

So for the present ended any idea of direct re-monstrance regarding breaches of the Treaty. But it was not only locally at the trade-marts that the Chinese were pursuing their policy of separating the Tibetans from us. By an astute move they had already sought to effect the same end through payment of the indemnity. By the terms of the Treaty this was due from the Tibetans. Though we might well have demanded the indemnity from the Chinese, and many think that we should have demanded part, at least, for it was to enforce a Treaty which they had *asked* us to make, which they had assured us they could see observed, but of which, from 1890 to 1904, they were never able to secure fulfilment, that we went to Lhasa, we instead demanded it from the Tibetans, and, on account of their poverty, we reduced the amount payable from 75 to 25 lakhs of rupees—from half a million sterling to £166,666. The Chinese now said that they would pay this reduced indemnity. In an Imperial Decree issued in November, 1905, it was ordered that the indemnity should, in view of the poverty of the people, be paid by the Chinese Government—that is, that the Chinese Government should pay it over to us direct for, and on behalf of, Tibet.

In forwarding this information, Sir Ernest Satow suggested that we should inform the Chinese Government that we could not receive payment from them. He believed that the Chinese Government were trying to make themselves the intermediary of all communications between India and Tibet, and it seemed to him reasonable to conclude that this declaration of their intention to pay the indemnity was intended to force the hand of the Indian Government, and induce them to accept an arrangement which the Chinese Government could afterwards quote as a precedent in other matters.

Lord Lansdowne—these negotiations commenced while the late Government were still in office—felt difficulty in advising the India Office* as to how to deal with the matter. It was on the one hand obvious that the indemnity was required of the Tibetans partly as a punitive measure and

* Blue-book, IV., p. 29.