N. LAW

DANGER IN INDIA

BY

GEOFFREY TYSON

WITH AN INTRODUCTION BY

THE EARL OF LYTTON,

G.C.S.I., G.C.I.E.

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INTRODUCTION

MR. TYSON is a journalist of long experience in India and he speaks with authority on the subject dealt with in this book. He has made a serious contribution to the discussion of Indian Constitutional reforms, and his book deserves to be studied carefully by all those who wish to see an improvement effected in the political relations between Great Britain and India, and the establishment of a Constitution acceptable to all those who live in India.

I very gladly respond to the author's invitation to say a few words by way of introduction to his book. Though I do not agree with all the views expressed in the book, I am in agreement with two of Mr. Tyson's main arguments :

1. That British trade interests are seriously threatened by the present trend of Congress politics.

2. That no safeguards would be effective which were imposed on a reluctant Indian population, and which depended for their operation on the reserve powers of the Governor-General or of the Provincial Governors.

The only safeguard of any value is the substitution of goodwill for hostility, the reconciliation of interests at present antagonistic to each. How to accomplish this is the problem of Indian Government.

In this connection Mr. Tyson rightly insists on the

importance of "status," but the word is capable of a wider interpretation than he has given it. The first essential is to ensure that the discussion of the Constitutional problem should take place between parties of equal status. This can never happen so long as the negotiations are conducted between Great Britain and India, or between persons purporting to represent these two countries respectively, for in existing conditions these two parties have not got the same status. In order to secure this condition, therefore, the discussion should take place in India itself between the organized groups or interests which are at present represented in the Indian Legislatures.

The constitution of simultaneous conferences of representatives of these interests in each Province would be the most expeditious procedure, and would be a recognition of the fact that the reform of the Indian Constitution primarily concerns those who live in India. Equality of status would be secured by constituting each of these interests into a delegation with one vote. A further condition that unanimity must be reached would secure that the final solution would be the result of agreement and not of compulsion. Any safeguards or limitations that might be inserted in the Constitution as the result of such negotiations and agreement would then be assured of willing acceptance and would be enforceable in practice.

After Provincial Constitutions had been established, as the result of agreement in the first instance between the delegations at the Provincial Conferences, of subsequent conference with the Provincial Governments and the Government of India, and finally of

ratification by the Imperial Parliament, a similar procedure could be followed for the establishment of a Federal Constitution for the whole of India. For this purpose a single Conference would be required, at which the representatives of the new Provincial Governments and the Indian Princes would form the constituent delegations.

By such a procedure all the facts to which Mr. Tyson draws attention in this book would receive full consideration, and the fact that all the negotiating parties would have equal weight, and be under an obligation to reach agreement, would ensure a more reasonable attitude than has hitherto been evident in Indian politics.

A perusal of this book, written as it is by one who has an intimate knowledge of the trade and commerce of India, and of all the conflicting interests involved therein, leaves the impression that the present relationship between India and Great Britain is radically unhealthy. The only way to cure this disease would be a frank declaration on behalf of Great Britain of her willingness to establish a Constitution in India which is recommended by the unanimous consent of all the interests that would be affected by it, and the immediate construction of the requisite machinery for securing such agreement.

If it be urged in opposition to such a proposal that the interests in India are so divergent that agreement between them would be impossible, I would reply in the first place that this contention is evidence of the difficulty of the problem, but not of the reluctance of Great Britain to attempt its solution. In the second place, I would point out that agreement which is

sincerely sought is easier in practice than in theory. The experience of the working of the unanimity obligation in the British Jury system, and in the proceedings of the League of Nations at Geneva, proves that agreement, even of very divergent views, is possible. If, however, either on a British Jury or at the Assembly of the League of Nations, majority decisions were admissible, unanimity would very rarely be secured. I believe that the Constitution in India of delegations of equal status and of equal voting power, all subject to the same obligation to seek agreement, would effect the same miracle in the discussion of Indian Constitutional reform that this principle and procedure have effected in other connections. However difficult the task, however protracted the negotiations, the mere attempt to find a solution on these lines would increase the tolerance of all parties and improve their relationship with each other.

LYTTON.

April 1932.

