regard to the character of the Government of India five years hence, we are more likely to be reimbursed if the responsibility is placed on the British. Mr. Acheson suggested that if the responsibility is placed on the British alone they will have no claim on the Indians to serve as a basis for collecting from the latter. He felt that both should owe an obligation to the U.S. The Secretary expressed the view that the two Governments should assume the obligation jointly, and the Committee concurred. Mr. Hackworth suggested that this be effected by making the agreement with the Indians and having the British underwrite it.

845.515/545

*Memorandum of Telephone Conversation, by Mr. Calvin H. Oakes of the Division of Middle Eastern Affairs*

[WASHINGTON,] February 9, 1944.

I telephoned Mr. K. C. Mahindra, Chief of the India Supply Mission, at his request to inform him when the Department's views regarding the lend-lease of 100 million ounces of silver for use by the Government of India would be conveyed to FEA.<sup>46</sup> I told Mr.

<sup>45</sup> Attended by the Secretary of State (presiding); the Under Secretary of State (Stettinius); Messrs. Berle, Long, Acheson, and Shaw, Assistant Secretaries of State; the Legal Adviser (Hackworth) and the Directors of the several Geographic Offices.

<sup>46</sup> Foreign Economic Administration.

Mahindra that a letter on the subject had been drafted for the Secretary's signature and that accordingly it could be expected that FEA would receive the requested advice in the immediate future.

Mr. Mahindra then asked me if I could inform him of the Policy Committee's decision, in so far as was concerned the question of responsibility by the Government of India for return of the silver. I stated that it had been decided that the Government of India and the Government of Great Britain should have joint responsibility. Mr. Mahindra was much distressed at this news and stated that this decision was much worse than would have been a decision that Great Britain should bear the responsibility alone. (It will be recalled that the proposal submitted by OEA [*NEA?*] <sup>47</sup> to the Policy Committee expressed the opinion that assumption of responsibility by Great Britain on behalf of the Government of India would in this instance be especially objectionable in India, and that hence responsibility to the United States should be borne by the Government of Great Britain alone.) Mr. Mahindra continued that insistence that Great Britain assume the responsibility for the return of the silver could be explained on the technical ground that as there was no direct lend-lease agreement with the Government of India responsibility by Great Britain was logical, but that to allow the Government of India to assume responsibility and then to ask the Government of Great Britain to underwrite that responsibility would be accepted as a definite indication of lack of faith in his Government's integrity. He asked whether he and the Agent General might be permitted to present their views before the Policy Committee, prior to word being sent to FEA. He asked further if I would do what I could in the matter, 'phoning him again in the morning.

I telephoned Mr. Mahindra this morning and stated that the Department would be glad to withhold its communication to FEA, pending such further representations as he and the Agent General might wish to make; that those representations should, however, be made before one of the executive officers of the Department rather than before the Policy Committee.

Mr. Mahindra replied that the Agent General was at present in New York but that he would communicate with him by telephone to request that he seek an appointment with the Secretary or the Under Secretary in order that the matter might be discussed further. Mr. Mahindra expressed appreciation of the Department's action in withholding temporarily its letter to FEA on the subject.

I have asked Mr. Rostow to see that FEA is advised that reply to its letter is being delayed at the specific request of Mr. Mahindra.

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<sup>47</sup> Office of Near Eastern and African Affairs.



845.515/545

*Memorandum of Conversation, by the Chief of the Division of Middle Eastern Affairs (Allen)*

[WASHINGTON,] February 11, 1944.

Participants: Sir Girja Shankar Bajpai, Agent General for India  
Mr. K. C. Mahindra, Chief, India Supply Mission  
Mr. Dean Acheson  
Mr. Wallace Murray  
Mr. Paul H. Alling  
Mr. George V. Allen  
Mr. C. H. Oakes

Mr. Acheson reviewed the considerations involved in the lend-leasing of 100 million ounces of silver to India. He referred to the fact that silver always presents a special case and may not be treated as other commodities or supplies furnished under lend-lease, in view of the special interest of the Senate in any question which concerned silver. He said that the executive branches of the Government felt that special precautions should be taken to provide for the return of the silver, ounce for ounce, at the end of five years, in accordance with the wishes of the Senators concerned.

Sir Girja said that he and Mr. Mahindra would like to present to the Department the attitude of the Government of India in this matter. He said that India had been struggling for some years for fiscal as well as for political autonomy, as evidenced by the emphasis placed on fiscal autonomy at the Round Table Conference in London in 1931.<sup>48</sup> At that time India was a debtor nation vis-à-vis Great Britain, and some justification might have existed then for asking Great Britain to underwrite a debt of the Government of India. At the present time, he said, India is a creditor nation, and the people of India would be particularly resentful of a demand by the United States that the British Government underwrite a debt of the Government of India.

Mr. Murray said that the attitude of the American Government that Great Britain should be made responsible for the return of the silver, either separately or jointly with the Government of India, resulted in part from the fact that no one could say at this time what government would be in power in India five years hence.

Sir Girja felt confident that any government in India would wish to maintain its credit and would be careful to avoid repudiation. He pointed out that the silver would be of assistance to all of India and

<sup>48</sup> The three Round Table Conferences on the affairs of India held in London during 1930-1932 represented attempts to find a solution to the constitutional problems of India by direct discussions between the British Government and Indian leaders. The second conference was held September 7-December 1, 1931.

that the obligation for its repayment was quite a different matter from the payment of expenses for the re-conquest of Burma, (which, he admitted, Gandhi and the Congress Party<sup>49</sup> had objected to being made an obligation of the Indian people).

Mr. Mahindra said that our insistence that Great Britain underwrite the debt would have a most unfortunate effect in India, and he felt that if the British Government is to be obligated in the matter at all, Great Britain should be made solely responsible for repayment.

Mr. Acheson asked whether the Government of India would prefer joint responsibility by the Governments of India and Great Britain, instead of an obligation assumed by the Government of India and underwritten by the Government of Great Britain.

Sir Girja replied that what was preferred was an obligation on the part of the Government of India alone, without involving Great Britain in any way.

Mr. Mahindra suggested the possibility of consummating the transaction without any formal agreement. He thought the matter could be handled, perhaps, in the same manner as all other lend-lease transactions with India; that is, the British authorities in Washington would sign a requisition for the silver, with a notation that it was being requested for retransfer to India. An accompanying exchange of letters might specify that the silver was to be returned ounce for ounce at the end of five years. He said that the American Government's insistence upon Great Britain's guarantee might well give the impression in India that the United States was attempting to strengthen and continue British rule in India.

Mr. Acheson said that he agreed with Sir Girja that repudiation on the part of the Government of India was most unlikely and asked how much importance the Government of India attached to the form of guarantee. Sir Girja said that very great importance was attached to the subject, since the Government of India felt that its good faith was involved.

Mr. Acheson stated that the views of Sir Girja and Mr. Mahindra would be taken into consideration by the Department.

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845.515/541

*Memorandum by the Assistant Secretary of State (Acheson) to the Executive Secretary of the Policy Committee (Yost)*

[WASHINGTON,] February 12, 1944.

Sir Girja Bajpai has made urgent representations that his Government would take most serious offense at any suggestion on our

<sup>49</sup> The Mahatma Mohandas K. Gandhi, proponent of non-violence in resistance to British rule in India, was also unofficial leader of the Indian National Congress, Hindu nationalist party.

part that the agreement for the return of the million ounces of silver to be transferred under the Lend-Lease Act for use in India be made with the Government of the United Kingdom as sole obligor, as joint obligor with the Government of India, or as guarantor of the promise of the Government of India. He pointed out that even though the constitutional position of the Indian Government might well change after the war, it was inconceivable that any Indian Government would repudiate an obligation with the United States. His Government, like the Government of the United States, regards the obligations of a government as binding upon its legal successor. India views its relations with the United States as of the highest importance to it, on the political, the commercial and the financial planes.

In view of the seriousness which the Indians attach to this issue, we recommend that the decision of the Policy Committee of February 2 be revised to propose that the Foreign Economic Administration transfer the silver to the Indians in the usual way, through the re-transfer procedure (which may itself carry with it certain British responsibility), making the agreement for the return of the silver, however, exclusively with the Government of India.<sup>50</sup>

Agreements for the return of lend-lease silver in kind are a special feature of the lend-lease program, developed through arrangements between Secretary Morgenthau and the Silver Committee of the Senate. They are not required by law. So far as the Treasury is concerned, an agreement directly with the Government of India will be regarded as entirely satisfying the understanding between the Secretary of the Treasury and the Silver Committee.

It should be noted that we must apply considerable pressure to the Indians this coming week in connection with the reverse lend-lease of raw materials, on which they have proposed an unacceptable procedure. It will not help this negotiation, of direct importance to the war production program to have the Government of India in a mood of irritation.

We are not unmindful either, in making this recommendation, of the confusion and difficulty which have resulted for American troops in China in direct consequences of the deterioration of our lend-lease relations with China. Reverse lend-lease for the troops in India is not in perfect condition, and measures for its amelioration are receiving consideration. From the point of view of the conduct of the war, the good-will of the Government of India for such purposes seems of more direct importance than the remote possibility that some future Indian Government might repudiate its obligation to return to us a quantity of silver which we do not need. The decision

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<sup>50</sup> In a meeting on February 14, the Policy Committee recommended that the loan be made with joint responsibility by the Indian and British Governments.

of this issue seems to require a choice. If we accept the obligation of the Government of India alone, some future government may repudiate it, or, as is conceded to be more likely, may feel some resentment at having to meet it. On the other hand, if we involve the British Government in the transaction, the present Government of India will feel a very strong resentment, which cannot help but prejudice reverse lend-lease arrangements of immediate importance to us in the war. As between the two possible resentments, we have no hesitation. The good relations of the United States and a future Indian Government will depend on many factors beyond the return of the silver involved here. On the other hand, it seems clear that nothing but harm can come to the supply arrangements in India upon which our forces depend for support and well being, and on which the success of the Burma campaign may largely hinge, if we insist on a British promise to return the silver. We can see no gain to the United States from giving offense in this case to the British and the Indians.

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845.515/529

*The Acting Secretary of State to the Administrator of the Foreign Economic Administration (Crowley)*

WASHINGTON, February 17, 1944.

MY DEAR MR. CROWLEY: We have considered your letter of January 27, 1944, on the proposed transfer under the Act of March 11, 1941,<sup>51</sup> of 100 million ounces of silver for use in India.

You state that question has arisen concerning "whether the transaction and the return agreement" should be arranged direct with the Government of India or with the British Government.

It is the view of this Department that the obligation for the return of the silver should be assumed jointly by the Government of Great Britain and the Government of India.

Sincerely yours,

EDWARD R. STETTINIUS, JR.

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845.515/546

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] February 29, 1944.

Lord Halifax called upon me this afternoon at his request to discuss the Indian Silver matter. The British feel badly that we are requesting them to guarantee the loan of the silver to India. I told

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<sup>51</sup> 55 Stat. 31.

Lord Halifax that this was a matter that had been carefully considered in the Department. He asked if I would mind reviewing the matter with my associates again and he stated he would send me a letter this evening that we could have at 9:30 tomorrow morning for our Policy Committee meeting, at which time I would review the matter. He said that even though our answer was in the negative, could we let ten million ounces of silver go immediately to the Indians without prejudicing the final solution.

