

## Memorandum from the British Government on aid to Pakistan (20 October 1947)

**Caption:** In a memorandum dated 20 October 1947, the British Government reports on future relations between the United Kingdom, India and Pakistan. It particularly analyses the approach that should be adopted when dealing with requests for aid received from Pakistan.

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AID TO PAKISTAN

*[Handwritten signature]*

Requests received from Pakistan, though only at this stage informally, for immediate financial aid to assist their ways and means position and for military stores (in view of the unlikelihood of their getting their fair share out of India) make it desirable to review in general terms the implications of assisting or failing to assist Pakistan. It is hardly possible at this stage to lay down, for guidance, any set formula. Each request must obviously be looked at on its own merits, in the light of the Indian and Pakistan political temperature of the moment. Nevertheless, it seems prudent, before going any further, that there should be agreement on the nature of the general conception that should guide us in dealing with such requests.

2 Assistance may be desired over a very wide field, as for example:

- (i) Civil officers;
- (ii) Military officers;
- (iii) Military equipment;
- (iv) Financial;
- (v) Economic;
- (vi) Loan of technical experts of all kinds.

The aid may be needed for either

- (a) temporary purposes to complete the process of partition and to admit of a breathing space in which the new Dominion can find its feet and;
- (b) longer term purposes to build the Dominion up into a condition in which it is not dependent for its continued existence upon India's co-operation;

though, of course, there is not a clear-cut division between

(a) and (b).

3. The general background may be briefly summarised as follows:

- (i) Though no proper survey has ever been made of the economic

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position of a separate Pakistan, there seems to be a consensus of opinion that, if there was no hostility from India and <sup>if</sup> a certain amount of co-operation existed between them, Pakistan could quite well live, though no doubt more as an agricultural than an industrial State.

(ii) It is administratively weak and likely to remain so unless a very great deal of assistance in the way of trained personnel was given from this country over a long period.

(iii) The burden of the defence of the North-West Frontier on anything approaching the scale which was customary when the British Government controlled India would be almost certainly too great to be borne by Pakistan in the absence of assistance from India or this country.

(iv) Even if the present bitterness between India and Pakistan lessens somewhat, it can hardly be doubted that for some years to come, at all events, it will be the policy of the Indian Government (or most of its members), whether by obstruction or more positive methods, to make it as difficult as possible for Pakistan to exist as a separate Dominion, in the hope that it will collapse within a measurable period of time. Congress assented to the Partition Plan, but it is quite obvious that in the main most of the present Indian Government, and almost certainly any Government that succeeds the present one, will do their utmost to undo Partition. In such a frame of mind it seems very improbable that they would, in any practical shape, recognise that the defence of the North-West Frontier affects India as well as Pakistan and that therefore they ought to contribute in some form. This would probably be their attitude even if there was complete peace along the Punjab boundary. But as conditions are at present they would naturally feel that any military strengthening of Pakistan would be likely to be used to the disadvantage of India in the Punjab rather than for watch and guard on the Frontier.

4. In these circumstances it is quite clear that India will be intensely suspicious of any assistance which we give to Pakistan. They are not in the least likely to be influenced by the argument that, nine times out of ten, India will not need or desire any similar assistance.

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This suspicion could easily grow into active hostility towards us. One of the first results might be to make it more probable even than it is now that they will leave the Commonwealth; though no doubt they will have at the back of their minds the consideration that we are, politically, rather less free to help Pakistan against the wishes of India so long as they both remain Dominions. A second and much more serious consequence might be that, assisted, may be, by other accidental and unforeseeable causes, a definite anti-British feeling, at the moment happily absent, might once again develop in India, to the detriment of our commercial interests there and to the danger of the lives of British men and women in India.

5. On the other hand, if this country does not help Pakistan to some extent, its chances ~~as~~ the next few years of surviving seem poor. No other country is likely just now to assist it on a considerable scale. Even though its collapse was primarily due to the hostility of India, which was one of the parties to the Partition Plan, this country would, anyhow during the next few years, be in an embarrassing position (to put it mildly) if, having sponsored the Partition Plan, and embodied it in a British Act of Parliament, it failed to do what it could, within reason, to help the new Dominion to live. Apart from this it seems probable that, if there is collapse and chaos along the North-West Frontier, sooner or later it will profoundly effect the whole of India, presumably with grave effect on questions of Imperial strategy, though it is no part of the intention of this memorandum to examine that subject.