CHAPTER I

APPROACH TO THE PROBLEM

THE spate of argument and disputation which has accompanied the vital constitutional changes in India has to my mind been remarkable for the absence of any searching and comprehensive examination of the possible effects of the scheme of governance on the future of British commerce and industry in India. It is true that valuable evidence and memoranda have been prepared by the various Chambers of Commerce and the European Association, both before and after the coming of the Simon Commission to India, and for the use of the non-official European delegation to the Round Table Conference. But like most documents of their kind they have done little to explain to the ordinary public the real issues which now confront the British citizen in the pursuit of his business and everyday life in India. That a radical change has taken place goes without saying and is accepted by those with only the haziest conception of India in 1931. How far-reaching will be the consequences of this metamorphosis I hope to make clear in the succeeding chapters of this book. Meanwhile, I propose to present for your consideration one or two broad aspects of the matter, the elucidation of which is necessary to a proper understanding of the problem as a whole.

The British business community is in India for one purpose, and one purpose only—that is the successful prosecution of commerce and industry. It is necessary to mention this apparently simple and indisputable proposition because a good deal of woolly thinking and loose talk has resulted in a not inconsiderable number of people believing that the non-official community are charged with some other mission, which somehow vaguely embodies the dissemination of all the virtues from faith, hope and charity downwards. That is not the case. Trade is first, last and all the time the primary motive and mainspring of the community's presence in India. This is not to say, however, that the British businessman has not got other obligations to the country of his temporary adoption. They are of considerable, though secondary, importance and will be dealt with fully hereafter. But for the purposes of the present argument it is necessary to emphasize this very important fact in order that we may later ascertain how this predominant and vital interest can be adjusted to the changing times and circumstances.

So far as they consider or engage in Indian politics, the British non-official community can roughly be divided into two schools of thought. The first, and I believe it to be the larger section, hold that the Indian problem is insoluble and that all attempts at government through democratic institutions are doomed to failure. The Britisher in the East generally, and in India particularly, is an "unpolitical" being, and if you asked the average member of the community to elaborate this proposition you would probably find that he was unable to do so. But he

would cite a good deal of evidence in support of his point of view and rely on your common sense to do the rest. I have said that I believe this to be the majority opinion, and my reasons for advancing this contention are that the majority of Britishers take no part in Indian politics except very spasmodically. When, however, the talk in a club or at a dinner party turns to politics, this viewpoint will be found to be, in essence, the sum total of the average non-official's political creed. The other school of thought, less in numbers but organized, considerably more vocal, and composed of men anxious to see reflected in Indian institutions the fine spirit of the British Parliamentary system, think otherwise. By them the progressive realization of responsible self-government in India is an accepted principle, to which the non-official community are just as much pledged as their brethren in the various Government services. That promise has undoubtedly been made, and from time to time renewed by successive governments at Home and Viceroys and administrations on the spot, and this more liberal wing of British opinion consider themselves bound by it. Having accepted it they are chiefly concerned with what, for want of a better phrase, I will call *time and method.* To them the problem presents itself as consisting in how soon shall responsible self-government be conferred on the agglomeration of races and peoples we call India, and by what method. It should be added that the various bodies representative of non-official British opinion in India, the Chambers of Commerce, European Association (a dreadful misnomer) and the Trades Associations adhere officially to this latter

point of view. This fact in itself presents something of an anomaly. On the one hand you have the majority of Britishers privately convinced that the Indian problem is incapable of solution. On the other their representative business and political societies and the like stand for the progressive realization of self-government. On the face of it, it is certainly a little bewildering. The explanation, I think, is to be found in the fact that the British non-official community in India rightly believe they are powerless, single-handed, to resist the demand for self-government, and by accident rather than design have taken the next best course. Their leaders, through their various organizations, have determined to admit the Indian claim and take such part as they can in shaping the constitutional advance in order that it shall do a minimum of damage to the very delicate system of British commerce and industry in the country. In other words, they have made the best of a bad job. If you inquire how this lamentable state of affairs has arisen, you will be forced to the conclusion that it is very largely the result of ignorance and apathy combined with a mistaken but very real belief that India is unchanged and unchanging. Nothing could be further from the truth. In no part of the world have greater changes been enacted in the last decade than in India. It is the inevitable consequence of the rapid drawing together of East and West. To quote only one instance, London is no longer seventeen days' journey from India by the quickest steamer route. From Karachi to Croydon it is little over a week, and the authorities are now talking of a four-day mail service. It would be

ridiculous to quote the development of the air-mail as a factor in the growth of Indian nationalism, but it is characteristic of the remarkable changes that are taking place in the sub-continent. All branches of human activity have undergone a subtle transformation, with unavoidable consequences on the rational outlook. Vast tracts of India still live in quasi-mediæval serenity and economic backwardness, but gone for ever is the "pathetic contentment" which so impressed itself on the mind of the late Mr. Edwin Montagu.

