

Developments in the Political Situation in India

G. A. K. Luhani

1. The Process of Relative "De-Colonisation."

AS a result of the operation of world economic forces since the conclusion of the last imperialist war, profound changes were initiated in the relations between the subject countries of the East and the imperialist powers. These initial changes may now be described as having reached the stage of adult maturity, and as beginning to function as autonomous factors in the world situation. In any case, they have gained enormously in sharpness of outline and lend themselves at the present moment to a precise formulation in terms of practical politics.

We have to note one set of these changes in the case of the relations between England and the colony of India. These changes cumulatively constitute a big factor in the present international situation, though they have not had the advertisement which similar developments in China have had by reason of a nation-wide revolution.

Two Factors of Change

There are two factors to be noted as operating these changes, namely, the decline of capitalism in England and the development of capitalism in India. The capitalist decline in England is a process induced, first, by organic defects and accelerated secondly by external factors among which the capitalist development of India plays, till now, a very minor role. On the other hand, capitalism in India, once started as a historical process in the evolution of productive forces, finds in the simultaneous process of capitalist decline in England at once a stimulus and a terrain for further development.

It is to be noted that the processes in England and India are parallel and counteracting. The result of their parallelism and counteraction is a third and distinct process, namely, the relative "de-colonisation" of India. It is a new and startling phenomenon in the history of colonial countries. Its implications must be thoroughly grasped for an objective appreciation of that radical redistribution of revolutionary forces which strikes the eye as the most far-reaching of transformations that have taken place in India in recent years.

It is necessary to emphasise that the "de-colonisation" of India is primarily the function of the decline of capitalism in England; it is only secondarily the function of the development of capitalism in India. The process in which India is shedding the hitherto-accepted characteristics of a colony has been induced by the weakness of British imperialism and not by the strength of the Indian bourgeoisie. Though, by now, the Indian bourgeoisie has become quite strong, and its position relative to the imperial authority becomes visibly stronger, as the present political struggle proceeds. But the fact of the initial momentum towards "de-colonisation" having come from the British process of capitalist decline, has an important bearing. It explains much

that is otherwise inexplicable in the recent rapid rise of the Indian bourgeoisie. It explains the persistently non-revolutionary character of the struggle by which that rise has been registered as a political fact.

The period is long past when India was, for the purposes of British capitalism, merely a reservoir of raw materials and a dumping-ground for the products of British industry. That was the period of classical colonisation which now survives only in the more backward African and Asiatic possessions of England and France. It was succeeded in India by the period of export of finance capital from England to assist in the realisation of the official policy (projected in 1916) of British imperialism to industrialise India.

We are, at the present moment, witnessing the change from the period of export of finance capital to a new period. In this new period, finance capital is still being exported, but its export is being increasingly subjected to the restrictive and competitive influence of other powerful factors. These latter are operating in the direction of progressively weakening the grip of British capitalism on the economy of India and thus laying the economic foundation of what we term the "de-colonising" process.

The Three Phases

A study of the situation yields us three phases.

First, the export of finance capital from England is becoming increasingly precarious, because of the instability of its source. The export of British finance capital to India does not now proceed from the surplus of a prosperous capitalist system at home. The British capitalist system, organically affected in the basic industries, is hemmed in by powerful competition from Continental and American sources. This, by the way, found its expression in the fact that J. M. Keynes, the well-known English economist, has been asking for an official embargo on the export of capital from England.

Secondly, an increasing part of British capital invested in India is not exported from England. It is local capital accumulated by British firms operating in India, and invested by them—in denominations, not of British, but Indian, currency—in Indian enterprises. The gestation of this capital has given birth to a local British bourgeoisie, domiciled in India for commercial purposes, putting itself sometimes in opposition to finance capital of the metropolis and feeling in some cases a certain community of interests—in spite of the famous Anglo-Saxon scruple about the colour of the skin—with the Indian bourgeoisie.

Thirdly, we have to note the most important fact of the rise of a powerful native capitalist class in India and its determined and sustained attempt to secure an ever bigger and bigger partnership with exported British finance capital in the capitalist development of the productive forces of India.