E[DWARD] S[TETTINIUS]

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845.515/546

*The British Ambassador (Halifax) to the Acting Secretary of State*

WASHINGTON, February 29, 1944.

MY DEAR ED: When I raised with you this afternoon the question of Indian silver, you asked me after our talk to let you have a brief note on the subject. This I gladly do.

I have just had a telegram from the Secretary of State for India in which he expresses his great anxiety at the position taken up on this matter by the United States Administration.

The Government of India, as you know, has learnt with much gratitude of the willingness of the United States Government to help in this matter of silver, but the Secretary of State for India is much perturbed that along with this readiness to help should have gone the request that His Majesty's Government should accept with the Government of India a joint obligation to the United States Government. He assumes that this attitude is partly the result of His Majesty's Government having sponsored the Indian case, but also arises from a feeling in the mind of the United States Government that an undertaking for replacement from the Government of India alone is in the present constitutional situation, and in view of possible future developments, inadequate.

He has asked me to represent to you as strongly as I may the fact that for over twenty years India has been recognised by all countries as fully competent to enter into separate International obligations and has done so freely. Moreover the United States Government themselves have hitherto treated India on this basis in respect of mutual aid and reciprocal aid including coinage silver supplied last autumn, though admittedly it was stated at the time this was not to be regarded as a precedent. He greatly regrets that the State Department should have now felt it necessary to adopt so rigid an attitude, and he would wish on behalf of His Majesty's Government to make it quite clear that

he cannot accept the implication that India is in any respect wanting in competence to conclude such a deal, or that the prospect of future Governments honouring obligations of their predecessors can properly be questioned.

He feels too that you have perhaps given insufficient weight to possible, or even probable, repercussions upon Indian susceptibilities of such open distrust of India's future as your present attitude would appear to imply, and accordingly hopes that for this and other reasons, including that of the future relations subsisting between India and the United States, you may be prepared to reconsider this attitude.

May I add just this from my own judgment, on the basis of my past knowledge and experience of India? I do think that the Indian Political leaders who perhaps before long are likely to find themselves in a position of responsibility, are bound to resent the suggestion that they are unworthy of confidence in this matter. Nor can I imagine that, purely on the basis of Indian self interest, any such fear of Indian failure to honour their obligations is likely to be well-founded. If it so turns out that an Indian Popular Government is established in the not too distant future, the last thing in the world that I should imagine they would wish to do would be to quarrel with the United States. Every consideration would lead them to follow a different line! I do therefore venture to associate my own personal argument with those of the Secretary of State for India in the hope that it may be possible for your Administration to reconsider their present position on this subject.

In any case, and however this discussion may go, I am asked finally to put this further request of urgency before you. The Government of India are pressing for deliveries of silver to commence and attach very great importance to the time factor. His Majesty's Government would accordingly ask that if a discussion of the main issue, as I have tried to set it out above, is likely to take more than two or three days, you would be willing to allow immediate shipment of say ten million ounces, without prejudice to the larger question.

Yours sincerely,

HALIFAX

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845.515/548

*The Under Secretary of State (Stettinius) to the Secretary of State*

[WASHINGTON,] March 1, 1944.

MR. SECRETARY: You will recall during recent months discussions relative to lend-leasing silver to India and as to whether this should be a direct relation to India or whether the loan should be guaranteed

by the British. The last time this matter was discussed you were definitely of the opinion the British should guarantee the loan. This was confirmed at a meeting of the Policy Committee in your absence.

However Acheson and Taft<sup>52</sup> think there should be a direct relationship with the Indian Government. The decision was made that the loan should be guaranteed by the British and Lord Halifax has come back with a strong plea that the matter be reconsidered. He called upon me yesterday afternoon and submitted a note this morning. I have reviewed the matter with those in the Department again and they feel we should not change our position.

Inasmuch as it is likely the British will make quite an issue of the matter, I want to be sure that there is no possibility of your changing your position before advising the British definitely once and for all that we cannot change our position in the matter.

E[DWARD] S[TETTINIUS]

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845.515/546

*The Under Secretary of State (Stettinius) to the Administrator of the Foreign Economic Administration (Crowley)*

WASHINGTON, March 6, 1944.

DEAR LEO: With reference to my letter of February 17 on Indian silver, I am enclosing herewith a copy of a letter from Lord Halifax, dated February 29<sup>53</sup> requesting reconsideration of the decision regarding the guarantee for the return of the 100,000,000 ounces of silver for use in India. You will note that he requests immediate shipment of 10,000,000 ounces without prejudice to the larger question.

I have told Lord Halifax that we shall review carefully the decision regarding guarantees and that in the meantime I felt it would be possible to ship the 10,000,000 ounces without prejudicing the final decision, and with the understanding that the decision on the guarantee for the remaining 90,000,000 ounces will also apply to the emergency shipment of 10,000,000 ounces.

With the understanding outlined above, I would appreciate it if you would consult with your administration and Treasury Department in order to determine the manner in which the 10,000,000 ounce shipment should be temporarily documented.

With best wishes,

Sincerely yours,

E. R. STETTINIUS, JR.

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<sup>52</sup> Charles P. Taft, Director of the Office of Wartime Economic Affairs.

<sup>53</sup> *Ante*, p. 261.



845.515/546

*The Secretary of State to the British Ambassador (Halifax)*

WASHINGTON, March 14, 1944.

DEAR MR. AMBASSADOR: I refer to your conversation of February 29, 1944 with the Under Secretary, and to your letter of the same date, on the subject of this Government's decision that 100 million ounces of silver should be made available for use by the Government of India upon the assumption of joint responsibility of the Governments of the United Kingdom and of India for the return of the silver in question. This matter has again been the subject of consideration with careful attention to the views conveyed by you. I regret the necessity of informing you, however, that it has not been found possible to alter the decision which the Department has taken in this matter.

You may be sure that I should have been very glad to have been able to give you a reply more nearly in accord with your wishes.

Sincerely yours,

CORDELL HULL

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845.515/546

*The Secretary of State to the Administrator of the Foreign Economic Administration (Crowley)*

WASHINGTON, March 14, 1944.

MY DEAR MR. CROWLEY: I refer to the Under Secretary's letter of March 6, 1944 on the subject of the 100 million ounces of silver to be provided for use by the Government of India.

I have, upon my return, given further consideration to this matter. The decision rests, however, that in the opinion of the Department the supply of the silver should be conditioned upon the assumption of joint responsibility by the Governments of the United Kingdom and of India for its return.

The British Ambassador has been informed in the premises.

Sincerely yours,

CORDELL HULL

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845.515/549

*The British Ambassador (Halifax) to the Secretary of State*

WASHINGTON, March 21, 1944.

DEAR MR. HULL: I write to acknowledge your letter of March 14th in which you confirm the United States Government's decision that 100 million ounces of silver should be made available for use by the Government of India, upon the assumption of joint responsibility of the Governments of the United Kingdom and of India for the return

of the silver in question. You further inform me that it has not been found possible to alter the position taken by the State Department in this matter.

2. I have now received notice from London that my Government authorises me to propose a further solution. The suggestion is made that His Majesty's Government in the United Kingdom subscribe to an agreement with the United States Government that, in the event of the Government of India failing to fulfil their obligation, His Majesty's Government will take all necessary steps to secure delivery to the United States Treasury of the amounts of silver required to implement the agreement.

3. Such an undertaking would be a formal agreement between His Majesty's Government in the United Kingdom and the Government of the United States, and would be complementary to, instead of part of, any agreement between the Government of India and the Government of the United States.

4. An agreement along these lines would not prejudice the recognised power of the Government of India to enter into international governmental agreements in their own name. And it is out of consideration of India's status in this respect that I am obliged to ask that, should the United States Government be ready to enter into an agreement with the United Kingdom Government on the lines which I have indicated above, any such agreement should not be made public.

5. I am afraid that misunderstanding regarding the status of the Government of India persists in many quarters. It is true that India is not an independent sovereign state: the Government of India being in law subject to the general control and the particular directions of His Majesty's Principal Secretary of State for India. The extent, however, to which this statutory right of control can be exercised is substantially qualified. In many matters, it would be in practice no more possible than it would be expedient to attempt to overrule the Government of India, composed as it is today in overwhelming proportion of Indian public men.

6. You will recall that India was a separate signatory of the Treaty of Versailles<sup>54</sup> and of the Paris Convention of 1919 on International Air Navigation.<sup>55</sup> She was an original member of the League of Nations and of the International Labour Office. For the past twenty-five years, she has regularly had her own representative at conferences. I may further add that the Government of India will be treated by my Government in exactly the same way as the Governments of Dominions should preliminary conversations take place on post-war civil aviation as has been proposed.

<sup>54</sup> Signed at Versailles, June 28, 1919; annotated text in *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 55.

<sup>55</sup> Signed at Paris, October 13, 1919, *Foreign Relations*, 1926, vol. I, p. 152.

7. In view, therefore, of the great concern which my Government has for the fostering and developing of India's status towards independence, and at the same time recognising the urgency of combating the unhappy tendencies towards inflation now prevalent in that country, it is my most earnest hope that you will give careful consideration to the suggestion that an agreement be entered into by your Government and mine which will assist the internal stability of India, without prejudice to the cause of her own political evolution.

Yours sincerely,

(For the Ambassador)

MICHAEL WRIGHT

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845.515/549

*The Secretary of State to the British Ambassador (Halifax)*

WASHINGTON, April 7, 1944.

MY DEAR MR. AMBASSADOR: I desire to acknowledge the receipt of your letter of March 21, 1944 on the subject of this Government's decision regarding silver in the quantity of 100 million ounces, which has been requested for use by the Government of India.

It is entirely acceptable to my Government that in lieu of the arrangement earlier suggested there be an agreement between the Governments of the United States and of the United Kingdom that should for any reason the Government of India fail to return the silver at the time stipulated, the Government of the United Kingdom will take such steps as may be necessary to effect delivery to the United States Treasury of the amount of silver involved.

The Department will make every effort to comply with your request that any such agreement not be made public and the confidential nature of the matter will be emphasized in any information on the subject which it may be necessary to convey to other branches of the Government.

I assume that the Embassy will wish to transmit a draft agreement for consideration by the Department.

Sincerely yours,

CORDELL HULL

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845.515/574

*The Counselor of the British Embassy (Wright) to Mr. Calvin H. Oakes of the Division of Middle Eastern Affairs*

WASHINGTON, May 30, 1944.

DEAR MR. OAKES: I am writing to confirm the several points made in conversations which you have had with Mr. Miles of this Embassy, about the Indian silver question.

I note that you favour abandoning the draft agreement between my Government and yours<sup>56</sup> in favour of an exchange of notes: such a procedure will be entirely acceptable to this Embassy.

The draft agreement, which I understand was studied and approved in principle by those concerned in the State Department, will serve to indicate what would be the substance of the exchange of notes, namely that His Majesty's Government in the United Kingdom will take the necessary steps to effect delivery to the United States Treasury of "such amounts of silver and within such a period" as is required for the implementation of the agreement which, I understand, will be signed immediately between your Government and the Government of India.

As soon as we have word that the agreement between the Foreign Economic Administration and the Government of India has been signed, His Majesty's Ambassador will be very happy to address a note to Mr. Hull on these lines, and on receipt of Mr. Hull's acknowledgment it will be understood that the exchange of notes puts on record my Government's obligation to restore to the United States Treasury any part of the silver loaned by the United States Government to the Government of India, in respect of which the latter Government may fail to meet its obligation.