There is an old Indian proverb which says "it is a long way to Delhi." In the ordinary way it is used by the humble ryot to indicate how long, tedious and treacherous must be his approach to the seat of government, whether by the process of litigation or to pray for the redress of a grievance. It can be applied with considerable aptness to the members of the British non-official community. In the main, government and its activities whether they are Provincial or Imperial have been very remote from the everyday life of the trader and business man. Legislation and administration have pursued their even course, and only in rare instances have they aroused the interest of the resident Britisher. On the whole the process of Indian Legislation is dull and unattractive, judged by the standards of Westminster. To those who have been suckled on the pure milk of a militant democracy an air of unreality pervades the proceedings of both the Assembly and the provincial Legislative Councils and, with one or two notable exceptions, the deliberations of the legislatures are unattractively reported in the Press. At the back of everything else

is the feeling that one's sojourn in the delightful land of 'Ind is but temporary, and ever and anon thoughts and eyes are turned to Home either for leave or for well-earned retirement. At bottom, I consider that to be the fundamental reason for the community's apathy towards Indian politics and Indian affairs. Further, if this frame of mind persists and the non-official British community is unable to adjust its outlook to the new conditions it will spell disaster and ruin to British trade and commerce in India. I am aware there are exceptions to the foregoing, and as I write I can call to mind a number of Englishmen who have given ungrudgingly of their time, labour and money to public or semi-public work in India. But they are exceptions and the attitude of the community generally is as has been described. Further on in this book will be found some practical suggestions in this connection, but meanwhile it cannot be too strongly emphasized that the non-official must secure for himself a proper place in the counsels of the country and prosecute the opportunities so secured to the advantage of himself, his compatriots and his Indian fellow citizens.

From the foregoing it is easy to argue that the community has only got itself to blame for its unenviable position. To some extent that is true, but there is much that can be said in extenuation. Unless you have lived in India you cannot realize how different the business of life is to that which is the popular conception. For instance it is a complete fallacy to assume that the hours of work are easier or better ordered than is the case at Home. That is not true. The average mercantile assistant, and he forms the

bulk of the community, works longer hours and in the nature of things shoulders considerably more responsibility than does his counterpart in a city office in London. For the larger part of the year he wages constant warfare against the climate and always he is a potential victim to sickness of one kind or another. The physical strain of long, hot days is not inconsiderable, and a man turns more readily from his work to his home or his club than to political activities, whether they are national, provincial or local in their nature. Then again individual temperament enters very largely into the matter, and it is safe to state that ninety-nine per cent. of the young men chosen for business posts in India have no leaning whatever towards politics or public affairs. So long as the young office assistant bears the correct impress of the English public school (better still if he be a 'Varsity man and an athlete as well) he is of the right stuff and in the course of years will become moulded to the traditions and responsibilities of his particular firm. Politics, or whatever you prefer to call national affairs, will not concern him till he has reached the partners' room. Till then his task is to make himself as acceptable socially and commercially as he possibly can. And so it comes about that among the younger generation of Englishmen in India politics are almost bad form. One may evince an interest in them later in life, but by the time he has reached the closing years of his career in India the Englishman's ideas, like his bones, have become set, and this is neither to the political advantage of himself or the community. The system, or rather the absence of any system, has not mattered much in the past, but unless the British

non-official adjusts his outlook to the changed conditions of the country in which he works he will rapidly recede from the position of leadership in commerce and industry which he now occupies to the status of a cold-weather pedlar.

All these points will be dealt with more fully in succeeding chapters. For the moment I am endeavouring to indicate the main avenues of approach to the great problems which will have to be solved by the non-official British community in the near future.

What effect, for instance, is tariff and discriminatory legislation likely to have on purely British concerns when Indians obtain unfettered control of the fiscal policy of the country? It is an enormous question and a whole book could be written on that subject alone. All the signs and portents indicate troublous times ahead for the British merchants, for the apostles of the new economic order—the Hajis, Thakurdas's, Khaitans and Sarkars have already indicated the lines on which their thoughts are running. Expropriation is an ugly word, but it is neither unfair nor inappropriate to say that it sums up the *motif* of Mr. S. N. Haji's Coastal Shipping Reservation Bill. Mr. Nalini Ranjan Sarkar, addressing his colleagues in the Bengal National Chamber of Commerce some little time ago, indicated that one of the first things a truly national government in Bengal would do would be to examine the jute industry from top to bottom, and specially to consider its position in relation to the people of the Province as a whole. These high-sounding, highfalutin sentiments should deceive no one who knows India, its people and their devious ways. The question of British industry and com-

merce, and the possible effects of fiscal and labour legislation thereon, is referred to later in this book.