6. A further consideration is that if the desire of a large body of opinion in India to bring about the collapse of Pakistan prevails, it can most easily achieve its objective in the opening years of Pakistan's existence. Pakistan is in by no means a helpless situation vis-a-vis India, once its administration is in working order. It produces 80 per cent of the world's jute. The withholding of raw jute from the Indian jute mills would gravely

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embarrass India, though much of the jute could not be sold elsewhere. It produces a third of the raw cotton and a high proportion of the long staple cotton which is essential to the Indian cotton industry. At present this would be saleable outside India. In normal years it has an exportable food surplus which it is essential to India to obtain. If forced to it, Pakistan could turn over to some extent from food production to the production of other exportable commodities. Thus it is in the power of Pakistan to retaliate with damaging effect, if the struggle is at all prolonged, though Pakistan itself is dependent upon imported cotton textiles, coal and other manufactures, most of which now come from India. Since in the long run Pakistan has considerable defensive weapons, the danger is that India will be tempted to try and strangle Pakistan before it can make these weapons effective. If our policy were such that it were clear to India that we should not, if we could prevent it, allow Pakistan to be strangled, it would seem more probable that India would be ready to make a reasonable trade agreement with Pakistan which would in fact be in the best interests of both Dominions and of this country.

7. Accordingly, it seems almost inevitable that, no doubt with great reluctance, without having any real data on which to calculate the risks involved, and without any absolute certainty that, even with such help as we can manage to give, survival is possible if India becomes very actively hostile, we must adopt the policy of assisting Pakistan, so far as our own pressing difficulties admit, and that we must do so even at the risk of worsening our present entirely friendly relations with the Indian Government.

It seems possible to lay down one general principle for guidance. When the demand for aid from Pakistan arises solely or primarily because India refuses to help, when she almost certainly could, and especially in cases when India is tacitly refusing to carry out agreed Partition arrangements, we should not ourselves meet the Pakistan demand without telling India that a request of such and such a kind is under consideration by us, and that before taking a decision thereon we should be glad to know whether, in fact, the

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Indian Government are not prepared to help Pakistan. The process of consultation with India, which we could not allow to be long drawn out, will be a difficult and delicate one and will almost certainly be to some extent resented by Pakistan. Nevertheless, it seems that, anyhow over a considerable part of the field and during the initial stages, the worst danger would be that we should secretly help Pakistan without the knowledge of India and without giving them any chance to behave reasonably (and this of course includes acting promptly).

8. The most difficult problem of all is, of course, the question of our attitude in the event of open military hostilities between the two Governments. It is not proposed to discuss that eventuality in this memorandum, which is concerned with a state of affairs in which there is communal violence, great strain between the two Dominions, much political and economic hostility, but not military war, or near-war, between the two Governments themselves.

9. The first immediate practical question is whether we should help with a ways and means advance. This request comes to us informally through conversations with Sir A. Carter in Karachi at the beginning of this month, of which a record is attached as an Appendix to this note.

The best technical means of making more rupee currency immediately available to Pakistan, if the U.K. Government is willing to assist at all, is still under discussion with the Treasury and Bank of England.

It is proposed that, in the meantime, Sir A. Rowlands should be asked to submit his actual proposal, and his suggestions for repayment, with figures in justification, accompanied by a warning that: (a) there has not, as yet, been any approval by the Government, even in principle, <sup>to the police</sup> of affording such assistance, and (b) that anything like the equivalent of £M.100 seems out of the question as a temporary ways and means advance, even though

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spread over five years. He might also be told that we should require to satisfy ourselves through the Government of India that the Reserve Bank is in fact unwilling to help on reasonable conditions.

10. As regards military stores (which has been raised by General Messervy - the Pakistan C-in-C - while <sup>in</sup> this country, as well as <sup>by the Pakistan Govt</sup> in the conversations in Karachi with Sir A. Carter) we might indicate that, if we are satisfied that a fair share of partitioned stores is not forthcoming from India with reasonable promptitude, we should, in principle, be willing to consider an arrangement for supply by us from stores we have in reserve, against eventual replacement out of the stocks in India which form part of the Pakistan store. The Chiefs of Staff have no objection. A message to the above effect might be conveyed orally through our High Commissioner at Karachi. A proposal to this effect has also been put forward separately in connection with the winding up of the Supreme Commander's Organisation.

11. To summarise, it is recommended that:-

- (a) action should be taken as proposed in paragraphs 10<sup>9</sup> and 11; and
- (b) while each proposal for aid to Pakistan must be judged separately on its merits, we should not refrain from reasonable initial help to Pakistan, so far as we can ourselves provide it without great difficulty, solely on the ground that such a step may be unwelcome to the Government of India.