

THE NEW DEAL FOR INDIA

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[*The LABOUR MONTHLY publishes this article as the first of a series which it intends to run on the meaning and background of this new plan of British Imperialism to rivet even more firmly than ever before the chains of British finance capital on the Indian people. Significantly enough, almost simultaneously with the publication of this report, which the Government describes as designed to grant a greater measure of self-government to India, comes the news of the re-arrest in Bombay of one of the Meerut prisoners, Philip Spratt, recently released from six years in jail, on the charge of Communist activities, the first charge under one of the new series of repressive measures imposed last July by decree. The LABOUR MONTHLY appeals to all its readers to join in the campaign for the immediate release of Philip Spratt and of all other political prisoners in India.*]

THE Report of the Joint Committee on Indian Constitutional Reform which, with the Proceedings and Records, covers 1,551 pages, is an outstanding and impressive example of the continuity of British Imperialist policy. It is founded on the Reform proposals of the National Government presented to Parliament in March, 1933, usually referred to as "The White Paper," and on the Report of the Indian Statutory Commission of 1930. The Report was described by the *Times* as marking "the completion of the most thorough and exhaustive examination of proposed constitutional changes ever undertaken in the history of the British Empire." By putting the Report on the market at 1s. in Britain and at 8 annas in India the National Government have done their best to popularise this State paper, and the energy and care with which the leaders of the Conservative Party prepared public opinion for the Report and with which they have since defended it shows that they realise the importance of their Indian policy as a preparatory step in the contest with Socialism which they see is inevitably coming.

The initiation of the present phase of Britain's Indian policy dates from the apprehensions which arose in the imperialist mind with the development of revolution in the Czarist Empire of Russia in 1917. The voice of the Indian workers and peasants was beginning to make itself heard. Trade Union organisation on the European model had been started. British Imperialism perceived the need of seeking new allies in India.

The Montagu-Chelmsford Report prepared the system of reforms known as Dyarchy under which a measure of responsible government was introduced in the Provinces, so that, by devolution, the Indian bourgeoisie became associated to a limited degree with the administration of British India for the benefit of British Imperialism.

Meanwhile the national struggle for India's freedom was assuming gigantic proportions. The influence of the Indian National Congress which had always been in the hands of the bourgeoisie was waning, the workers were finding their own leaders and successfully fighting their own rent and wage battles.

The Government of India Act of 1919 provided that after 10 years there should be an enquiry into the working of the dyarchic system. In 1927 when Lord Birkenhead was at the India Office the Indian Statutory Commission was appointed, representing the three parties in the British Parliament. Lord Strathcona, the late Lord Burnham, Colonel Lane Fox (now Lord Bingley), and Mr. E. Cadogan were the Conservative members ; Mr. Attlee and the late Mr. Vernon Hartshorn were the Labour members, while the Liberal representative was Sir John Simon, the Chairman. This Commission, when it visited India, was received with extreme hostility by the people. In many towns it was met by processions of the workers bearing black flags and calling on it to "Go Back." But the Commissioners continued their tour undismayed. Attlee and Hartshorn ignored the feelings of the Indian masses which were so unmistakably expressed, and the Commission's Report, which did not contain a single dissentient minute, followed by its Recommendations, was issued in 1930. In the course of the recent debate on Indian Constitutional Reform Sir John Simon informed the House of Commons that the pen of the Labour member for Limehouse, Mr. Attlee, was responsible for a good deal of what was in those volumes, and he considered it remarkable that every single surviving member of the Statutory Commission takes the same view as to the necessity of supporting the Report of the Joint Committee, although in some respects Mr. Attlee and his friends would like to go further.

It is not possible to make in this article a thorough analysis of all the recommendations of the Joint Committee's Report, neither can we here attempt to describe the reactions of opinion in India to the report. We can only give here a brief outline of the recommendations, and attempt to deal rather more fully with the question of control of credit, because the Report is less explicit in reference to the financial safeguards than to some of the others.