Local self-government has for some time been very largely in the hands of Indians, but no fair-minded person will gainsay the fact that the consequent power has been both abused and neglected. There are a large number of efficiently conducted local authorities in India, but there could also be quoted many more whose record is far from inspiring. Local authorities, councils and municipalities play a very important part in promoting the prosperity and wellbeing of the traders whom they serve. How will the newly emancipated local authorities of India regard the welfare of the British merchant? Calcutta, the largest centre of British commerce and industry in India, has already established an unenviable reputation for anti-British discrimination in municipal matters. Sooner or later the British non-official community will be brought face to face with the fact that local bodies composed wholly, or almost wholly, of Indians are not disposed to perpetuate the old practice of treating the Britisher on the "most-favoured individual" basis. The position is difficult, but it is up to those who are most likely to be affected to consider what the future holds and how the most can be made of the new conditions.

In a dozen more ways the new order of affairs will impinge on the everyday and business life of the non-official community. At many points our commercial and industrial organization in the country will be found tender to the touch and easily penetrated and damaged by the new forces that have come into being. Ever since 1919 the non-official has spent

his time explaining that the Montagu-Chelmsford Reforms took him unawares; that he was induced to accept and support a constitutional change that he had neither the time to consider nor the ability to understand. Recent events seem to indicate that he is in pretty much the same boat in respect of current events. The prevailing attitude to the Round Table Conference and the new Act which will shortly go before Parliament is one of distressing indifference. The general silence is broken only occasionally by a windy speech or meandering letter to the newspapers, generally from some elderly member of the community who has ceased to have any direct connection with India and whose predominant sentiment seems to be "peace in *my* time, O Lord."

As a rule the political views of such a speaker or correspondent are considerably in advance of the bulk of his compatriots in India for, inevitably, his opinions have been mellowed by the completion of a business career in India that has not been without its pecuniary compensations. Unfortunately, sometimes, the offenders have not always severed their connection with India, and there comes to mind Mr. Gavin Jones's speech at the Round Table Conference in which he is reported to have said that "the only solution of the position in India lay in a large measure of responsibility at the Centre." Unless an injustice was done him in reporting his speech Mr. Gavin Jones went far beyond the mandate given to him by the European Association and the Associated Chambers of Commerce when they sent him to London as one of their delegates to the Round Table Conference. Similarly Sir Darcy Lindsay in a letter to the Calcutta

newspapers last December merely succeeded in confusing himself and his friends when he wrote of "the awakening of the masses to a national consciousness and a desire for a recognized status, that in the view of many cannot be longer withheld, if we are to restore peace and prosperity to a sorely tried land." Sir Darcy Lindsay has received no more evidence of the awakening of the Indian masses than the man in the moon. What he has witnessed is the creation of a set of circumstances in India (over which he and the other members of his community have had no control) which demand either acquiescence or opposition. The former course, being for the time being the easier and less likely to jeopardize immediate business prospects, commends itself to him.

On rare occasions the truth is laid bare. Not infrequently it is unpleasant and unpalatable. More will be written in this connection later. For the moment I will be content to quote from two gentlemen whose experience of India is extensive and whose political opinions differ very considerably. Lord Lloyd who spent five years as Governor of Bombay, including the period when the Gandhi campaign of 1921–2 was at its height, discussing the recent proceedings of the Round Table Conference, declared that the new federal proposals involved nothing less than the passing of British India as the world had known it during the last century and a half. He said "we have had our judgment deflected by glamour and warped by timidity. We are now being rushed to do in days what can be done safely only in decades." No one who knows Mr. Alfred Watson, the Editor of *The Statesman*, will characterize his political views as

conservative or reactionary. He controls the biggest newspaper organization in India and finds time to give to public work the benefit of his ripe judgment and experience. Addressing his fellow members of the European Association at a luncheon in June, 1930, he declared : " They condemn us for exploitation, but are publicly contemplating the most unblushing robbery in history." I venture to suggest that Lord Lloyd has correctly summed up the indifferent spirit in which our great heritage in India has been bartered away and that Mr. Watson's outspoken remark accurately represents the *motif* which largely dominates Indian nationalism to-day. It is the purpose of succeeding chapters of this book to examine this latter contention.