Yours sincerely,

MICHAEL WRIGHT

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845.515/546

*The Acting Secretary of State to the Administrator of the Foreign Economic Administration (Crowley)*

WASHINGTON, June 6, 1944.

MY DEAR MR. CROWLEY: I refer to the Department's letter of March 14, 1944, on the subject of the 100 million ounces of silver requested for use by the Government of India.

Conversations regarding the matter have continued between the Department of State and the British Embassy, and an arrangement has now been agreed to, which, in the Department's opinion, fully protects the interests of the United States Government while permitting representatives of the Government of India alone to make the agreement with the Foreign Economic Administration for return of the silver within the time stipulated. It is recommended, therefore, that the Foreign Economic Administration permit delivery under Lend-Lease of silver for use by the Government of India in an amount

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<sup>56</sup> This refers to a draft agreement on the subject submitted by the British Embassy to the Department on May 27, not printed.

not exceeding 100 million ounces upon acceptance by it of a promise to repay signed only by representatives of the Government of India.

Sincerely yours,

EDWARD R. STETTINIUS, JR.

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845.515/6-1344

*The Administrator of the Foreign Economic Administration  
(Crowley) to the Under Secretary of State (Stettinius)*

WASHINGTON, June 13, 1944.

DEAR MR. STETTINIUS: In accordance with your letter of June 6, 1944, concerning the lend-lease of 100,000,000 ounces of silver for use by the Government of India, an agreement was executed on June 8 with the Agent General for India governing this transaction and containing the promise of the Government of India to return the silver on an ounce-for-ounce basis after the end of the existing emergency.

A copy of the agreement is enclosed for your information.

Sincerely yours,

LEO T. CROWLEY

[Annex]

*Special Lend-Lease Agreement Regarding Silver, Concluded Between  
the United States and the Government of India*

The Government of the United States, through the Foreign Economic Administration, and the Government of India, through the Agent General for India, recognizing that the maintenance of an adequate supply of silver coinage and the stabilization of prices by the Government of India are essential to the effective continuance of the war effort, hereby agree as follows:

ARTICLE I

The Government of the United States agrees to make available to the Government of India, under the Act of Congress of the United States of March 11, 1941,<sup>57</sup> as amended, from stocks of United States Treasury silver, such amounts of silver, totalling not in excess of 100,000,000 ounces, as the Government of India may request from time to time prior to the end of the existing emergency as determined by the President of the United States, for use for coinage purposes and as a stabilization reserve; provided, however, that the Government of the United States may reduce the total quantity of silver to be made available to the Government of India in the event that the war needs of the United States for silver so require.

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<sup>57</sup> 55 Stat. 31.

## ARTICLE II

The Government of India agrees that it will not sell any silver made available to it under Article I outside the territorial limits of India.

## ARTICLE III

The Government of India agrees to return to the United States Treasury within five years after the end of the existing emergency, as determined by the President of the United States, an amount of silver bullion in an equivalent or higher fineness and equivalent in quantity and form to the silver made available to the Government of India under Article I; provided, however, that if the conditions of the world supply of silver make it advisable, such period may be extended by agreement of the parties hereto for an additional two years.

## ARTICLE IV

The quantity of silver referred to in Article I of this Agreement shall include the 9,999,998.85 ounces of silver transferred to the account of the Government of India pursuant to the requisition dated March 9, 1944 and numbered 20839, and this Agreement shall supersede the Agreement of the Government of India in a letter dated March 15, 1944 from the India Supply Mission to the Foreign Economic Administration concerning the aforesaid 9,999,998.85 ounces of silver.

Signed at Washington in duplicate on this 8th day of June, 1944.

For the Foreign Economic Administration: LEO T. CROWLEY  
*Administrator*

For the Government of India:

G. S. BAJPAI  
*Agent General for India*

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845.515/7-1544

*The British Chargé (Campbell) to the Secretary of State*

No. 437

WASHINGTON, July 15, 1944.

Ref. 430/ - /44

SIR: I have the honour to call your attention to the agreement signed on June 8th, 1944 between the Foreign Economic Administration on behalf of the Government of the United States and the Agent General for India on behalf of the Government of India, whereby the United States Government undertakes to make available to the Government of India under the Act of Congress of the United States of March 11th, 1941, as amended, from stocks of United States Treasury silver, such amounts of silver totalling not in excess of 100,000,000

ounces as the Government of India may request from time to time prior to the end of the existing emergency as determined by the President of the United States.

The purpose of this agreement is to implement the anti-inflation policy of the Government of India, which policy, it has been agreed, is essential to the effective continuance of the war effort.

In connection with the obligations of His Majesty's Government in respect of this agreement, I would further call your attention to the letter which His Majesty's Ambassador addressed to you, dated March 21st, 1944, and your reply to that letter dated April 7th, 1944.

Inasmuch as it has now been agreed that an exchange of notes would constitute a satisfactory recognition of the obligations of His Majesty's Government in respect of this agreement, I have the honour to inform you that, in the event of the Government of India failing to return to the United States Treasury any part of the silver made available to it by the United States Government under the terms of this agreement, His Majesty's Government in the United Kingdom will take such steps as may be necessary to effect the delivery to the United States Treasury of such amounts of silver and within such a period as is required for the implementation of this agreement.

His Majesty's Government would be glad to have your assurance that the Government of the United States would recognise that should His Majesty's Government in the United Kingdom be called upon at any time to play any part in fulfilling the Government of India's agreement with the Government of the United States, the action of His Majesty's Government in the United Kingdom in the matter shall be regarded as discharging *pro tanto* the obligations of the Government of India.

I have the honour [etc.]

RONALD I. CAMPBELL

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845.515/7-1544

*The Acting Secretary of State to the British Chargé (Campbell)*

WASHINGTON, July 28, 1944.

SIR: I have the honor to acknowledge the receipt of your note of July 15, 1944 setting forth the undertaking of His Majesty's Government in the United Kingdom in respect of the recently signed agreement between my Government and the Government of India concerning the provision by my Government of 100,000,000 ounces of silver for the purposes of combatting inflation in India.

I take pleasure in noting that His Majesty's Government in the United Kingdom undertakes that in the event of the Government of India failing to restore to the United States Treasury any part of the silver which had been made available to it by the United States Gov-



ernment under the terms of the above-mentioned agreement, His Majesty's Government in the United Kingdom will take such steps as may be necessary to effect the delivery to the United States Treasury of such amounts of silver and within such a period as is required for the implementation of the said agreement between my Government and the Government of India.

My Government will, as you suggest, recognize that should His Majesty's Government in the United Kingdom be called upon to play any part in fulfilling the Government of India's agreement with my Government, the action of His Majesty's Government in the United Kingdom in the matter would be considered as discharging *pro tanto* the obligations of the Government of India.<sup>58</sup>

Accept [etc.]

EDWARD R. STETTINIUS, JR.

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EXCHANGE OF MESSAGES BETWEEN PRESIDENT ROOSEVELT AND  
BRITISH PRIME MINISTER CHURCHILL REGARDING A PROPOSED  
SPECIAL ALLOCATION OF SHIPS TO CARRY WHEAT TO INDIA FROM  
AUSTRALIA<sup>59</sup>

845.48/368 : Telegram

*The British Prime Minister (Churchill) to President Roosevelt*<sup>60</sup>

[Paraphrase]

29 APRIL 1944.

665. The food situation in India and its possible reactions to our joint operations is of serious concern to me. At least 700,000 people died last year as a result of a serious famine which we had in Bengal. There is a good rice crop this year, however, an acute wheat shortage faces us which is further aggravated by the serious damage which has been inflicted on the Indian spring crops by unprecedented storms. Any possible surplus of rice even if it can be taken from the peasants cannot overcome India's shortage. The problem has been increased by our recent losses in the Bombay explosion.<sup>61</sup>

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<sup>58</sup> Subsequent exchanges of notes, under the same terms as agreed upon here, made provision for further loans of silver to the Government of India as follows: the British note of December 29, 1944, and the American reply of January 19, 1945 (845.515/12-2944), covering a recent requisition for silver to the Government of India in the amount of 20,000,000 ounces; the British note of April 30 and the American reply of May 7, 1945 (845.515/4-3045), covering a recent requisition for silver to the Government of India in the amount of 45,000,000 ounces; and the British notes of July 4/July 30 and the American reply of July 19, 1945 (845.515/7-445, 845.515/7-3045), covering a recent requisition for silver to the Government of India in the amount of 41,000,000 ounces.

<sup>59</sup> For previous correspondence relating to the food situation in India see *Foreign Relations*, 1943, vol. iv, pp. 296 ff.

<sup>60</sup> Transmitted to the Secretary of State under a White House memorandum of April 30 in which the Secretary was directed by President Roosevelt to prepare a draft reply "after consultation with the Joint Chiefs of Staff."

<sup>61</sup> On April 14 two British munitions ships blew up at the Victoria Docks at Bombay, devastating the docks and adjacent areas, causing an estimated loss of 2,000 lives.

The gravest warnings have been given to me by Wavell<sup>62</sup> who is very anxious about our position. If he is to cope with the situation and meet the needs of the United States, British and Indian troops as well as the civil populations particularly in the large cities, he estimates that he will need imports of about one million tons this year. Unless arrangements are made promptly to import wheat requirements, Mountbatten<sup>63</sup> considers the situation so serious that he will have to release military cargo space of Southeast Asia Command in favor of wheat and to advise Stilwell<sup>64</sup> formally that it will also be necessary that he arrange to curtail American military demands for this purpose.

During the first 9 months of 1944, I have been able to make arrangements for shipping 350,000 tons of wheat to India from Australia by cutting down military shipments and by other means. This is the shortest haul. I see no way of doing more. We have the wheat (in Australia) but we lack the ships. I have had much hesitation in asking you to add to the great assistance you are giving us with shipping but a satisfactory situation in India is of such vital importance to the success of our joint plans against the Japanese that I am impelled to ask you to consider a special allocation of ships to carry wheat to India from Australia without reducing the assistance you are now providing for us, who are at a positive minimum if war efficiency is to be maintained. For some time I have resisted the Viceroy's request that I ask your help, but with this recent misfortune to the wheat harvest and in view of Mountbatten's representations, I believe that I am no longer justified in not asking for your aid. Wavell is doing his utmost in India by special measures. I would let you know immediately if he should find that he is able to revise his estimates of his requirements.

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845.48/368

*Memorandum by the Secretary of State to President Roosevelt*

WASHINGTON, May 31, 1944.

I refer to the memorandum of April 30, 1944<sup>65</sup> from the White House transmitting a paraphrased copy of message no. 665 from the British Prime Minister, in which there is set forth the urgent need for additional shipping if the probability of a recurrence of famine conditions in India is to be averted.

<sup>62</sup> Field Marshal Archibald P. Wavell, Viscount Wavell, Viceroy of India since October 1943.

<sup>63</sup> Adm. Lord Louis Mountbatten, Supreme Allied Commander, South-East Asia Command.

<sup>64</sup> Lt. Gen. Joseph W. Stilwell, Commander, U.S. Forces in the China-Burma-India Theater.

<sup>65</sup> See footnote 60, p. 271.

This matter was immediately referred to the Joint Chiefs of Staff <sup>66</sup> with the statement that in the Department's opinion the appeal of the Prime Minister should be granted if it should be found to be at all feasible to do so in keeping with the over-all demands of the war situation.