The Report consists of six sections : a general introduction entitled "The Principles of a Constitutional Settlement," and five chapters on Provincial Autonomy, Federation, the Central Government, Special

Subjects (dealing with the Distribution of Legislative Powers, the allocation of Revenue between the Federation and the Federal Units, the Public Services and the question of future recruitment, Pensions, the Judicature, the Supreme Court, Commercial Discrimination, and the future administration of Indian Railways), and Burma.

The main recommendations of the Report are :—

- (1) All-India Federation.
- (2) Central Responsibility.
- (3) Provincial Autonomy.
- (4) Safeguards.

As regards Federation it is argued that if the principle of Provincial Autonomy be accepted, it will be necessary to have some binding central authority, if the disruption of such unity as already exists in Indian administration is to be avoided.

Moreover, the Indian States will only enter a Federation on condition that they have a real voice in the determination of its policy, and this means that the Federal Government must be a responsible government.

The position as regards the States is not quite clear. From the debate in Parliament and the speech of Major Courtauld it seems that the Viceroy has had to exert pressure to secure the agreement of some of the Indian rulers to the Federal Scheme.

The subjects of legislation are divided into three categories : (a) matters which are exclusively provincial, (b) matters exclusively federal, and (c) matters in respect of which the Centre and the Provinces would have concurrent powers.

The Federation of All-India, while nominally based on the principle of responsibility, is to be subject to safeguards and far-reaching reservations of power in the hands of the Governor-General, including the entire control of the defences and foreign relations of India, as well as the control of certain areas like Baluchistan which have been excluded from the Federation for strategical reasons. Similar emergency powers together with the ultimate control of the police will be in the hands of the Provincial Governors, who, like the Governor-General, will be appointed by the King of England.

Finally, no Indian Legislature will have the power of altering the Constitution.

The first impression that one has in considering the situation which the publication of this long-awaited report has created is that imperialism pervades the British mind and grips the British people even more tightly than one believed possible, that the imperialists are mighty well organised and mighty well equipped, and that the forces and organs which one would ordinarily expect to resist conservative domination and seek to free the

masses of the world from the deadly stagnation of private ownership and individual affluence have not merely not warned the British people of the dangers of imperialism, but have ceased to regard imperialism as a danger at all, and so have wholly neglected to organise any effective opposition to the policy of the National Government in securing the endorsement by the British Parliament of the Report of the Joint Committee. Indeed Mr. Seymour Cocks, who was one of the representatives of the British working class on the Joint Committee and voted against accepting its recommendations in the House of Commons, nevertheless declared that he had implored his "Labour friends in India" to work the new Constitution.

The second point which strikes one is the failure of the Joint Committee to establish the obvious connection between the present state of India with 60 per cent. of the village population badly nourished—a state of emergency which, according to the Director of Public Health in India, Sir John Megaw, is rapidly passing towards one of crisis—and the cumulative effect of 150 years of alien rule.

The Joint Committee consisted of 31 members, its Chairman was the Marquess of Linlithgow, and it included three ex-Viceroy, three former Secretaries of State and three ex-Governors. Four members of the Simon Commission were included. The Committee appears to have felt that it was of greater importance to meet the views of the Conservative right wing, of whom Lords Salisbury, Middleton, Rankeillour, Sir Reginald Craddock and Sir Joseph Nall, were the representatives on the Committee, than to consider the question of India's right to full national independence.

No member of the Committee approached the question of India's future from the point of view of self-determination. The guiding pre-occupation was "How little need we concede to avoid trouble"? and the principal purpose of all their endeavour was the retention of India within the British Empire.

The Report of the Joint Committee is the outcome of years of careful imperialist effort and consideration. It is, according to the *Times*, "something incomparably more important than mere critical comment on an existing scheme. It envisages the whole projected constitution of India with a precision of language that none of the earlier documents could supply."

The objects of the Report are threefold :—

- (1) to safeguard the vast investments of British capital in India.
- (2) To stabilise the position in India so that India, and all that it represents to the British Empire from a financial, economic and strategical standpoint, may be a fixed rather than a fluctuating factor in the prosecution of imperialist policy.

- (3) To preserve India absolutely as a strategical bulwark of the Empire.

