

CHAPTER VII

APOLOGIA FOR CONQUEST

The word 'Empire' stinks in the British nostrils too and it is interesting to read their apologia for the Empire, issued for American consumption.

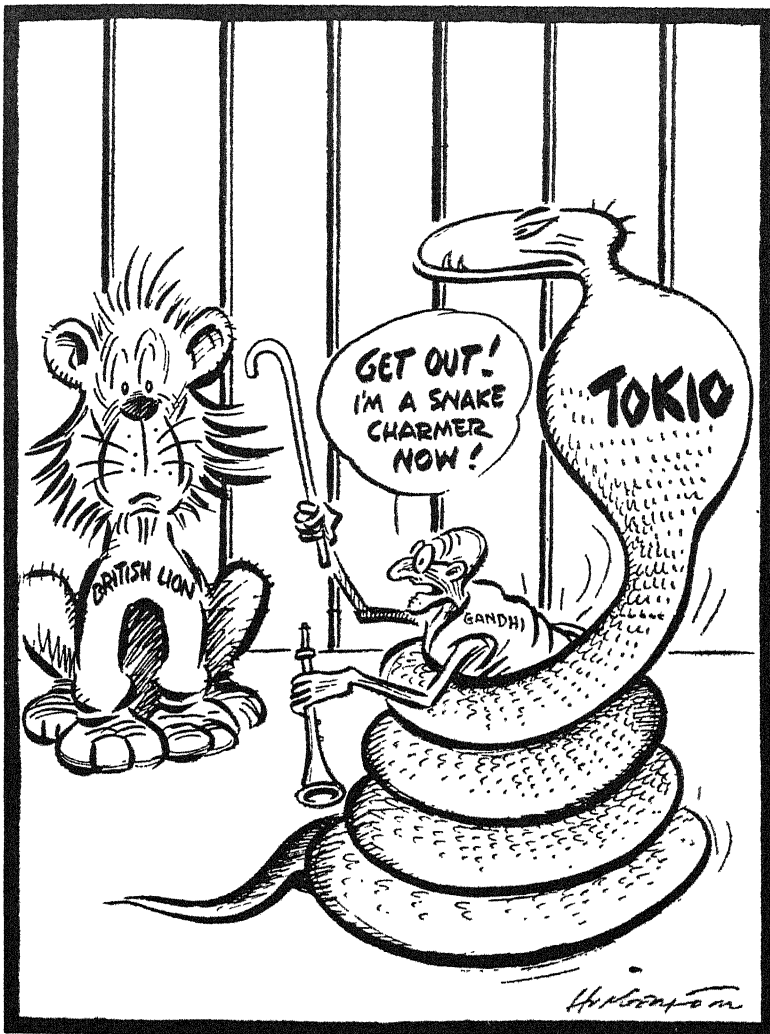
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"Britain never wanted to conquer India."

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"The more the Directors of the East India Company insisted on trade, the more did the Company's employees become involved in India's internal trade.....Moreover, India's internal divisions were an obvious temptation to outside intervention."—A THUMBNAIL HISTORY OF THE BRITISH IN INDIA (ISSUED BY LORD HALIFAX'S INFORMATION SERVICE)

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*"In times when the right of the conqueror was still taken for granted, the British conquered India. The change in world opinion to an attitude which condemns conquest, and rule of one race by another is shared by the British today."*¹

—PETER MUIR IN "THIS IS INDIA"

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¹Peter Muir does not seem to have heard of Premier Churchill's declaration, "We mean to hold our own."



The Lion Tamer Changes his Act.

It is not quite true to say that the British Imperialists have no conscience. They seem to have a conscience which is occasionally pricked by American public opinion and it rises in self-defence when Americans insist on the liquidation of the Empire as a preliminary to world peace. The apologias in defence of the Empire present interesting reading.

Not satisfied with their plea "If Muslims can remain in India, why not the British", the British Information Services in America issued the following interesting apologia for the conquest of India and its continued enslavement, based on the theme of the White man's burden.

A THUMBNAIL HISTORY OF THE BRITISH IN INDIA*

PART I. TRADE

"About 1600, British traders went to India—no thought of conquest. They obtained permission from the Moghul Emperor to set up factories and to fortify them in view of the unsettled conditions of the continent with its frequent wars between one state and another. Ordinary trade relations—like those existing today between the U. S. A. and India—continued for 150 years.

*Background Information, 205/No. 4/DM/26/5/43.