A reply dated May 29, 1944 <sup>67</sup> has now been received from the Joint Chiefs of Staff in which it is stated that they are unable on military grounds to consent to the diversion of shipping necessary to meet the Prime Minister's request, because of the adverse effect such diversion would have upon military operations already undertaken or in prospect. A copy of this reply is enclosed.

In accordance with the directive contained in the memorandum of April 30, 1944, there is also enclosed for your consideration a draft of a reply to the Prime Minister.

C[ORDELL] H[ULL]

[Annex]

*Draft Telegram*

I refer to your telegram No. 665 of April 29, 1944 in which you set forth the urgent need for additional shipping in order that greater quantities of wheat than now contemplated may be imported within the year into India from Australia.

Upon receipt of your telegram I immediately directed that the matter be taken under urgent consideration by the appropriate authorities of this Government. The appeal has my utmost sympathy and you may be sure that there is full realization of the military, political and humanitarian factors involved. The American Joint Chiefs of Staff have reported, however, that they are unable on military grounds to consent to the diversion of shipping necessary to meet the request because of the adverse effect such a diversion would have upon military operations already undertaken or in prospect.

Needless to say, I regret exceedingly the necessity of giving to you this unfavorable reply.

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845.5018/7-2044

*The British Minister (Campbell) to the Secretary of State*

WASHINGTON, 20 July, 1944.

DEAR MR. SECRETARY: With reference to Lord Halifax's <sup>68</sup> letter to you of May 1, <sup>67</sup> enclosing a copy of a message from the Prime Min-

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<sup>66</sup> In a memorandum by the Secretary of State, May 2, not printed.

<sup>67</sup> Not printed.

<sup>68</sup> British Ambassador in the United States.

ister to the President, I write to let you know that we have now received a further telegram from London about the food situation in India.

You will no doubt have seen the Viceroy's announcement that His Majesty's Government have made arrangements to ship 400,000 tons of wheat (a larger figure than had been previously promised) to Indian ports before the end of September 1944, in addition to 400,000 tons arranged since October 1943. You may like to know how this has been achieved.

In his reply to the Prime Minister of June 1,<sup>69</sup> the President said that he regretted exceedingly the necessity of giving Mr. Churchill an unfavourable reply to his request. Meanwhile the Viceroy's demands were increased by the poor wheat harvest and he emphasised more strongly than ever that without the imports he asked for he could not feed the fighting services and feared a breakdown in civil supplies for the provinces. Further careful consideration in London made it abundantly clear that no British controlled shipping could be made available unless corresponding reductions were made in military programmes. The matter was accordingly considered afresh by the military authorities who accepted the great strategic importance of the provision of wheat for India, drawing attention to the military consequence of a second famine, both on the morale of the Indian Army and on the security of India as a base. No other source of supply being available they agreed to cancel sailings on military maintenance programs for all theatres over the next three months, so as to provide ships for another 200,000 tons of wheat to India in the third quarter of the year, and advised further consideration in August and again in November.

Mr. Eden<sup>70</sup> wishes me to explain the above for your confidential information. The amount of shipping which it is hoped will be released in this way is still much less than was asked for by the Viceroy but the latter's announcement by taking into account all that we have sent to India since last October puts the most favourable possible complexion on the situation with the object of promoting confidence and so preventing wheat prices from soaring and hoarding from developing.

Yours very sincerely,

RONALD I. CAMPBELL

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<sup>69</sup> See draft telegram, *supra*.

<sup>70</sup> Anthony Eden, British Secretary of State for Foreign Affairs.

REPRESENTATIONS BY THE GOVERNMENT OF INDIA REGARDING THE  
EFFECT OF THE UNITED STATES SURPLUS COTTON EXPORT PRO-  
GRAM ON INDIA'S TRADE

600.458/12-444

*The Agency General for India to the Department of State*

MEMORANDUM ON THE RELATIVE POSITIONS OF THE UNITED STATES AND  
INDIA IN COTTON EXPORT MARKETS AND THE EFFECT OF THE PRESENT  
UNITED STATES POLICY OF ASSISTING THE EXPORT OF COTTON BY  
SUBSIDY

1. (a) The United States is the world's largest cotton producer. India is second.

(b) Over the six years 1933-34 to 1934-39 inclusive, U. S. exports averaged 5,490,000 bales (500 lbs) compared with crops averaging 12,768,000 bales (500 lbs) i.e., 42.9% of the crops while, over the same years, India's exports averaged 3,398,766 bales (400 lbs) compared with crops averaging 6,148,166 bales (400 lbs), i.e. 55% of the crops. Details are shown in statement "A" attached.<sup>71</sup>

(c) Both countries carry a cotton surplus; the United States about 10½ million bales (500 lbs), India, 4 million bales (400 lbs).

(d) Indian markets have always been "free" in the sense that supply and demand have been the major influences on prices and the flow of pre-war exports was steadily maintained. The increase in the Indian surplus from 1,062,000 bales (400 lbs) on August 31, 1939 to 4,000,000 bales (400 lbs) on August 31, 1944 (both figures exclude mill stocks) was caused directly by war closing the export markets.

(e) The Indian surplus would have been greater had not the Indian Government taken steps:

(i) To increase, with the cooperation of the Textile Industry, domestic cotton consumption from 2,999,609 bales (400 lbs) in 1937-38 to 4,200,000 bales in 1943-44.

(ii) To switch over acreage from unwanted cotton to wanted food. The 1944-45 crop is estimated at 4,250,000 bales (400 lbs), no more than is required for domestic consumption.

2. It was anticipated that the post-war reopening of export markets would restore balance to cotton statistics and the cotton trade but, instead, India is faced with a position in which the United States subsidy policy<sup>72</sup> of 4¢ a pound on cotton exports, combined with the

<sup>71</sup> Not printed.

<sup>72</sup> Authorized by the Surplus Property Act of October 3, 1944 (58 Stat. 765), and promulgated by the War Food Administration, of the Commodity Credit Corporation, on November 11.

sharp market discounts already ruling for lower grades and shorter staples, reduces the prices for such qualities below world levels as measured by India, the second largest producer.

3. Attachment "B"<sup>73</sup> shows that Americans f.o.b. Houston as on November 20, 1944 were 3 to 3½ cents a pound cheaper than equivalent Indians f.o.b. Karachi. Specimen calculations are given in attachment "C".<sup>73</sup>

4. The American Seed Indians selected for comparison are not only export cottons with American equivalents but of the 1944-45 crop of 4,200,000 bales (400 lbs), 1,668,000 bales are American Seed descriptions. The breakdown in bales (400 lbs) is 289F, Punjab 317,000, Sind 450,000; L.S.S., Punjab 470,000, Sind 10,000; 4F Punjab 414,000, Sind 7,000.

5. Furthermore, it is acknowledged in the world's cotton markets that qualities which bear little or no similarity to higher descriptions are, nevertheless, affected on grounds of sentiment, by the prices of higher descriptions; from which it follows that the adverse effect of the United States policy of assisting exports by subsidy will extend even to those lower Indian descriptions in which there is no quality overlap with Americans.

6. The Indian cultivator has only a limited number of cash crops, of which cotton is the most important, a fact which tended even to prejudice the switchover to food cultivation. It will be realised, therefore, that by bringing the prices of lower grade and shorter stapled Americans below world levels as measured by Indians, the present United States policy will disturb the economic balance of India, essentially an agricultural country, by its serious effects on the incomes of Indian farmers, whose return from their produce is already little above a bare subsistence level.

7. The immediate effect in India of the announcement of the United States subsidy policy was a decline in the Jarilla hedge contract price from Rs.425 per candy to Rs.392, equivalent to 1.27 cents per pound at exchange 30.37 cents per rupee. That the decline was not greater was accountable to the nearness of several descriptions to the minimum prices at which Government buys, a fact which cushioned pressure. In the normal swing of markets there has since been a partial recovery but, in the minds of Indian traders, the threat to their export markets remains.

8. In examining the position it may be stressed that:

(a) India did not take advantage of the United States price raising policy over the last ten years by increasing her cotton production.

(b) The Government of India realises the futility of cotton production in excess of domestic and export requirements, as shown by

<sup>73</sup> Not printed.

the short-term policy of reducing the 1944-45 crop to an estimated 4,250,000 bales (400 lbs) when food was needed and not cotton. The crop in prospect is no more than is required for domestic consumption, leaving no provision for export.

(c) The Government of India is prepared at all times to take a realistic and rational view of the cotton problem.

9. In the light of the facts contained in this memorandum and the assurance given by the Government of the United States in the announcement dated Washington, November 11, 1944 that the United States "has no intention of precipitating mutually injurious price competition in world wheat and cotton markets", the Government of India requests that the Government of the United States may see its way to reduce the export subsidy of 4 cents per pound so far as that subsidy applies to qualities Middling  $\frac{7}{8}$ " staple and lower.

WASHINGTON, December 4, 1944.

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600.118/12-1544

*Memorandum of Conversation, by Mr. James H. Lewis of the Division of Commercial Policy*

[WASHINGTON,] December 15, 1944.

Participants: Mr. S. D. Chard, Cotton Adviser to the Government of India  
 Mr. Norris, United States Department of Agriculture  
 Mr. Corse,<sup>74</sup> CP  
 Mr. Ross,<sup>75</sup> CP  
 Colonel Cook,<sup>76</sup> SR  
 Mr. Evans,<sup>77</sup> CD  
 Mr. Phillips,<sup>78</sup> CD  
 Mr. Linville,<sup>79</sup> SR  
 Mr. Lewis, CP

Mr. Chard called with reference to the memorandum which the Agent General for India handed to Mr. Acheson<sup>80</sup> on December 4, 1944, in which reference was made to the relative positions of the United States and India in cotton export markets and the effects of the United States cotton subsidy program on India's trade.

Mr. Corse explained to Mr. Chard the background of the subsidy program, mentioning the legislative authority and the WFA<sup>81</sup> an-

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<sup>74</sup> Carl D. Corse, Assistant Chief of the Division of Commercial Policy.

<sup>75</sup> James A. Ross, Jr., Assistant Chief of the Division of Commercial Policy.

<sup>76</sup> Everett R. Cook, adviser, Supply and Resources Division.

<sup>77</sup> James G. Evans of the Commodities Division.

<sup>78</sup> William T. Phillips of the Commodities Division.

<sup>79</sup> Francis A. Linville of the Supply and Resources Division.

<sup>80</sup> Dean Acheson, Assistant Secretary of State.

<sup>81</sup> War Food Administration.



nouncements implementing the program. He pointed out that the program was a corollary of the domestic program of assistance to American cotton growers and that it was not the intention of the Government of the United States to enter into a competitive cotton price war. He said he believed the actual operation of the cotton program in its few weeks of existence substantiated this statement and it was expected that future operations would bear it out.

Mr. Corse then referred to Mr. Acheson's recent statement <sup>82</sup> before a special subcommittee of the Committee on Agriculture, House of Representatives, in which he indicated it was desirable to deal with problems like the cotton problem on a basis of international cooperation, and Mr. Corse referred to the proposed meeting of the International Cotton Advisory Committee which is to be primarily for the purpose of drawing up a recommendation to governments in regard to possible international collaboration in respect of cotton. Mr. Corse indicated that this Government hoped that all aspects of the problem, including the effects of the United States program on India, could be discussed at that time (probably January 1945).