On the morning after the publication of the Report the *Financial Times* reassured the British public by pointing out that in the sphere of finance and trade the Governor-General will be the sheet anchor of the State, and that as far as the holdings of the British investor are concerned the Indians will have no say whatever. India is not to be financially independent. Interest, sinking fund charges and other expenditure relating to the raising, service and management of loans will not be submitted to the vote of the Legislature. As this provision is to be an integral part of the new Constitution it was argued that there need be no fear for the future of India loans, while the Trustee status of existing sterling loans is maintained and extended to future issues.

Although the Report recommends that the Federal Ministers shall be responsible generally for finance, yet the greater part of the Federal Budget will be "reserved" expenditure and will not be submitted to the vote of the Legislature, because, as was recognised by the Federal Structure Committee, it is "a fundamental condition of the success of the new Constitution that no room should be left for doubts as to the ability of India to maintain her financial stability and credit both at home and abroad."

It was therefore decided to be necessary to reserve to the Governor-General in regard to budgetary arrangements and borrowing such essential powers as would enable him to intervene, if methods were being pursued which would in his opinion severely prejudice the credit of India in the money markets of the world.

In relation to finance the thoroughly imperialist character of Mr. Attlee's alternative Draft, which has now become the basis of the Labour Party policy towards India, is conspicuous.

The Labour draft speaks of "Financial Autonomy" for the All-India Federation as if it were a reality. Yet Mr. Attlee declares his agreement with the proposals of the White Paper under which appropriations of revenues relating to the following heads of expenditure will not be submitted to the vote of either Chamber of the Legislature, although they will be open to discussion in both chambers. These heads are :—

- (1) Interest, sinking fund charges and other expenditure relating to the raising, service and management of loans.
- (2) Expenditure fixed by the Constitution Act.
- (3) Expenditure required to satisfy a decree of any court or arbitral award.
- (4) The salary of the Governor-General and of Ministers, Counsellors, Financial Adviser and Judicial Commissioners.
- (5) Expenditure required for the Reserved Departments ; for the discharge of the functions of the Crown in its relations with the rulers of Indian States.

- (6) Salaries and Pensions for Judges.
- (7) Expenditure required for the excluded areas and for British Baluchistan.

The report points out that at present currency and exchange are the direct concern of the Government of India, but that it is desirable that they should be entrusted to a central bank, which would also control the credit mechanism of the country.

The plan is that a Reserve Bank on a sure foundation and free from political influence, should have already been established before the constitutional changes take place.

The Reserve Bank of India Act was passed by the Indian Legislature in February last. The movement for the establishment of a central bank in India had its beginnings in the early post-war period. The Royal Commission, which reported in 1926, recommended the establishment of a central bank, on a gold bullion standard, but this scheme was abandoned and the Reserve Bank Bill resulted from the Round Table Conference in 1933. The Reserve Bank will be the sole note issuing authority and its central banking functions will be limited. Hitherto the Imperial Bank of India has been invested with a central banking status, and it will continue to serve as the sole agent of the Reserve Bank where there is a branch of the Imperial Bank but no branch of the Reserve Bank.

The currency in India consists of silver rupees and Government notes convertible into rupees. On a day to be fixed by the Governor-General the Bank is to assume liability for all outstanding Government notes, while the Government is to transfer to the Bank gold, sterling securities, rupee coin and rupee securities, to the amount of the outstanding notes. The effect will be to take a unified note issue from the Government and vest it in the Central Bank which will not be under the control of the Federal Government.

As an instance of the close interlocking of the financial system of India with that of Britain, it is to be noted that the sterling securities may consist of balances with the Bank of England, bills of exchange, payable in the United Kingdom within 90 days, and British Government securities maturing within five years.

The Indian Central Bank is planned on the model of the Bank of England, "The Mother of Central Banks," and India is to be established on a sterling standard, while there will be an obligation on the Bank to buy and sell sterling on demand at prices close to the parity of 1s. 6d. between the rupee and sterling.

It is worth pointing out that India, whose Reserve Bank is expected to begin operations before the end of 1935, will not be the only newcomer to the field of imperial central banking. There is to be closer monetary co-operation within the British Empire. South Africa and Australia

have had central banks for some years, the Reserve Bank of New Zealand started business on August 1st last, and legislation has already been introduced for the establishment of a central bank in Canada as well as India, while a Central Bank is now under consideration for the Irish Free State.