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Exact and well-substantiated figures are not available to determine the economic strength of the Indian capitalist class. But we can lay our hands on some data which go to establish that this class is stronger than is generally supposed. The oldest established industry in India, namely the extensive cotton textile industry centring round Bombay, has been the main preserve of Indian owned capital. Though recently British capital is said to have made some encroachment on this field. As against this, we have to set the fact that the jute industry in Bengal (more properly, the industrial preparation of raw jute), which was formerly chiefly financed by British capital, is now carried on by Indian capital to the extent of 80 per cent. As to the general position of Indian owned capital as against British owned capital, we have the statement of a former president of the Bengal Chamber of Commerce (Sir William Carey), who maintained before the House of Commons Commerce Committee that 60 per cent. of the capital employed in India was Indian and that it had "largely" increased in proportion to the British since the war ("Manchester Guardian," 8-5-25).

The amount of British capital in India has been variously estimated at between 1,000 and 750,000,000 pounds sterling. Taking then the lower figure as representing 40 per cent. of the entire capital operating in India, we get the huge sum of 1,125 million pounds sterling as representing 60 per cent. owned by the Indian capitalist class (on the basis of the estimate of the president of the Bengal Chamber of Commerce). In the absence of more detailed data, this estimate must be accepted with some reserve. But it is evident from an accumulation of other concurrent facts that if Indian capital does not exceed British capital, it comes very near to it. What still gives the impression of the hegemony of British capital in Indian economy is that British firms have evolved and imposed a peculiar system of "managing agency" by which they continue to control industries in the financing of which they have very little or even no share.

Increased Native Capital

However, as to the greatly increased volume of mobility of capital accumulations in the hands of the Indian capitalists since the war, we have overwhelming circumstantial evidence from competent imperialist sources. The London "Economist" reports that "in addition to the reduction of India's sterling debt due to direct Government action, individual Indian investors have been reducing India's external liabilities by themselves buying back sterling loans. . . . [raised by the Government of India in London]." Commenting on this tendency on the part of Indian capital to liquidate Indian indebtedness to England, the "Times" marked "the beginning of a period when Indians will no longer bury their savings in the ground but will use them for reproductive purposes to the advantage of the world in general and India in particular." (1-3-27.) The position is not only accepted but encouraged by the imperial authorities because, as stated by the "Economist" "the result will be to release British capital now invested in India for utilisation in other countries."

We have also to register the very significant move-

ment of Indian capital to the less developed British colonies like Kenya and South Africa, where its competition has led to protracted political complications with the imperial government. In 1925, no less an authority than the Finance Minister of the Government of India said:

"It may sound fantastic . . . to talk of India not only supplying the whole of her capital requirements, but also becoming a lender of capital for the development of other countries . . . The time is not far distant when India will be doing both of these things."

"Colonial Imperialists"

What is clear from the foregoing forecast is that the imperial authorities are clearly envisaging the impending end of the period of export of finance capital to India, and, even the beginning of the period of export of capital from India to other (colonial) countries. The result of such a process in the "not far distant" time will certainly be "fantastic." It will mean, *mirabile dictu*, the imperialist debut of the "colonial" bourgeoisie of India, in, of course—as the British imperialists intend—a specific form of subordinate collaboration with British imperialism. Plainly speaking, it will mean the economic autonomy or the definite "de-colonisation" of India. Because, a country "not only supplying the whole of her capital requirements but also becoming a lender of capital to other countries" will certainly no more be a "colony" so far as the economic meaning of "colonisation" is concerned.

In the actual period, we are, it is true, as yet far from that state of affairs, and although the tendencies towards "de-colonisation" are clearly operative they do not yet command a free field for their operation. For one thing, British imperialism, with its financial, political and military apparatus, still stands in the way of the working out of underlying economic potentialities; though however, it is consciously and adroitly changing its position. It is trying to attract to its side new strata of the Indian bourgeoisie in order to strengthen its position by a policy of concessions. All the while, it is holding tenaciously to every pice of ground that it occupies, and whenever it is forced to retire from an untenable position, it does so after fighting a desperate rearguard action.