Mr. Chard expressed his satisfaction with our attitude, and said that the India Government was fully aware of the reasons for our subsidy program and only wanted in a friendly way to make sure that we were aware of India's interests and the possible repercussions of our program on India's trade.

Colonel Cook emphasized that at present our program was not harming India but Mr. Chard said it was necessary to make plans a year in advance. He said the American proposal for a meeting of the International Cotton Advisory Committee in January had been forwarded to the India Government by the Agent General here but no definite reply had yet been received. He felt sure, however, that the India Government would welcome the proposed meeting of the Committee and would be glad to see some international solution of the problem.

There was discussion of the technical aspects of the memorandum received from the India Agent General, and Mr. Chard was questioned particularly regarding the comparability of the price data which was quoted for Indian and American cotton to indicate the possible harmful effects of the United States subsidy. Mr. Chard said he felt sure the price data and types and grades shown were generally comparable although comparison was very difficult because of changes this year in grade classifications for Indian cotton.

Mr. Corse said a memorandum along the lines of the conversation would be prepared for the Agent General.

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<sup>82</sup> Statement regarding United States cotton policy, made on December 5 at the cotton conference of the Subcommittee of the House of Representatives for the study of policies of post-war agriculture, released to the press December 5, Department of State *Bulletin*, December 10, 1944, p. 700.

600.458/12-444

*The Department of State to the Agency General for India*

## MEMORANDUM

1. The Department of State has received the memorandum of December 4, 1944, of the Agency General for India concerning the relative positions of the United States and India in cotton export markets and the effect of the present United States policy of assisting the export of cotton by subsidy. It is noted that the Government of India requests "that the Government of the United States may see its way to reduce the export subsidy of 4 cents per pound so far as that subsidy applies to qualities Middling 7/8" staple or [and] lower."

2. The facts regarding the cotton export program of the United States are as follows:

(a) Section 21(c) of the Surplus Property Act of 1944 (P.L. 457, 78th Congress, 2d Session, approved October 3, 1944) authorizes the Commodity Credit Corporation, an agency of the War Food Administration, to dispose of surplus United States agricultural products in world markets at competitive world prices. This section reads as follows:

"Surplus farm commodities shall not be sold in the United States under this Act in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation, or at less than current prevailing market prices, whichever may be the higher, unless such commodities are being disposed of, pursuant to this Act, only for export; and the Commodity Credit Corporation may dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any law: *Provided*, That no food or food product shall be sold or otherwise disposed of under this subsection for export (1) if there is a shortage of such food or food product in the United States or if such sale or other disposition may result in such a shortage, or (2) if such food or food product is needed to supply the normal demands of consumers in the United States."

(b) On November 11, 1944 the War Food Administration announced a program to facilitate the exportation of cotton in accordance with the above-quoted provisions of law (copy of announcement enclosed). Initial export prices and differentials were announced on November 15 (a copy of this announcement and a copy of a release of the War Food Administration on "Terms and Conditions of Cotton Sales for Export Program" are also enclosed<sup>83</sup>).

3. The reduction in payment on cotton exports of qualities Middling 7/8" staple and lower, as requested, would render the program largely ineffective.

<sup>83</sup> Neither attached to file copy.

4. The cotton export program of the United States is a corollary of the present domestic program of assistance to American cotton growers. The occasion for the export program arises from the fact that the United States maintains, through crop loans and other price supporting measures, a domestic price for cotton substantially higher than would be the case if the price were to be freely determined by competitive forces. With a domestic cotton price above the general world level little, if any, exports could take place in the absence of an export program. This export program is intended only to permit United States cotton to maintain a reasonable share of the world cotton market.

5. It was made clear in the War Food Administration announcement of November 11 that it was not the intention of the Government of the United States to enter into a competitive cotton price war. It is believed that the actual operation of the cotton program in its few weeks of existence substantiates this statement, and it is expected that actual operations in the future will continue to bear it out.

6. The Government of the United States considers it highly desirable that the problems involved in the present cotton situation be dealt with on the basis of international cooperation. In this connection Mr. Acheson, Assistant Secretary of State, made the following statement on December 5 before a Special Subcommittee of the Committee on Agriculture, House of Representatives, meeting to consider and recommend future programs and policy with regard to cotton:

"Burdensome commodity surpluses should be dealt with on a basis of international cooperation in such a way as to avoid the development of unfair trade practices and unhealthy international rivalry. If provision is made for the orderly liquidation of world surplus stocks no one country will dispose of its surplus in a fashion detrimental to the interests of other countries who are also burdened with large accumulations. Furthermore the fear of disorderly world markets will be removed and trade will be carried on in an atmosphere of mutual respect for the rights of other exporting countries. In such an atmosphere there will be hope for the expanded world trade which is so necessary for the attainment of high levels of employment and income."

7. The proposed meeting of the International Cotton Advisory Committee is primarily for the purpose of drawing up a recommendation to governments in regard to possible international collaboration in respect of cotton. If the Committee should recommend that an international cotton conference be held, it is the view of this Government that the representation should be as wide as possible under existing conditions; and that representatives of importing as well as exporting countries should be present. The Committee can, and it is believed should, take full account of the interests of importing countries in its deliberations.

8. For the further information of the Agency General for India there are enclosed copies<sup>84</sup> of the statements by Mr. Claude R. Wickard, Secretary of Agriculture, and Mr. Acheson before the Special Subcommittee referred to above, which discuss the cotton problems, domestic and international, facing the United States.

WASHINGTON, December 19, 1944.

600.458/12-2244

*The Agent General for India (Bajpai) to the Assistant Secretary of State*

F.171/44

WASHINGTON, 22 December, 1944.

DEAR MR. DEAN ACHESON: You must have seen the State Department memorandum 600.458/12-44 [444], dated December 19th, on the subject of the assistance given to American cotton by means of a subsidy for purposes of export. I have informed my Government of the purpose of the proposed meeting of the International Cotton Advisory Committee and await their instructions. Possibly an international conference will provide the best means of resolving the problems raised by the existing cotton situation, and I sincerely hope that the initiative of your Government in suggesting international cooperation as the basis of a solution equitable to all concerned will evoke prompt and favourable response.

2. May I, before concluding, draw your attention to paragraph 5 of the memorandum. We accept, of course, the statement that it was not the intention of the United States subsidy programme to start a competitive cotton price war. As we explained, however, in paragraph 3 of our memorandum dated December 4th, the effect, at least in India, was to reduce the prices of comparable varieties of Indian cotton by 3 to 3½ cents per lb.

With best wishes for Christmas and the New Year, I am,

Yours sincerely,

G. S. BAJPAI

INITIATION OF A PROGRAM OF CULTURAL COOPERATION BETWEEN  
THE UNITED STATES AND INDIA

811.42745/76

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

No. 458

NEW DELHI, April 28, 1944.

[Received May 12.]

SIR: I have the honor to refer to despatch No. 1333 dated April 18, 1944,<sup>85</sup> from the Consulate at Bombay forwarding a letter received by

<sup>84</sup> Not attached to file copy.

<sup>85</sup> Not printed.

the Consulate from Dr. Jagadisan Mohandas Kumarappa which discusses relations between India and the United States, and to recommend that the Department extend to Dr. Kumarappa an invitation to visit the United States as its guest.

Such a visit would enable the Science, Education and Art Division of the Department's Office of Public Information to discuss the question of a closer link between American and Indian educators and social workers with an Indian who not only is interested in the subject but also has many constructive ideas. As an official guest of the Department it would be possible to obtain for Dr. Kumarappa priority travel to the United States via ATC<sup>86</sup> planes which at present are not crowded on west bound flights.

The Consulate's despatch states Dr. Kumarappa feels the time may not yet be ripe for the inauguration of a system of visiting professorships between the two countries. It is my understanding that under the convention providing for the exchange of professors among the American Republics, the country sending a professor pays his salary, although the opposite is true in the case of exchange students. If the United States should follow the same system with respect to India, the receiving institution in India would not have to worry about the salary of a visiting American professor.

For political reasons, however, the present may be an inappropriate time to arrange an official system of exchange. I believe the analysis of British antagonism to any growth in American educational influence in India found on pages 4 and 5 of the Consulate's despatch under reference is substantially true. It would, therefore, be unlikely that the British dominated Government of India would be willing at this time to arrange for an official exchange of professors. Similarly, the Government of India probably would try to dissuade any public institution of higher learning from adding an American expert to its faculty even temporarily.

In view of these conditions, the best opportunity now in sight of introducing American influence into Indian education may be through the private Tata Institute of Social Sciences which Dr. Kumarappa heads. The Department may wish to consider seriously the granting of stipends to American teachers picked out by Dr. Kumarappa and willing to teach for a time at the Tata Institute but unable to do so because of the small remuneration the Institute is able to offer them.

Modestly enough Dr. Kumarappa discusses research fellowships purely from the American viewpoint perhaps not realizing that both the Rockefeller Institute and the Guggenheim Fund also award fellowships for graduate study by foreigners in the United States. In his speech before the legislative bodies on February 17, 1944, the Vice-

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<sup>86</sup> Air Transport Command.

roy stated that there would be opportunities for Indians connected with industry, the health services, and other branches of development to visit the United Kingdom, "and if required the U.S.A." No doubt the British authorities in India would like to reward loyal supporters by giving them such opportunities. Nevertheless, in view of the Viceroy's statement, British authorities would find it difficult to stand in the way if the United States Government invited health and social welfare authorities to visit the United States as guests of the Department; or if the Guggenheim Fund or the Rockefeller Foundation granted research fellowships to them. No doubt the Department could tactfully explore this question with Dr. Kumarappa if he should visit the United States.

The "International House" which Dr. Kumarappa proposes to establish in Bombay sounds much like the cultural institutes which Britain, France, Germany, Italy and the United States have established in many foreign countries, only in this case the agency would be in the home country and would present the accomplishments of the country to foreign visitors. The idea has merit, however, and careful thought might be given to presenting to such an International House, if established, a library of American books and subscriptions to American periodicals.

The Department should not tie itself too closely to the Tatas in embarking on a closer interchange with India for, after all, they represent Indian capital rather than the Indian masses. Unlike most Indian industrialists, however, they appear to have developed a habit of philanthropy almost American in character. Pending the time when India is free to establish intellectual relationships as national leaders of the country themselves see fit, the school founded by the Tatas provides a ready made vehicle for spreading a greater appreciation of our country without obvious effort.

Respectfully yours,

GEORGE R. MERRELL

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811.42745/76

*The Secretary of State to the Officer in Charge at New Delhi  
(Merrell)*

No. 186

WASHINGTON, July 14, 1944.

The Secretary of State refers to the Mission's despatch no. 458 dated April 28, 1944 concerning the proposed visit to the United States of Dr. J. M. Kumarappa.

The Department is in agreement with the opinion of the Officer in Charge and desires to extend an invitation to Dr. Kumarappa to visit the United States as the guest of the Department at his earliest convenience.



However, at present, the Science, Education and Art Division of the Department is faced with a lack of funds. It is hoped that this problem will be resolved satisfactorily within a fortnight.

As soon as funds become available the Department will send confirmation of its invitation to Dr. Kumarappa to visit this country as its official guest.

If other funds become available for the coming fiscal year the Department will be pleased to consider assisting American teachers who may desire to teach at the Tata Institute.