The main responsibility for the management of the Indian Reserve Bank will lie with the Governor and the two Deputy-Governors, and they with four out of the 13 directors will be appointed by the Governor-General. The Governor of the Imperial Bank of India has already been appointed to the governorship of the Reserve Bank, and the two Deputy-Governors, who are Government officials of Indian and European nationality, have also been appointed.

After a full-dress debate lasting for three days the House of Commons on December 12 committed itself to the decision that a Bill should be introduced with the object of giving what the imperialists describe as a greater measure of self-government to India. The text of the motion adopted by the House was :—

That this House accepts the recommendation of the Joint Committee on Indian Constitutional Reform as the basis of the revision of the Indian Constitution and considers it expedient that a Bill should be introduced on the general lines of the Report.

The amendment of the Labour Party Opposition which was rejected by 491 votes to 49 was as follows :—

This House is of opinion that any legislation for Indian Constitutional Reform should be based on the proposals contained in the draft report submitted to the Joint Committee by members of His Majesty's Opposition so as to make provision for the recognition of the right of India to Dominion Status and for its attainment by a progressive development and expansion of responsible government, and for placing in the hands of the Indian masses the possibility of obtaining political power by constitutional means, in order to achieve their emancipation from the injustices and hardships of the existing social and economic system.

The Labour Group in the Joint Select Committee consisted of Lord Snell, Mr. Attlee, Mr. Seymour Cocks and Mr. Morgan Jones. It laid an alternative Report before the Joint Committee which has been published in the Proceedings (pp. 253-287). So much, however, of what the Labour Representatives desired to incorporate in the new Indian Constitution was already implicit in the Committee's recommendations, and so entirely devoid is the Labour draft of any definite suggestions to bring about the freedom of India from British Imperialist control and for the withdrawal of the army of occupation in order to make self-determination a reality, that when some of the Labour speakers in the course of the Parliamentary debate, notably Mr. Attlee, appealed for the insertion of some reference to " Dominion Status " in the scheme for Constitutional Reform, Sir John Simon pointed out that neither the amendment before the House of Commons, nor the Minority Report, proposed to establish

complete self-government in India. Moreover, Mr. Baldwin who wound up the debate which he described as one of the most interesting and certainly one of the most important that had taken place since he had been a member of Parliament disconcerted the leader of the Opposition by not considering it worth while to reply to any of the points which had been made by the Labour speakers in support of the Amendment. So much so that Mr. Lansbury enquired, on a point of order, whether the Opposition had not a right to ask the principal spokesman of the Government to reply to their Amendment. To this the Speaker answered simply that Mr. Baldwin must make his speech in his own way.

The next day the *Times* correspondent telegraphed from New Delhi that the defeat of the Labour Party's amendment in the India debate was considered in India to have eliminated the purely artificial element which had been introduced into the controversy. Indians, he added, recognised that the constitutional scheme which emerged from the Committee had until quite lately borne the hallmark of Labour's co-operation.

Ever since the agreement of the British Parliamentary Labour Party to participate in the Statutory Commission which was appointed by the Conservative Government in 1927, there has not been any real fight on the part of the Labour Party for the freedom of India and for the stoppage of the exploitation of the masses of the toiling population of India by British Imperialism.

The struggle in Britain is developing in another direction. Mr. Baldwin was much more concerned about the opponents of his Indian policy in the Conservative Party than about the Labour opposition of whose artificial character he was aware.

It was for this reason that so much importance was given to the special meeting of the Central Council of the National Union of Conservative and Unionist Associations at the Queen's Hall on December 4 when the following amendment to the resolution, generally approving the Report of the Joint Committee, was moved by Lord Salisbury :—

That the Council, deeply impressed with the responsibility of this country for the welfare of the masses of the Indian peoples, is ready to accept a well-constituted measure for Provincial Self-Government ensuring the due administration of the Police services in India, but earnestly hopes that Parliament will not take the irrevocable step of establishing central responsible government there on the lines of the White Paper, and the Report of the Joint Committee.