"But in mid-eighteenth century, when France and Britain were at war in Europe, French traders in India allied themselves with Indian princes to drive their British rivals from India. The British replied by counter alliances and drove out the French.

PART II. POLITICAL ENTANGLEMENTS

"Thus, from 1757 the East India Company began to be involved in Indian politics. The London directors constantly reiterated that the duty of their employees in India was to buy and sell goods, avoid politics. Neither directors nor employees realised that these instructions were counsels of perfection. The Anglo-French wars and the disintegration of the Moghul Empire had created conditions of chaos in India in which trade was only possible if law and order were established; the more the directors insisted on trade, the more did the Company's employees become involved in India's internal affairs.

"Moreover, India's internal divisions were an obvious temptation to outside intervention and, inevitably as time went on, developed a corresponding deliberate desire to expand on the part of the British; nobody thought this morally blame-worthy until the post-1918 era when the democracies developed the ideology that conquest is wrong; such an idea would have been incom-

prehensible to the British traders and soldiers of the eighteenth and nineteenth centuries, as well as to all their contemporaries and it is idle to judge them by it.

PART III. TERRITORIAL EXPANSION

“As the Company spread its political sovereignty, its activities inevitably attracted the attention of the British Parliament more and more. Steady reformatory legislation conditioned its activities until the British Government assumed complete responsibility for the Government of India in 1858.

“Since 1800, vast tracts of India, and since 1858, the whole of India, has experienced continuous peace.

PART IV. INDIAN NATIONALISM

“English was the language of Government and of business, so that ambitious young Indians learnt it.

“For the first time in Indian history, the Pathan in the North, the Bengali in the East, the Gujarati in the West and the Tamil in the South, could trade in security across the continent along India's newly built 42,000 miles of railroads, thousands of miles of new roads and discuss their problems in a common language—English. They began for the first time

to be less conscious of themselves as Pathans, Bengalis, Gujeratis and Tamils and more conscious of themselves as *Indians*.

"English is the language of democracy and political liberty. Educated Indians read John Locke, Edmund Burke, J. S. Mill. They began to be politically-minded. That the British were foreign rulers was another factor in developing national consciousness.

"An Indian Nationalist movement was born in a continent hitherto only conscious of its different states (as Europe is today). If the British had never gone there, it is reasonable to suppose that India would have continued along the lines laid out in its pre-British history and that India today would be a continent made up of different states like Europe or South America".

Thus ends the thumbnail History. The Imperial apologist forgets that India was a united country even before the Christian era and even in the times of Akbar, and disintegration began after Aurangzebe in the 18th century.

"INDIA WITHOUT FABLE"

The following extracts from an analysis by British propaganda of some of the economic allegations in Kate Mitchell's book, "India Without Fable" offer interesting sidelights on

the British apologia for continued rule of India. They were issued as *strictly confidential* instructions to British propagandists in America.

BRITISH PROMOTION OF POWER INDUSTRIES

Criticism. "For approximately 150 years, India has been developed primarily as a market for British manufacturers, a source of raw materials for British industry, and an outlet for British capital investment on very favourable terms. Her financial, trade and tariff policies are determined by the British Government." (Page 37).

Comment. As the world's pioneer in large scale industrial manufacture, Britain benefited by the decay in handicraft industries which followed the Industrial Revolution, in India *as in all other countries*. Britain's own handicraft industries were killed by British manufacturing industries. The process was regarded as an inevitable and natural part of progress. New methods were supplanting old methods. Britain, however, in addition to equipping India with such essential public utilities as railroads, roads, and other means of transport and communications—*also developed power industries in India, in direct*

The *Criticisms* are Miss Mitchell's and the *Comments* are those of a British propagandist and the remarks in brackets are mine

competition with similar industries located in Britain itself.

Examples are: The great jute industry in Bengal which has ousted or excluded Dundee jute products from so many world markets;

Cotton mill industry, utilising machinery of Lancashire manufacture; now excluding Lancashire piecegoods;

Woollen Mills, competing with U. K. manufactures, now almost excluded;

Boot and Shoe Factories, now meeting most of India's requirements;

Cement Manufacture, with the same result; and many others.

As a source of raw materials India has been utilised as freely by other countries, including Continental Europe and the United States, as by Britain.

If the U. S. A., for so many decades found it profitable to export raw cotton, etc., why should it be considered deleterious or unprofitable for India to engage in the same trade?