The collaboration of British and Indian capital in the proportion estimated above, is responsible for the present rapid industrialisation of India. The "International Labour Office" attached to the League of Nations considers India as one of the eight great industrial countries of the world. It laid stress on this fact by electing an Indian as the president of the "International Labour Conference" held in Geneva this year. Next to Japan, India is the greatest industrial country in the East. Since industrialisation began in India, it has gone on at a rapid sustained tempo, in spite of the obstructive exigencies of later imperialist policy to retain control of the process in its hands. The London "Economist," writing on July 9, 1927, says: "Industrial production (in India) . . . has raced ahead of local powers of consumption."

The yearly average of the consumption of coal in India during 1909-1913 was 13,148,000 tons; it reached the total of 20,220,000 in 1926. The metallurgical in-

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dustry also shows a great advance. The production of pig-iron and steel in India in 1914 was 235,000 and 67,000 tons respectively; in 1925-26, it was 900,000 and 540,000 tons respectively. In cotton textile industry, India occupies fifth place in the world. In 1914, India produced in its cotton mills 1,164.3 million yards of textiles and imported from abroad 3,197.1 million yards; in 1926-27, the local production is 2,258.7 million yards against 1,787.9 million yards of imports. The latest development of Indian capitalism is shown in the successful launching of a mercantile marine to oust British shipping from coastal traffic in the Indian ocean. Only a little while ago, a vessel of 6,000 tons, constructed for an Indian company, was launched from a shipbuilding yard in Scotland, and the launching ceremony was invested with the character of a political gesture by the participation of the ex-Swarajist president of the Indian Legislative Assembly.

The bare enumeration of certain principal features, as given above, does not exhaust the industrial developments that have taken place in India in recent years, but these are sufficient for the present article, as showing the character and tempo of industrialisation. The Indian bourgeoisie and its British senior partner represented by the imperial Government are now face to face with problems of tariffs, banking and currency, familiar in the history of modern capitalist States.

2. The Political Consequences of "De-Colonisation."

The Indian bourgeoisie has been described as having been "born and brought up in the lap of British imperialism." Before making its entry into the world in this exceptional way, it has been forced by the pressure of

historic circumstances to gestate for more than the normal period in the womb of feudal society. It still carries into its present awkward age of adolescence the marks of its birth and its pre-natal influences.

In spite of these disabilities, the political growth of the Indian bourgeoisie has been not inconsiderable. It has, of course, not yet emerged as the dominating social class, holding political control of the State in its hands in a specific form of vanishing partnership with the imperial power. That would require, among other things, a still more advanced stage of capitalist development than at present. But the bourgeoisie is in the process of evolution.

More particularly in its political aspect, the relative character of "de-colonisation" cannot be too often emphasised. The term is a misnomer, if it is taken to signify more than it is meant to signify. It is certainly not meant to signify the "de-revolutionisation" of India. It does not as certainly signify a permanent liquidation of the contradiction of interests between British imperialism and the social classes comprising the Indian population. Most emphatically, it does not signify the exclusion of India from the area of Asiatic revolution against imperialism. On the contrary, it signifies an enormous intensification of the exploitation of the proletarian masses of India in the latest capitalist forms in the big urban centres, and the expropriation of the vast peasant masses in the "hinterland"; because the imperative needs of advancing capitalism are a reserve of huge, cheap and mobile labour power and vastly increased productivity of the soil through a system of modern agriculture which in its capitalist development can be erected only on the debris of the present peasant economy. Consequently, "de-colonisation" signifies a profound disturbance of the social basis of the existing

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overwhelmingly vast majority of the 320 millions of the Indian population, and a tremendous concentration of revolutionary forces released by the colossal pressure of a double exploitation of a desperate imperialism and an advancing native capitalism.

“De-Colonisation” makes Conditions for Proletarian Revolution

The process of “de-colonisation” develops the pre-conditions of an immediate merging of the national democratic revolution into a proletarian revolution.