If the funds become available to enable the Department to bring Dr. Kumarappa to the United States as a guest all efforts will be made to facilitate all the purposes of his proposed visit as set forth in despatch no. 1333 dated April 18, 1944<sup>87</sup> from the American Consular Officer in Charge, Bombay, which was read with great interest and appreciation by officers of the Department.

It is repeated that the Department will notify the Officer in Charge, confirming its invitation to Dr. Kumarappa as soon as new funds become available.<sup>88</sup> Pending such confirmation the Officer in Charge may wish to inform Dr. Kumarappa of the deep interest of the Department in his proposals.

A copy of this instruction is being sent to the American Consular Officer in Charge, Bombay, India.

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811.42745/9-2844

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

No. 790

NEW DELHI, September 28, 1944.

[Received October 13.]

SIR: I have the honor to report that on September 26, 1944, the undersigned was asked by Lieutenant General Sir Thomas J. Hutton, Secretary of the newly created Planning and Development Department of the Government of India, whether it is true, as he had heard, that American universities and technical schools have set aside places for students from India. He was told that the Mission had not heard that places had been set aside for students from particular countries, but an inquiry would be made regarding the situation if he so wished. General Hutton stated that he thought inquiries were being made through the Agent General of India in Washington.

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<sup>87</sup> Not printed.

<sup>88</sup> The Department confirmed its invitation in telegram No. 643, September 2, 7 p. m., to New Delhi (811.42745/9-244).



He then expanded a thesis which has not been heard before, namely that the similarities of size, climate, and problems of India and the United States suggest the advisability of sending Indian engineering students to the United States to study. Moreover, he observed, the constitutional framework of the United States is somewhat similar to that of India. In India the Constitution is on the federal pattern with large fields of activity reserved to the Provinces. This creates problems similar to the "States rights" difficulties which have had to be overcome in the United States before development projects involving several States, such as the TVA, could be achieved. Moreover, he pointed out, the constitutional powers of the Viceroy resemble those of the President of the United States much more than they do those of the British Prime Minister, who, essentially, is chairman of a governing committee, the Cabinet.

The intention of the Government of India to send young Indians to the United States, as well as to the United Kingdom, for technical training was announced by the Member of the new Department of Planning and Development. Sir Ardeshir Dalal, at his first press conference on September 14, 1944, as reported in the Mission's despatch no. 773 of September 18, 1944.<sup>89</sup>

The statement of Sir Ardeshir and the remarks of General Hutton are at variance with the actions of the Exchange Control Authorities in Calcutta which the Consulate General, in its despatch no. 358 of September 21, 1944,<sup>89</sup> interpreted as:

"... advanced planning to prevent future engineers and technicians from falling under so-called 'non-British influence' and possibly looking towards other markets than the United Kingdom as a possible supply for the demand of India's imports."

The atmosphere of New Delhi is, in many ways, far different from that of Calcutta where long established British interests often appear to look at the future from a narrow self-interested point of view. It is also possible that the Government of India views differently those Indians it selects for study abroad and those who endeavor to go abroad to study as a result of their own initiative. If this differentiation exists, it is believed it is due primarily to political rather than commercial motivation.

Respectfully yours,

For the Secretary in Charge:

SHELDON T. MILLS  
*Secretary of Mission*

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<sup>89</sup> Not printed.

811.42745/9-3044

*The Consul at Bombay (LaMont) to the Secretary of State*

No. 1594

BOMBAY, September 30, 1944.

[Received October 13.]

SIR: I have the honor to refer to the Department's telegram No. 643 of September 2, 1944<sup>91</sup> to the American Mission at New Delhi inviting Dr. J. M. Kumarappa, Director, Tata Institute of Social Sciences, Bombay, to come to the United States as the guest of the Department.

Dr. Kumarappa has informed the Mission and the Consulate that he accepts the Department's invitation with pleasure. He has now submitted to the Consulate a list of governmental and voluntary social agencies, social service institutions, colleges and universities that he would like to visit during his sojourn in the United States. A copy of this list is enclosed.<sup>92</sup> In presenting the list, Dr. Kumarappa stated that he realized it was too comprehensive for the relatively brief period of five months which he will be able to spend in the United States. He would appreciate the Department's making a selection of as many of the institutions as it will be practicable for him to visit during his stay in the United States. It is Dr. Kumarappa's desire to make as extensive a survey as possible of American institutes doing either practical or teaching work in the field of sociology. He pointed out in this connection that the development of the social sciences in India, both applied and theoretical, are in such an embryonic stage that he believes his visit will have the maximum value if he is enabled to get a comprehensive birds-eye view of American progress in this direction. He has, however, indicated that he wishes to devote the bulk of his time to visiting institutions actually engaged in social work and to consulting the officials of such agencies. He mentioned, for example, that there does not exist in the whole of India an institution for the care of crippled children as such, and that he is therefore anxious to obtain practical ideas and suggestions which he may be able to put into effect in India through his own influence and the influence of the social workers trained in the Tata Institute. He is, nevertheless, most vitally interested in obtaining the services of American professors for the Tata Institute, particularly in the field of psychiatry, and he will no doubt discuss with the

<sup>91</sup> Not printed, but see footnote 88, p. 284.

<sup>92</sup> Not printed.

Department the question of whether any financial assistance may be extended to American teachers desiring to teach at the Tata Institute. The Department will undoubtedly wish to keep the foregoing considerations in mind in selecting from Dr. Kumarappa's list the institutions and persons to be placed on his itinerary.

[Here follow details as to Dr. Kumarappa's travel plans for the visit extending from December 1944 to May 1945.]

Respectfully yours,

GEORGE D. LAMONT

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S11.42745/11-2144

*The First Secretary of the British Embassy (Trevelyan)*<sup>93</sup> to the  
*Special Assistant, Division of Cultural Cooperation (Peck)*

F.170/44

WASHINGTON, 21 November 1944.

DEAR MR. PECK: The Government of India note that one of the recommendations of the Hot Springs Conference on Food and Agriculture<sup>94</sup> was that arrangements should be made for an exchange of agricultural workers between different countries. The recommendation has already been given a practical aspect in the Cultural Relations Programme of the United States, and India would like to take advantage of this and to request that this programme should be extended to India, particularly at the present time when a big programme for agricultural development in India is under consideration.

2. In particular, the Government of India hope that it will be possible for the services of a number of experienced agricultural workers from the United States to be made available to India for employment in posts in which they may be able to give advice and guidance to Indian workers. At the same time they would like to send trained workers to the United States to work in the appropriate agricultural institutes and departments and gain a thorough experience in United States methods of work and research. The Government of India suggest that the scheme on both sides might be arranged to last for two or three years. A statement is enclosed<sup>95</sup> giving the list of posts for which the Government of India hope to obtain experts

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<sup>93</sup> Indian Agency General.

<sup>94</sup> For correspondence regarding the United Nations Conference on Food and Agriculture, Hot Springs, Virginia, May 18-June 3, 1943, see *Foreign Relations*, 1943, vol. I, pp. 820 ff.

<sup>95</sup> Not printed.

from the United States. The Agent General would be most grateful if the Department of State could inform him what prospects there are of instituting a programme of this nature and would be most grateful for your cooperation in the matter. I shall be glad to discuss with you at any time the terms on which the experts from the United States could be made available to the Government of India. I understand that it is recognised that exchange schemes of this nature are of benefit to both countries and that in the past the United States Government have to a certain extent subsidised such schemes. This is an aspect for further discussion. The scales of pay mentioned in the enclosure to this letter need not be taken as a firm basis for offer to those who may be selected to fill these posts; they do however indicate the class of posts which the Government of India have in mind.

3. For convenience I summarise the points upon which we should be glad to have some indications of your views and which I shall be glad to discuss with you at any time.

i) Whether in your opinion a general scheme of the nature suggested by the Government of India would be acceptable to the State Department.

ii) Whether suitable men could be obtained for a substantial number of the posts envisaged by the Government of India, and, if so, which posts could be most hopefully considered in the first instance.

iii) What in your opinion should be in general the terms of appointment to be offered to the persons who would fill these posts.

iv) Whether in your opinion the United States Government would be willing to subsidise in any way a scheme of this nature, in view of the advantages which would be likely in the long run to accrue to the United States in its commercial and other relations with India.

v) Whether there will be any difficulty in the corresponding placing of Indian agriculturists in the United States Department of Agriculture. What terms should be offered to them by the Government of India and could satisfactory training courses be arranged.

Yours Sincerely,

H. TREVELYAN

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811.42745/11-2144

*The Special Assistant, Division of Cultural Cooperation (Peck), to  
the First Secretary of the British Embassy (Trevelyan)*

WASHINGTON, November 29, 1944.

MY DEAR MR. TREVELYAN: I take pleasure in acknowledging the receipt of your letter of November 21, 1944 (F. 170/44) describing

the proposal for an exchange between this Government and the Government of India of agricultural experts and summarizing points upon which preliminary indications of the views of the Department of State would be welcomed.

On the basis of our conversations and of your letter under acknowledgment I have discussed the plan, in outline, with other interested officers of the Department of State and of the Department of Agriculture. As a first step toward the possible carrying out of this plan, I am authorized to say that, subject to the practicability of an agreement on details, the Department of State is heartily in favor of an arrangement whereby American agricultural specialists shall be made available for employment in India in posts in which they may be able to give advice and guidance to Indian agricultural workers and whereby Indian agriculturists may be placed in the Department of Agriculture at Washington for training. An officer of the Department of Agriculture has orally stated that that Department would view the proposal with equal favor.

Officers of the two Departments are now engaged in a study of the tentative proposals set forth in your letter.

Sincerely yours,

WILLYS R. PECK

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811.42745/12-1144

*Press Release Issued by the Department of State, December 11, 1944*

A group of seven leading Indian scientists arrived in the United States on December 8 for an eight weeks' tour of the country. The group has just completed a similar visit to Great Britain at the invitation of the British Government and before returning to India were anxious to meet with leading American scientists particularly in the physics and chemistry fields.

The following eminent scientists are included in this group: Dr. Nazir Ahmad, Colonel S. L. Bhatia, Sir Shanti Swarup Bhatnagar, Sir Jnan Chandra Ghosh, Professor S. K. Mitra, Professor Meghand Saha and Professor J. N. Mukherji.

The tour is under the joint auspices of the Indian Agency General, the National Research Council and the Department of State. Mr. Frank S. Coan, an officer of the Department, has been delegated to accompany the scientists on their tour. The scientists will reside at the Blair-Lee House during the first part of their Washington stay as guests of the Department.

811.42745/12-1644

*Press Release Issued by the Department of State, December 16, 1944*

Dr. J. M. Kumarappa, who is visiting the United States as the first guest from India of the Department of State under its program of cultural cooperation, arrived in Washington on December 11 for a three-week stay. Dr. Kumarappa is Director of the Tata Institute of Social Sciences at Bombay, India's leading institute for the education and training of workers in social welfare.

Here in the United States in response to an invitation which attracted considerable favorable comment in the newspapers in India, Dr. Kumarappa plans to visit many well-known institutions and centers for social science study, and also to meet with organizations and persons prominent in the social science field.

Dr. Kumarappa is residing at the Blair-Lee House during the first part of his stay in Washington as a guest of the Department, and has been offered office and library facilities by the Office of Education.

