

No. 43

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*Memorandum of Conversation, Prepared in the Embassy in
Pakistan*¹

CONFIDENTIAL

KARACHI, May 23, 1953—2:15 p. m.

ST D-9/1

Subject: Pakistan

Participants: Mr. Mohammed Ali—Minister of Finance
Mr. Harold E. Stassen—DMS

At the Finance Minister's suggestion, and after a few brief comments by the Secretary of State in which he indicated to the Finance Minister that he would look to DMS for a report and in which DMS indicated that our decisions in these economic matters would be in accordance with the foreign policy of the Secretary of State, the Finance Minister and the Director for Mutual Security conferred at the Governor General's house from 2:15 to 3:15 P.M.

There were no unusual new facets of information or views that have not been previously well known.

1. He emphasized very urgent need for wheat, and expressed a need of one million tons and a 250 million ton reserve to properly manage his economy.

2. He described the land tenure developments, with rather favorable conclusions in East Bengal and Punjab, but the difficulties in making any progress in the Sind Province.

3. He spoke of his foreign exchange difficulties, his sharp loss from the fall of cotton and jute prices, his extreme difficulty in holding the minimum reserves behind his currency.

4. He emphasized that revenues depended primarily on taxes on imports and exports and that he had no power of taxation over agricultural income, this being reserved for the provinces.

5. He expressed extreme interest in further industrialization and the desire of his Government to welcome private investment. He inquired whether some tax concession could be made in the United States to encourage U.S. private capital investment in underdeveloped countries such as Pakistan.

6. He confirmed that extreme economic advantage would result to both India and Pakistan if peace could be established between the two.

¹ This conversation began at the office of the Minister of Finance and continued at the Governor General's house.