The political consequences of the “de-colonising” process thus resolve themselves into (a) the “de-colonisation” of a considerable section of the bourgeoisie and its withdrawal to the other side of the barricade, and (b) the transfer of the hegemony of the national revolutionary struggle to the proletariat and the oppressed peasantry.

With regard to the Indian bourgeoisie, its contradiction of interests with British imperialism is partially equilibrated for the time being, only to begin again on a new plane. How the equilibrium has been reached can be clearly seen from the details of the recent history of imperialist transactions with India. The first political concession to the Indian bourgeoisie was made under the stress of the last imperialist war, when in 1917 “the progressive realisation of responsible government in British India” was fixed as the official policy of British imperialism. This policy has as its latter-day slogan the phrase—“British Commonwealth of Nations”—a phrase very enthusiastically taken up by the prospective successors of the present Conservative Government in England, namely, the British Labourites. The policy materialised in the first Reform Act of 1919 and awaits further development at the hands of the Royal Commission* to be appointed presently under the terms of the first act.

Lord Morley, a former Secretary of State for India, had spoken of the fixed determination of British imperialism, not to allow the introduction of bourgeois democracy in India. But the apparatus of bourgeois democracy in the shape of elected legislative bodies, has been existing in India already for some time. The most important characteristics of these legislative bodies is not that they in their present form exercise very little power, but that whatever power they exercise or they may exercise, is in the hands of two per cent. of the population, in other words, of the native bourgeoisie and the landed proprietors who alone are enfranchised. The legislative apparatus with its limitations is being increasingly used, as in any other bourgeois country, to consolidate the interests of the native capitalist class, as against those of the working masses. Financial organisation of the country to correspond with the developing process of capitalism is being brought up-to-date. A Federal Reserve Bank for the issue of unified currency is being brought into existence. The demand is becoming insistent to change from a silver to a gold standard.

* The Royal Commission on Constitutional Reforms has now been appointed.

Some degree of fiscal autonomy—the most important attribute of a developing capitalist State—is already exercised, and is being pressed forward even against the interests of the industrial bourgeoisie in England.

Raising Status of India

The Indian “State”—unlike the Free State of Ireland and the Dominion of Canada—does not yet exercise the privilege of diplomatic representation abroad. But India already became through an official representative, a signatory of the Treaty of Versailles and it is represented at the meetings of the League of Nations through its own representatives—though nominated by and under the control of the imperial Government. The Indian Chambers of Commerce have demanded Indian consular representatives in foreign countries. This year a significant concession has been made by the imperial government in sanctioning the appointment of an Indian diplomatic representative to the Dominion government of South Africa. The subordinate position assigned to India at the Imperial Conference held last year in London did not thus correspond with the reality of the economic strength of the Indian bourgeoisie, though it reproduced exactly the state of its political subjection.

A very eloquent commentary on the process of “de-colonisation” is furnished by the recent action of the representatives of British capital operating in India. The present capitalist development of India is the result of the operation of both Indian and British capital in a given proportion. So long as the share of Indian capitalists was a minor one and so long as they had not developed into a powerful political entity on the basis of their class interest, the representatives of British capital in India kept themselves aloof from any participation in the political struggle in India, depending for their hegemony on the security of British imperialist control.

But now the picture has changed. British imperialists, with their greater political acumen, have perhaps more clearly appreciated the fact of this change than the Indian bourgeoisie—itsself the vehicle of the change. It will be remembered that in 1924—that is, when the first Labour Government was “in office” but “not in power” in England—there appeared in London a rather sensational book called “The Lost Dominion.” The book was anonymous but internal evidence would show that the author belongs to the same circle of imperialist publicists as for example the celebrated “Augur” of the “Fortnightly Review.” The broad basis of the book was that the “dominion” of India was already as good as lost to