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811.42745/1-1145

*The Acting Assistant Chief of the Division of Cultural Cooperation (Peck) to Dr. J. M. Kumarappa, Director of the Tata Institute of Social Studies at Bombay*

WASHINGTON, January 11, 1945.

MY DEAR DR. KUMARAPPA: Now that you are starting on your tour of the United States, permit me to wish you pleasant experiences and success in your undertakings.

It is particularly important that, as the first guest of the Department of State from India under its program of cultural cooperation, you should achieve the principal objects of your visit, among them being conferences with specialists in the fields of social welfare and of education and the obtaining of data that will be of use to students and technicians who in the future may desire to come from India to the United States for academic instruction and technical training.

The Department has found a general and cordial response on the part of the American public to opportunities presented for participation in the Department's program of cultural cooperation with other nations. I am confident that you will meet with friendly and helpful consideration along your way.

Sincerely yours,

WILLYS R. PECK

# INFORMAL EXPLORATORY TALKS BETWEEN THE UNITED STATES AND THE GOVERNMENT OF INDIA REGARDING POST-WAR CIVIL AVIATION

811.79665/8-2244

*Minutes of the Fourth and Final Conference on Post-War Civil  
Aviation Held With Representatives of India on August 22, 1944*

[WASHINGTON.]

Present :

## AMERICAN GROUP

Mr. A. A. Berle, Jr.<sup>96</sup>  
Mr. S. W. Morgan<sup>97</sup>  
Mr. G. S. Roper<sup>98</sup>  
Mr. G. V. Allen<sup>99</sup>  
Mr. Lampton Berry<sup>1</sup>  
Mr. Josh Lee<sup>2</sup>  
Mr. George Burgess<sup>3</sup>

## INDIAN GROUP

The Hon. Sir Girja Bajpai<sup>4</sup>  
Sir Gurunath Bewoor<sup>5</sup>  
Sir Frederick Tymms<sup>6</sup>  
Mr. Humphrey Trevelyan<sup>7</sup>

Mr. Berle greeted the Indian delegation saying that he was sorry to have been away during the earlier talks. Sir Girja thanked him for the cordial reception and for the competence with which Mr. Morgan had covered the subject in his absence. He said that there were two fundamental points of difference: The first concerned the scope and functions of the international authority and the second, the basis on which civil aviation arrangements should be concluded. The Indians wanted a multilateral arrangement, and the Americans preferred bilateral arrangements.

[Here follows discussion of question relating to the constitution and function of an international air organization.]<sup>8</sup>

Mr. Morgan asked for the attitude of the Indian Government if we approached it now on the question of a bilateral agreement. Sir Gurunath said that the Indian delegation had come with instructions to explore the possibility of an international arrangement through an international authority and that they were not prepared, without further instructions, to pursue the question of bilateral arrangements. Mr. Berle asked whether the Indians were prepared

<sup>96</sup> Adolf A. Berle, Jr., Assistant Secretary of State.

<sup>97</sup> Stokely W. Morgan, Chief of the Aviation Division.

<sup>98</sup> George S. Roper of the Aviation Division.

<sup>99</sup> George V. Allen, Chief of the Division of Middle Eastern Affairs.

<sup>1</sup> Secretary of Mission at New Delhi.

<sup>2</sup> Member of the Civil Aeronautics Board.

<sup>3</sup> Assistant to Mr. William A. M. Burden, Special Aviation Assistant to the Secretary of Commerce (Jones).

<sup>4</sup> Agent General for India at Washington.

<sup>5</sup> Secretary to the Government of India, Posts and Air Department.

<sup>6</sup> Director of Civil Aviation for the Government of India.

<sup>7</sup> First Secretary of the British Embassy, with the Indian Agency General.

<sup>8</sup> For correspondence, see vol. II, section entitled "Preliminary and exploratory discussions regarding international civil aviation; conference held at Chicago, November 1-December 7, 1944."



to discuss an a.i.,<sup>9</sup> arrangement such as he had outlined. He said the war in Europe was near an end and that the civil populations would want air services. He asked whether the Indian Government felt that everything should stop short until an international agreement had been reached. Sir Girja replied that he fully agreed that everything could not stop, but that with regard to a bilateral agreement they would have to request further instruction. Sir Gurunath said that they did not want to give the impression of being obstructionists and that they saw the force of our point of view. They would have to give their government some time, however, to consult with their experts. Mr. Berle pointed out that B.O.A.C.<sup>10</sup> was making bilateral arrangements, that the Canadians were developing trans-Atlantic traffic and that for many months we had been carrying forward our negotiations with Spain.<sup>11</sup> He asked why the Government of India also could not make bilateral arrangements. Sir Gurunath repeated that they had come with instructions to explore only the multi-lateral approach.

Mr. Allen asked whether the arrangements made by K.L.M., Air France etc., were between the Government of India and the commercial companies. Sir Gurunath said they were between Governments. Mr. Allen asked whether these arrangements would continue after the war, and Sir Frederick replied that they could not be changed since the agreements were still in effect. Sir Girja said that the Indian Government could not refuse to consider any proposals made by the United States Government, but that a multilateral agreement was their ultimate desire. Mr. Berle suggested that the bilateral agreements might be drawn in such form that they could be made multilateral later at an international conference.

[Here follows additional discussion on international air questions.]

It was agreed to get together to draft a joint statement to be released to the press.

The meeting terminated with the expression of mutual thanks and cordial esteem.

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800.796/8-2644

*Press Release Issued by the Department of State, August 27, 1944*

Representatives of the Government of India arrived in the United States recently at the invitation of the Government of the United States for a series of talks with American officials on the subject of post-war civil aviation.

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<sup>9</sup> *Ad interim.*

<sup>10</sup> British Overseas Airways Corporation.

<sup>11</sup> For correspondence regarding this subject, see vol. iv, section under Spain entitled "Air transport service agreement between the United States and Spain."

The discussions, which have now terminated, were conducted on a friendly and informal basis and were preliminary and exploratory in character.

Both sides were agreed that it was desirable to adopt all practicable measures to promote the early expansion and development of international air services for the common benefit of the peoples of the world.

Questions relating to the transit and commercial entry of aircraft, as well as the constitution and functions of an International Air Organization, were discussed. The exchange of views disclosed a considerable measure of agreement in regard to regulatory measures in the technical field. Both sides were also agreed that the calling of an international conference to draw up a multilateral air navigation convention would be both beneficial and desirable.

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#### ESTABLISHMENT OF DIRECT RADIOTELEGRAPH CIRCUIT BETWEEN THE UNITED STATES AND INDIA

811.7445/43: Airgram

*The Secretary of State to the Officer in Charge at New Delhi  
(Merrell)*

WASHINGTON, January 5, 1944—6 p. m.

A-8. On February 11, 1943 Board of War Communications approved the shipment of two transmitters from the United States under Lend-Lease<sup>12</sup> to India for the establishment of direct radio telegraph circuits between the United States and India<sup>13</sup> with the understanding that delivery would be made in June 1943. The Board has received information from the British Ministry of Supply that the two transmitters manufactured by RCA Manufacturing Company should arrive in India about January 15, 1944 and be ready for service in the latter part of February 1944. See your 952, December 14, 5 p. m.<sup>14</sup>

HULL

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811.7445/51

*The Chairman of the Federal Communications Commission (Fly)  
to the Secretary of State*

WASHINGTON, May 2, 1944.

MY DEAR MR. SECRETARY: Certain difficulties have arisen in connection with the establishment, upon a satisfactory basis, of direct

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<sup>12</sup> Lend-Lease Act approved March 11, 1941; 55 Stat. 31.

<sup>13</sup> The view of the Board was that in the interest of national security duplicate circuits should be established between the United States and Bombay (811.7445/-51).

<sup>14</sup> Not printed.

radiotelegraph circuits between the United States and Bombay, India, by Mackay Radio and Telegraph Company<sup>15</sup> and R.C.A. Communications, Inc. Accordingly, the assistance of your Department is requested in this matter. The pertinent facts are as follows:

[Here follows account of negotiations on technical aspects of the question between American communications officials and their counterparts in the Government of India.]

In summary, the Commission would appreciate the cooperation of the Department of State in obtaining the consent of the appropriate Indian authorities to the establishment of the direct circuits with both RCAC and Mackay upon the following basis:

1. The volume of traffic from India to the United States to be transmitted over the direct circuits shall bear the same relation to the total traffic from India to the United States as the volume of traffic from the United States to India over the direct circuits bears to the total traffic from the United States to India.

2. Traffic from India to the United States shall be divided between the RCAC and Mackay circuits, respectively, in the same proportions as the Indian Company received traffic from each of these companies.

3. The radio link portions of the tolls shall be divided equally between the parties.

4. Accounts shall be established and maintained by all parties in gold francs.

5. The settlement of traffic balances shall be effected in United States currency at the rate of 5.1825 gold francs equals one United States dollar.

By direction of the Commission

JAMES LAWRENCE FLY

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811.7445/51

*The Secretary of State to the Officer in Charge at New Delhi (Merrell)*

No. 158

WASHINGTON, May 12, 1944.

The Secretary of State refers to previous correspondence in connection with the establishment of direct radiotelegraph circuits between the United States and India to be operated at the United States end by Mackay Radio and Telegraph Company and R.C.A. Communications, Inc., and encloses for the information of the Mission, as well as of the appropriate Indian authorities, a copy of a letter of May 2, 1944<sup>16</sup> received from the Federal Communications Commission requesting the Department's assistance on account of certain difficulties which have arisen in connection with the establishment of the aforementioned circuits.

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<sup>15</sup> The Mackay circuit was to be established for the duration of the war and six months thereafter (811.7445/51).

<sup>16</sup> *Supra*.

The Mission is requested to bring this matter to the attention of the Indian authorities and to urge that the direct circuits be established upon the basis requested by the Commission, as set forth in summary on pages 3 and 4 of its letter. The Mission is requested to advise the Department by telegraph of the result of its action in this matter.

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811.7445/7-2544 : Telegram

*The Officer in Charge at New Delhi (Merrell) to the Secretary of State*

NEW DELHI, July 25, 1944—3 p. m.  
[Received 11:40 p. m.]

542. I have just been advised informally by Sir Gurunath Bewoor, the Secretary of the Posts and Air Department that all of the suggestions contained in the enclosure to the Department's air mail instruction No. 158 of May 12 have been accepted, that the Indian company is in direct communication with the two American companies and that August 15 is aimed at as the target for opening the circuits. Bewoor suggests the possible advisability of having the direct communication opened by an exchange of messages between Sir Mohammed Usman, the Honorable member of the Viceroy's Executive Council for Posts and Air and a corresponding official of the American Government. He would appreciate the Department's views on this suggestion.

Bewoor who has been most helpful in these negotiations plans to arrive in Washington, in company with Sir Frederick Tymms, Director of Civil Aviation, between the tenth and fifteenth of August to participate in the postwar civil air transport talks.<sup>17</sup> During his visit to the United States, he would like very much to be put in touch with the officials of Mackay and RCA.

MERRELL

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811.7445/8-1244 : Telegram

*The Acting Secretary of State to the Officer in Charge at New Delhi (Merrell)*

WASHINGTON, August 12, 1944—6 p. m.

570. Re your 542 July 25. Following is message which Mr. Fly, Chairman of Federal Communications Commission will transmit to

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<sup>17</sup> For correspondence regarding these talks at Washington between American officials and representatives of the Government of India, see pp. 291 ff.