One of the provisions of the Atlantic Charter is to the effect that all countries are to have equal access to supplies of raw materials. Indian raw materials, including such monopoly products as jute, have always been equally accessible to all buyers.

Except during the operation of the short-lived Ottawa Preferences, India has also always been equally accessible to all countries as a market for manufactures; Britain's predominance as a supplier of Indian requirements being due, mainly, to superior initiative and organisation.

Since 1922, when India acquired the right to fix her own tariffs, the proportion of Indian imports supplied by Britain has dropped from about two-thirds to one-third.

PREDOMINANCE OF INDIAN CAPITAL

Criticism. "British capital predominates in virtually all important industrial and commercial enterprises in India—in railways, shipping, insurance, etc., and in the tea, coffee and rubber plantations." (Page 37).

Comment. The railroads are, except to a negligible extent State-owned and State-controlled, and the capital, aggregating about 1,530,000,000 (\$2,200,000,000) is vested in the Government of India acting on behalf of the people of India who benefit directly and indirectly from the operation of the 42,000 miles of railway constructed.

It is true that most of the capital was advanced initially by British investors, at low rates of interest; this was because at the period of construction, Indian capital was not available

for this purpose. Even today, the bulk of India's capital is locked up in usurious advances to the peasantry, at rates of interest ranging from 25% upwards, while the sums invested in industrial undertakings and Government loans are relatively small.

Today, however, the railroads are Indian-owned, and all the profits, which are substantial, remain in the country.

In the cotton, steel, match, jute, leather, woollen, and other principal urban industries Indian capital predominates, and also has a large stake in the plantation industries; tea, coffee and rubber. Of these industries, steel alone owes its development to Indian capital and initiative. For the most part, Indian investors have risked their capital only in industries established by British pioneers.

The continued predominance of British shipping and insurance is not peculiar to India alone, and does not debar a steady advance for Indian enterprises operating in the same fields.

BANKING FACILITIES

Criticism. "Another important feature of the Indian economy is that because most of the large banks are either Government-controlled or are branches of British and foreign banks, Indian industrialists find it almost impossible to

finance industrial enterprises of which the British do not approve." (Page 38).

Comment. Indian industrialists have not infrequently sought to obtain, from banks, the long-term capital which British enterprises secure from share-holders...British bankers have always based their investments on the assumption that their first duty is to their own shareholders and depositors. This sound principle perhaps helps to account for the fact, noted by Miss Mitchell, that two-thirds of banking deposits in India are in banks under British management. A number of Indian banks, which made long-term advances to Indian industries on the basis of short-term deposits, came to grief, and lost both capital and deposits, thereby causing a setback to the slowly developing banking habit in India, which it is so desirable to cultivate, in order to offset the ancient habit of "hoarding".

TARIFFS AGAINST BRITISH MANUFACTURES

Criticism. "A second feature of India's economy is the backwardness of her industries. Except for a brief period during and immediately after the first World War, British policy up to 1939 did not encourage the development of modern industries in India, particularly the heavy basic industries which would reduce Indian dependence on British products" (Page 40).

Comment. The concise answer to the suggestion that Indian industrial development is being restrained in the interests of U. K. manufactures is that since 1922, when India acquired fiscal autonomy, British exports to India have dropped by half, from approximately £60,000,000. (\$240,000,000) to about £30,000,000 (\$120,000,000), owing to the imposition by the Government of India of high protective tariffs, and that Indian industries have expanded their production *pro-rata*.

Heaviest sufferer has been Lancashire whose exports of cotton piecegoods fell from 3,000,000,000 yards a year prior to the first World War to under 300 million yards (one-tenth of their pre-1914 total) in 1939. In the same period the production of Indian cotton mills increased from about 1,000 million yards to 4,500 million yards.

Steel production and associated industries likewise developed during the inter-war period; also aided by protective tariffs.

The major hindrance to the development of India's heavy industries is neither lack of capital nor natural resources, but the limited domestic market...India's steel production is being doubled under pressure of war requirements and if this output is maintained in the post-war period there will be little scope for imports from Britain or any other country. Indeed, we may well see

India export surplus steel to other Eastern markets.

There is a vast potential market in India for, say, modern agricultural implements, but this will remain "potential" so long as the money-lenders retain their grip and leave the vast agricultural population in a state of economic anæmia, without either the means or the incentive to raise their standard of living and purchasing power.