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the British bourgeoisie, that circumstances had arisen in India which make the further tenure of British rule extremely precarious except on the basis of a progressive devolution of control to a specific indigenous social class. Such a thesis was symptomatic of imperialist pessimism of the period when capitalism had not yet clearly emerged from the post-war depression into its present period of more or less relative stabilisation, and when in England itself a certain panic—though exaggerated—reigned as to the future of the British Empire on account of the rise to power of the British Labourites. Since then, there has been a change in the imperialist outlook as regards India—the excessive pessimism of 1924 has been corrected. The correction has been made possible by the policy of compromise with the Indian bourgeoisie. Basing himself on that, Lord Birkenhead, the Secretary of State for India, has been protesting in the House of Lords that “India is not a lost dominion.” But the very fact that a Secretary of State for India—even when he is a fundamentally vulgar demagogue like Lord Birkenhead—has to “protest too much” is an indication of the change in Indo-British relations that has been accomplished. A more balanced imperialist view of the situation is given in the latest number of the London review, the “Round Table.” In its issue of September, 1927, we read:

“The Government of India has changed almost beyond recognition . . . it will change even more in the future . . . it is not the unquestioned arbiter of the destinies of India, but has become increasingly responsive to the opinion of a certain class of the ruled. . . . **The British Government in India is abdicating its power progressively in favour of the educated middle class.**” (My emphasis—G.L.)

The Indian bourgeoisie has become a recognised

political force, joining issue in the political struggle simultaneously against the working masses of India. Therefore, now that the non-bourgeois social classes in India are heading towards a revolutionary orientation and British imperialism is forced to ensure its continuity by a closer liaison with the Indian bourgeoisie, the representatives of British capitalism there, have for the first time discarded their aloofness from their brother class in India and have come out with an offer of political alliance.

There was held in London in July last year, a meeting of the Indian Section of the London Chamber of Commerce, attended by representatives of over 100 (British) firms and companies established in, or trading with India. Between themselves they accounted for “one thousand million pounds of British capital invested in India.” They met together to assert that:

“British business men had so much capital invested in India and Indian trade that it was vitally necessary they should exercise their right to do all in their power to ensure that in the experimental and transitional period to self-government, unwise measures should not be taken which might do irreparable damage not only to India but to Great Britain. No one could foretell whether the anticipated Royal Commission on Indian Constitutional Reform would make any far-reaching recommendations or not, but everyone would admit that, with the increasing spread of Western ideas and of education in India, some further reforms and adjustments might be required, and even some readjustments might be desirable . . . any fresh constitutional changes should be devised with full appreciation of the economic issues at stake as well as of those which were purely political.”

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The president of the European Association in India noted at the meeting the tendencies of the Indian bourgeoisie "in power in India":

"to look at every question from a racial point of view and to take an anti-British standpoint, regardless of the true economic interests of India. The threat of discrimination against British commercial interests was serious and would have to be borne in mind when the time came to meet the Royal Commission. Already a Bill to reserve the coastal traffic of India to a purely Indian Mercantile Marine had been introduced. Rail traffic in India was gradually passing under State control."

In view of the danger of the submerging of British capitalist interests in India, the meeting came to the conclusion that "a new organisation could be formed to include not only British but also Indian commercial interests." The new organisation to be called the "Progressive League" would—

"... enunciate emphatically the principle of complete and definite co-operation between the British and responsible Indian Communities whose interests were identical."

Further, the British capitalists would give to the Indian bourgeoisie, through the "Progressive League":

"positive proof that British interests were ready to co-operate with them, to organise for them, to protect them from insidious flank attacks."

The aim of the League was finally defined in these terms:

"... the aim should be to build up an organisation truly representative of British and Indian commercial and kindred interests—trade, industry, finance, shipping, the landowner, and that most important person, the cultivator. In this way these various interests would be moulded into one big constitutional force, strongly represented in the different Governments, and would so have a very direct influence over the future of India. Thus her destinies would to a large extent be taken out of the hands of the demagogues."

In the proceedings of this remarkable meeting, we have the culmination of tendencies which have been discernible for some time past and have pointed towards the active political career of a bourgeois Indo-British coalition for the greater glory of capitalism in a "de-colonised" India.

(To be concluded.)

