

conceded by His Majesty's Government for payment direct by the Chinese should be cancelled. But this was not eventually insisted on, and payments were received by the Government of India through the Hong Kong and Shanghai Bank.

In regard to the third instalment, Mr. Chang proposed, on December 27, 1907, that he should hand it over in the form of a cheque to the Indian Government. But the latter again stood out for receiving it from a Tibetan. It was due only to a misunderstanding that payment in the previous year had been accepted direct before orders on the subject had arrived. As regards this proposal of the Chinese, Mr. Morley, though he doubted the advantage of raising the point, saw no objection, as the Tsarong Sha-pé was then in Calcutta, to payment being made by the Tibetan Government through him to the Government of India.

But this method of payment Mr. Chang refused, and wrote to Sir Louis Dane: "I regret to say that I am unable to meet your wishes that Tsarong Sha-pé should himself tender payment. I have received very explicit instructions from my Government on this subject, that the third instalment of the indemnity (Rs. 8,33,333 : 5 : 4) is to be handed over in the form of a cheque only by myself." When the matter arose in discussion at a meeting on January 10, Mr. Chang intimated that he based his objection to the proposal on the fact that direct dealings between us and the Tibetan authorities would be involved in it. It was no longer possible, the Government of India thought, to doubt Chang's firm determination that Chinese sovereignty over Tibet, to the exclusion of all local autonomy, should be indicated, and that direct communication of all kinds between our officials and Tibetans should be prevented. It appeared that Mr. Chang was being supported in this attitude by the Chinese Government, and that it was doubtful if we could expect, without further guarantee, loyal fulfilment of the Lhasa Convention as interpreted by His Majesty's Government. Chinese claims might exist which contravened our distinct rights under the Lhasa Convention,