Sir Mohammed Usman through facilities of RCA Communications and Mackay Radio and Telegraph Company upon occasion of opening of direct radio telegraph circuit between United States and India.

"It is a pleasure indeed to greet the Indian government and people on the occasion of the opening of the first direct commercial radio-telegraph circuit between the United States and India. By means of such radio circuits, messages which a century ago would have taken weeks or even months to reach their destination are now transmitted with the speed of light. I trust that the new circuit will further strengthen the bonds of friendship between us, and will hasten the day of victory in the war which we are fighting together."

STETTINIUS

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811.7445/8-1544

*The Chairman of the Federal Communications Commission (Fly)  
to the Chief of the Telecommunications Division (DeWolf)*

WASHINGTON, August 15, 1944.

DEAR MR. DEWOLF: Here is a copy of the telegram received from Sir Mohammed Usman today on the occasion of the opening of the circuit between India and the United States.

Sincerely yours

JAMES LAWRENCE FLY

[Enclosure—Telegram]

*Sir Mohammed Usman, Member for Posts and Air in the Viceroy's  
Executive Council to the Chairman of the Federal Communications  
Commission (Fly)*

I warmly appreciate your message on the occasion of the opening of direct radio telegram circuit between India and United States and heartily reciprocate the sentiments expressed therein. I am confident that this measure will help to hasten the day of victory and further strengthens the bonds of friendship between our countries.

SIR MOHAMMED USMAN

REPRESENTATIONS IN SUPPORT OF THE APPLICATION BY THE  
UNITED PRESS FOR THE LEASE OF TELETYPE TELEGRAPHIC LINES  
IN INDIA<sup>19</sup>

740.0011 Stettinius Mission/146

*Memorandum of Conversation, by Mr. Foy D. Kohler of the Division  
of Near Eastern Affairs*<sup>20</sup>

LONDON, April 22, 1944.

Participants: Sir David Monteath, Under Secretary of State for  
India,

Mr. Eric E. Crowe, Foreign Office,

Mr. P. J. Patrick, India Office,

Mr. A. H. Joyce, India Office,

Mr. Wallace Murray, Director, Office of Near Eastern  
and African Affairs, Department of State,

Mr. Foy D. Kohler, Office of Near Eastern and African  
Affairs, Department of State,

Mr. Robert D. Coe, American Embassy.

Sir David and Mr. Murray reviewed the correspondence regarding the request of the United Press for communications facilities in India which has taken place between the Embassy and the Foreign Office during the past year, based on the Department's telegram number 2009, March 31, 12 noon [*midnight*], to London; London's number 5650, August 27, 7 p. m., to the Department, and the Department's number 5684, September 12 [*16*], 12 midnight to London.<sup>21</sup>

Sir David said that he thought that it had been accepted that land line facilities were simply unavailable and mentioned that the Government of India had recently asked for 20,000 miles of telephone

<sup>19</sup> Continued from *Foreign Relations*, 1943, vol. iv, pp. 289-296.

<sup>20</sup> Mr. Kohler and Mr. Wallace Murray, Director of the Office of Near Eastern and African Affairs, were in London to discuss Near Eastern subjects in connection with general talks inaugurated on April 7 between the Under Secretary of State (Stettinius) and officials of the British Foreign Office; for report to the Secretary of State by the Under Secretary on his mission to London, see vol. iii, pp. 1 ff.

<sup>21</sup> *Foreign Relations*, 1943, vol. iv, pp. 289, 292, and 294, respectively.

and telegraph circuits which were badly needed for the Indian railroads and regarded as indispensable to the war effort.

As regards the proposed wireless circuits he said that the Government of India felt that were such equipment available it should be used for official purposes. Elaborating as regards the security aspects of this question, Mr. Patrick begged us to believe that the Government of India was perfectly sincere in saying that the proposed use of radio circuits was quite out of the question. He pointed out that much foreign news even though passed by British or American censorship was not necessarily suitable for publication in India; and that such news, as well as the domestic news transmitted by this method, would be heard by the Japs. He added that there was, of course, always danger of the improper use of wireless equipment or of its use by unauthorized persons, and that the Government of India was simply unable to provide enough control personnel to assure safety.

Mr. Murray said that he appreciated the reasoning of the Government of India but that frankly he could not say that we were satisfied with it. He emphasized that there was no discrimination whatsoever against Reuters<sup>22</sup> in the United States and that that company had absolutely equal access to all available American facilities for the transmission of its news service both within the country and abroad. He continued that it was difficult to understand why, if the Government of India was so short on communications facilities desperately needed for war purposes, it had not long since taken over for its own use the land line system now leased to Reuters and placed all news services, both Reuters and others, on the same basis as regards the use of any facilities which might still be available after official needs have been met. He said that the matter would certainly have been handled this way in the United States, if a similar situation existed. He continued that he was concerned over the possible effect of this matter of apparent discrimination on the good relations which must prevail between the British and ourselves, pointing out that the United Press could have a widespread influence on public opinion in the United States if it felt that it had been deliberately discriminated against by the Government of India. He went on to say that the attitude of the Government of India had been completely negative in this matter being limited to a flat refusal, with unconvincing explanations, of the proposals which had been made to it by the United Press and supported by the American Government. He suggested that it would be quite possible for the Government of India to take a positive rather than a negative approach: that if it were absolutely necessary for them to say "no" to the specific proposals which had been advanced they might

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<sup>22</sup> British news agency.



say what they could offer instead in the way of facilities for the United Press.

In reply to this exposition Mr. Patrick and Mr. Joyce claimed that Reuters facilities were in fact placed at the disposition of the Government of India and used rather generously by the latter; that Reuters had simply been in the field first and made the contracts, both with the Government of India and with the newspapers it serves under which it is now operating; that under normal circumstances any competing company would have full opportunity to secure the same facilities; and that the cancellation of the Reuters contract by the Government, aside from being legally impracticable, would result in a complete disruption of news service facilities in India, since no agency would then be in a position adequately to serve the Indian press.

The British representatives agreed, however, that they were anxious to avoid any disturbance of Anglo-American relations because of this matter and that they would examine the question carefully again with a view to recommending to the Government of India that it make every effort to make existing facilities available to the United Press to the fullest extent compatible with war needs.

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811.91245/45

*Memorandum of Conversation, by Mr. Calvin H. Oakes of the Division of Middle Eastern Affairs*

[WASHINGTON,] May 24, 1944.

Participants:	Mr. Harry Flory <sup>23</sup>	} United Press
	Mr. John Morris <sup>24</sup>	
	Mr. DeWolf—TD <sup>25</sup>	
	Messrs. Murray	
	Allen <sup>26</sup>	
	Kohler	
	Oakes	

[Here follows lengthy discussion of problems involved in the desire of the United Press to secure facilities in India.]

*Summary.* The foregoing discussion clarified the following points: (1) The United Press is opposed to retaliation against Reuters; (2) The United Press is opposed to any action designed to compel Reuters to share its present facilities in India with the United Press; (3) The

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<sup>23</sup> Vice President of the United Press.

<sup>24</sup> Far Eastern representative of the United Press.

<sup>25</sup> Francis C. DeWolf, Chief of the Telecommunications Division.

<sup>26</sup> George V. Allen, Chief of the Division of Middle Eastern Affairs.

Government of India maintains, and the United Press appears to accept, that even with an enlargement of telegraph facilities generally in India, military needs will preclude during the war the exclusive use of any of those facilities by the United Press; (4) Unless military demands on the Indian telegraph system decrease or the Government of India can be persuaded that its calculations regarding military needs have been incorrect, the only possible solution during the war appears to be one permitting the use of radio facilities by the United Press.

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811.91245/45

*The Secretary of State to the Ambassador in the United Kingdom  
(Winant)*

No. 4142

WASHINGTON, June 3, 1944.

The Secretary of State refers to a conversation which took place at the India Office on April 22, 1944 between officials of the United States and British Governments, on the subject of facilities in India requested by the United Press. Among those participating in the conversation was Mr. Robert D. Coe of the Embassy, and it is understood that a copy of the memorandum of conversation is in the Embassy's files.

There is now enclosed for the Embassy's information a copy of a memorandum of conversation of May 24, 1944<sup>28</sup> which took place at the Department between officials of the Department and of the United Press.

It is requested that the Embassy inform the Department whether there have been any developments in London since the conversation of April 22, 1944 which would indicate in what manner further representations on behalf of the United Press might be useful at this time.

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811.91245/7-844

*The Ambassador in the United Kingdom (Winant) to the Secretary  
of State*

No. 16,738

LONDON, July 8, 1944.

[Received July 19.]

SIR: I have the honor to refer to the Department's instruction No. 4142 of June 3, 1944, concerning the facilities in India requested by the United Press. Inquiry of the Foreign Office has been made re-

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<sup>28</sup> *Supra.*

garding any further developments on this matter, and the Embassy has been informed that although the India Office has asked the Government of India to examine the question afresh with a view to assisting the United Press no reply from the Government of India as yet has been received in London. The Foreign Office will ask the India Office to press the Government of India for an early statement of its reactions to the re-examination of the problem, and the Embassy will be informed as soon as a reply is received.

Respectfully yours,

For the Ambassador:  
HOWARD BUCKNELL, JR.  
*Minister-Counselor*

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811.91245/9-2244 : Airgram

*The Ambassador in the United Kingdom (Winant) to the Secretary of State*

LONDON, September 22, 1944.

[Received September 28—5 p. m.]

A-1166. With reference to the subject of United States facilities in India (see the Embassy's despatch No. 16,738 of July 8, 1944), we have now received a letter dated September 20 from the Foreign Office in the following sense:

"Would you kindly refer to the correspondence ending with my letter (7082/118/801) of the 6th July to Bucknell about facilities for the United Press in India?

2. You will recollect that at his meeting with Mr. Wallace Murray on the 22nd April, Sir David Monteath undertook that the India Office would apprise the Government of India of Mr. Wallace Murray's representations and ask them to consider whether, for example, transmission over the India Posts and Telegraphs system of messages of the United Press could in any way be facilitated with a view to reducing to the absolute minimum, subject to Government requirements, the disadvantages now felt by the Agency.

3. The Government of India have re-examined the question, but while fully appreciating the position of the State Department, regret that it is impossible for them to grant the United Press any special facilities for the transmission of their messages in India. They repeat that their inability to accord special facilities is based on no ground of principle but on purely practical considerations. They have no wish to discriminate between one news-agency and another, or to interfere with legitimate commercial competition. As explained in the third paragraph of Le Rougetel's<sup>29</sup> letter to you of the 26th August, 1943, such facilities cannot be given solely because of the insufficient number of lines available at present. A number of new

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<sup>29</sup> John H. Le Rougetel, Counsellor, British Foreign Office.

lines have been under construction for some time, and the hope had been entertained that it would become possible to afford certain facilities to the United Press of America and other Agencies operating in India when these were completed. Recently, however, the widening scale of operations in India occasioned by the creation of the South East Asia Command has again greatly increased the heavy burden on the telegraphic lines available in India, with the consequence that the new lines coming into operation will only suffice to absorb the extra traffic resulting from the increasing scale of operations in and near India. The Government of India, however, expect that these lines will bring some relief to the existing lines used for civil traffic, and in this expected relief the United Press will share, in the shape of a reduction of delays, along with the other news agencies concerned."

WINANT