This amendment, representing the views of Mr. Churchill, Lord Lloyd and the India Defence League, was decisively rejected by 1,102 votes to 390, and the Conservative Press was able to claim that "the fight over India is finished." This may not be the case even inside the Conservative Party, for Mr. Churchill has got a backing of at least 80 members in the

House of Commons while in the House of Lords the Diehard opposition numbered 62 against 239 who supported the Government. The Labour Peers did not vote at all.

R. Palme Dutt, whose study of Fascism has been no less profound than his study of the situation of India under British imperialism has summed up the British Conservative position as follows :—

The driving force to the new phase of British policy in India has been typically the Conservative right wing, representing to-day the near-fascist wing, although the actual policy is the policy of the entire bourgeois bloc. The conflict between the Conservative Party over policy in India has revealed a steady advance in strength of the right wing led by Churchill and Lloyd against Baldwin ; this fight has been one of the signs of the advance towards fascism in the British bourgeoisie

The differences from the point of view of the degree of reaction of the Constitution for India are of secondary importance, since most of the extreme right demands have been already accepted by the Government in the successively more reactionary drafting of the proposals ; but the issue for the future of British politics is of considerable importance, since the anti-democratic fight over India has thus been made the key issue for mobilising the diehard and pro-fascist wing in British politics. (*International Press Correspondence*, Vol. 4, No. 60, 1598.)

Liberal opinion is solidly supporting the scheme of the Joint Committee for Indian Constitutional Reform, and of course there will be no lasting co-operation between the Tory Right Wing and the Parliamentary Labour Party to defeat this reactionary measure. Memorable, however, is the fact that the most cunning imperialist politician of the day, Mr. Lloyd George, at the precise moment when he is preparing a return to active political leadership took no part either by speech or by vote in deciding this all-important imperialist issue.

The immediate prospects are therefore rather dark. The official opposition to this vitally important imperialist measure is half-hearted. The British masses are not being enlightened as to the significance of the Report on Indian constitutional reform from the working class viewpoint.

The Communist Party is anti-imperialist. It is working whole-heartedly for the freedom of all oppressed peoples and first and foremost for the freedom of India.

Is there no organised opinion outside the Communist Party which is anti-imperialist, which recognises the right of all nations to equality of status ?

There is the great mass of British youth, boys and girls, who see quite clearly that with the present system of repression and imperialist control of India the social progress and economic development of the whole world will be retarded.

The youth is giving a lead to the whole country in this respect. The National Youth Council has decided to hold an "India Day," and is planning a preparatory campaign, the central idea of which will be to rouse the youth of Britain to an understanding of the conditions of the youth in India and to reply to the new India "Safeguards" Constitution. The campaign will be conducted on the widest possible lines with a view to drawing in the widest masses of people.

The youth will raise four main issues in the national campaign :—

- (1) The question of the youth prisoners in Indian jails.
- (2) The demand for full Trade Union and political freedom for the Indian people.
- (3) The safeguarding of hours and conditions of labour.
- (4) Educational facilities for the masses.

Classes and circles on India will be organised in every area in Britain, with mass meetings in the big towns.

A pamphlet explaining the imperialist character of the reform scheme will be published, cash will be collected to be sent to India as practical assistance to the Indian Youth groups and committees, articles dealing with the general conditions and explaining the exploitation in India will be prepared for as many newspapers, national and local, as possible.

The League against Imperialism at its Annual Conference in November called for the broadest possible campaign against the proposals of the Joint Committee. The League will fully co-operate with the National Youth Council in its decision to organise an "India Day." In this way the opposition of the British workers will once again be rebuilt this time on a sure foundation and this will provide the resistance to imperialism which the Labour Party leaders have shirked.

The present situation and its dangers must be faced by all. The reactionary recommendations of British Imperialism must be fought. The masses of the British people do not wish to dominate other nations. They are rapidly coming to appreciate the truth of the maxim of Marx and Engels, that no nation which enslaves another can itself be free. Britain is enslaving many nations. The British people is not free. Let us unite our efforts with the view to secure the complete national independence of India.