There should be ample scope for Indian industries, in meeting the needs of the 400 million people in their own domestic markets; but it is the Indian usurer, not the oversea manufacturer, who is hampering progress.

The toll levied by the Indian moneylenders equals the joint revenues of the Government of India and the eleven British India Provinces. Mass production necessitates mass consumption. In India usury reduces mass consumption to diminutive proportions; and the backward condition of the Indian factory industries needs no other examination.

MONEYLENDERS AND PEASANTS

Criticism. "The third outstanding feature of the Indian economic structure is the fact that more than 80% of the Indian people live in India's

730,000 villages and depend for their existence on what they can raise from the tiny scattered strips of land which make up the average peasant holding. Moreover, the proportion of the Indian population dependent on agriculture has *increased* during the last twenty-five years, despite the growth of a few modern industries."

(Page 41).

Comment. There are two main reasons for the increase in the percentage of the Indian population dependent on agriculture :

(1) the exiguous purchasing power left in the hands of the rural population, after the exactions of the moneylenders have been met, thereby narrowing the market for factory products.

(2) the tremendous rate of increase in population—eighty millions in the twenty years 1921-41—creating an employment problem beyond the capacity of mechanised industries to solve no matter how intensive the scale of development may be.

If Indian industries produced *all* the goods now imported—valued at about £112,000,000 (\$448,000,000) in the last pre-war year 1938-39—the additional employment afforded would probably not exceed one million workers ; as against an *annual* increase in population, in the last two decades, of four millions. And this calculation

ignores the elementary fact that if India ceased to import she would also cease to export ; with a corresponding diminution of employment in the exporting industries.

No conceivable scheme of economic development in India can absorb an additional population of four millions a year ; and the remedial measures called for are social and religious, not economic. The State is virtually powerless.

INDIA'S LOW PURCHASING POWER

Criticism. "The cause of Indian poverty is not the rate of population growth, but the fact that India is a case of arrested economic development." (Page 46).

Comment. One of the major, and continuing hindrances to industrial development in India has been the reluctance of Indian investors to hazard their capital on industrial enterprises.

Early in the present century, the Government of India initiated the co-operative credit movement, designed to finance cultivators at moderate rates of interest, but it will be readily appreciated that the Indian interests mainly affected have done nothing to promote this campaign, and, in subtle ways have done much to hinder it.

INDIA'S HOARDED GOLD

Criticism. "British economists point with pride to the fact that England managed to

emerge from the world depression in better financial shape than the rest of the world. But this was accomplished partly at least, because between 1931 and 1935 some £203 million in gold went to England from India, or more than the total British gold reserve before the crisis."

(Page 64).

Comment. Most, or all, of the gold shipped from India to Britain during the period noted is now in American vaults, to which it found its way partly owing to America's unreadiness to accept payments in goods instead of gold.

For centuries India has been an importer of gold, mainly for hoarding purposes, and if after Britain's abandonment of the gold standard she found it profitable, for a period, to become an exporter, she was not the only country in that position.

To some extent the de-hoarding process was due to the "crisis" fall in primary commodity values, for which America, as well as Britain, must share responsibility. The Calcutta Wholesale Price Index Number, which stood at 41 in 1929 dropped to 96 by 1930 and to 91 by 1936, and none were harder hit than the Indian Peasantry who, to quote Miss Mitchell herself, "could only meet their liabilities by the sale of their gold and jewelry, the traditional form of savings among the masses of the Indian people".

(Page 64). Why, however, by implication, ascribe the sole responsibility for this worldwide catastrophe, and its financial consequence, to the U. K. Government, or to the Government of India ?

In reality, as Miss Mitchell admits, much of the de-hoarded gold came from the "Princes and other wealthy Indians", who realised their gold at a profit and, in fact, invested the proceeds in industrial enterprises; a very healthy transfer for all concerned. If India hoarded less and invested more, she would be far more prosperous." (What a discovery ! The truth is, the poor zamindars and farmers sold all their gold in the years of depression since land income did not enable them to pay even the revenue.)

PRIVATE ENTERPRISE AND STATE AID

Criticism. "Prior to the First World War, however, British capital investment was in no way concerned with promoting Indian industrialisation—more than 90% of the total investment was devoted to administration, finance, transport and the production of raw materials... British authorities were openly opposed to any industrial development in India." (Page 125).

• *Comment.* The Government of India's policy was not opposed "to any industrial development

in India" but only to direct State aid, in the form of subsidies, and—until 1922—protective tariffs. To private enterprise there was no opposition whatsoever. On the contrary, excluding steel—which owed its development mainly to Indian capital and initiative—nearly every important industry in India was pioneered by the British commercial community who risked their capital in mining, engineering, textile and other industries while also selling Indian produce in world markets and British manufactures in India.

Protective tariffs came only after 1922, when India acquired fiscal autonomy, but it is also fair to emphasize that so long as India, like Britain itself, remained on a Free Trade basis, the Indian market was open, without discrimination, to manufacturers in all countries. The World Depression brought the Ottawa Preferences but, these were short-lived, and while no Indian industry was injured by their imposition, several benefited. Like the first World War the present conflict is giving Indian industry another tremendous fillip.

SACRIFICE OF LANCASHIRE'S COTTON TRADE

Criticism. ".....India's industrial development between the first and second World Wars was extremely slow...The cotton textile industry,

the first and most important industrial enterprise in which Indian capital predominated, had experienced unparalleled prosperity during the war and the immediate post-war boom period. But after 1923, in spite of a continued increase in the volume of production, a depression of both prices and profits set in which continued more or less without interruption until the outbreak of the war in 1939." (Page 174).

Comment. That Indian cotton mills, contiguous to their raw materials as well as to the domestic market, need protective tariffs, to protect them from the competition of Lancashire and Japanese goods, does not imply a very high level of efficiency. In point of fact, by recourse to penalising tariffs and quota restrictions, imports of cotton piece goods into India were forced down from about 2,000 million yards in 1928-29 to 600 million yards in 1938-39, Lancashire and Japan each supplying about half the latter total.

Lancashire has lost the Indian market and does not plan or expect to regain it. American cotton growers, whose staples fed the Lancashire mills, share the loss." (A clever attempt to prejudice America).

DEVELOPMENT OF "HEAVY" INDUSTRIES

Criticism. "With regard to the iron and

steel industry, the most important Indian industrial enterprise outside the textile field, finished steel production did rise from 124,000 tons in 1919 to approximately 690,000 tons in 1938, and it was estimated that the Indian steel industry was supplying from 50 to 70% of the domestic demand. But this, however, was merely an indication of the extremely limited market for steel..." (Page 175).

Comment. The "limited market" is, in fact, the governing factor in relation to future industrial expansion in India. Steel production has been doubled under pressure of war requirements, and, on the basis of pre-war consumption. India will find herself after the war with a surplus available for export. This is not to imply that India's own off-take cannot be increased, but it is unlikely that the pace of expansion will be rapid.

For example, there is admittedly immense scope for the extension of hydro-electric power, for rural as well as urban purposes, and the resultant stimulus to production and efficiency would undoubtedly be considerable. Such a development would be aided and sustained by the wide extension of technical training and experience brought by the expansion of Indian munitions production as well as in the Fighting Forces, now numbering two millions. Economic

Reconstruction Plans are being worked out and will be implemented when the opportunity occurs.

IN DEFENCE OF THE EMPIRE

The British Information Services issued a very interesting defence of the British Empire in May, 1944, from New York. Here are some gems culled from this 32-page pamphlet :—

“British institutions change quite rapidly, but their names change slowly or not at all.....That is true of the political institution still commonly called, in the United States, the ‘British Empire.’ (Why only in the United States? Isn’t every Tory proud to call it just that?) “It has been changing ever since the American colonies left it—and it was changing even as they left it. But in the last generation it has changed so fast that even the British have had to change its name. In 1918 they started calling it, ‘The British Commonwealth of Nations’ as well as ‘The British Empire’, and by now the name seems to have settled down to—‘The British Commonwealth and Empire’, which is what Mr. Winston Churchill calls it.” (He uses different names in England and America).

“The Dominion part of the Commonwealth and Empire grew up in much the same way, about the same time, as the United States grew

from its original size in 1783 to fill its present boundaries. While the people of the young United States were busily expanding their society overland into Louisiana and the former Mexican territory to the west, as well as into Oregon, the British were settling in Upper Canada and in Australia, in New Zealand, in South Africa. In each case title to the new territories was acquired by purchase, or conquest, or agreement, or by annexation, or by a mixture of methods. The real title in each case was made good by effective settlement. The American people soon ceased to call the lands swept over by their moving 'frontier' an empire. The British, whose frontier was overseas, stuck to the name longer even when the name fell into bad odour at the end of the nineteenth century."

What a convincing argument to maintain the Empire !