CHAPTER II

THE GROWTH OF BRITISH COMMERCE

BEFORE proceeding to a detailed examination of the numerous ways in which British business interests are likely to be undermined in the new régime which is being set up in India, it is necessary to describe briefly the growth of our commerce and trade with India. Statistics are avoided as far as possible, but tables showing the value of imports and exports of merchandise from 1882 to the present day are available in the *Imperial Gazetteer* and elsewhere, so that the actual growth in rupees, annas and pies may be clearly comprehended.

To start at the beginning. The chief trade of India has always been with countries lying to the West, and in the earliest times traffic naturally passed by land. From the exchange of commodities between neighbouring tribes a regular caravan route was later established between the Caspian or Black Sea and the Indus by way of the Oxus and the Hindu Kush. Obviously this route could only have been used for valuable articles of small bulk. At the beginning of the seventh century B.C. traffic by sea began between the Persian Gulf and India, and it will be seen, therefore, that India's position as a world trader is of very early origin. From the head of the Gulf caravans followed the great road through Mesopotamia to Syria and

Egypt, and rice, sandalwood and peacocks' feathers were India's chief exports. It is noteworthy that India still occupies a commanding position as a supplier of the first two commodities. Spices, precious stones and muslin were other commodities which left India, and in exchange India imported gold and silver, brass, copper, tin, lead, coral and cloth. The extent of this trade was not inconsiderable, for Pliny plaintively writes that the annual drain of specie from Europe to India was never less than 55,000,000 sesterces, which would represent some £458,000.

The history of India's external trade in the Middle Ages is very largely dominated by the closing of the Syrian route during the Crusades, which led to a resuscitation of the ancient road between Europe and China which was joined by the northern trade route. Under the care of Genoese traders it was a source of income to the Byzantine Emperors until the Turks occupied Constantinople in 1453. The Syrian caravan trade declined with the fall of Bagdad, and the cession of the Venetian supremacy of the Mediterranean to the Turks in 1470 resulted in the command of the last route to Europe passing into the hands of the Turks. But an event of considerable importance to India occurred in 1498 when Vasco da Gama landed at Calicut. Throughout the fifteenth century the Portuguese had been slowly making contact with the west coast of Africa and da Gama's call at Calicut was an outcome of these operations. And on the Malabar coast he made the acquaintance of a prosperous commercial community, for in the ports and open roadsteads of that part of India merchants from Ceylon and Malacca met those from the Persian Gulf

and the Red Sea. The Portuguese set to work in their usual manner and it was not long before their violent methods had ousted the Arab. Factories were garrisoned by soldiers and a fort at Ormuz commanded the Persian Gulf. The establishment of Goa and the conquest of Malacca gave the Portuguese a monopoly of the export trade in spices, for which payment was made chiefly in silver, though at this time woollen goods, linen, velvet, hardware, glass and chemicals began to come into India. Portuguese administration was noted for its elasticity in many respects and naturalized foreigners were allowed to take part in trade with the country, the monopoly of which had been secured by a Papal bull. At that time Antwerp was the commercial centre of Europe. So far as India was concerned the trade was limited to the coasts and confined, as in earlier days, to small articles of high value.

In 1593 an English company trading to the Levant received a charter authorizing it to trade overland with India, but it was not until 1608 that Surat was visited, which soon became the centre of the Company's business on the mainland of India. *En passant* it is not without interest to note that Surat and Gujerat have provided the most prolific recruiting ground for Gandhi's army of non-violent non-co-operators, and in this part of India probably more than any other is the cult of the Mahatma practised.

By the beginning of the seventeenth century Portuguese enterprise had degenerated into mere piracy and was soon driven from the field. To-day all that remains of what promised at one time to be a great empire is Goa, which is redolent with the flavour of

a disused museum and one or two insignificant fishing villages like Daman in the Bombay Presidency.

About this time there was keen rivalry between the English and the Dutch in the Spice Islands and, ousted from the Archipelago, the former concentrated more and more on making good their footing in India. We are not concerned here with the precise historical reasons which determined this policy. The choice was a happy one, and in spite of troubles at home and constant struggles with pirates on the Malabar coast and the ubiquitous Dutch, trade rapidly increased. Up to about the middle of the eighteenth century the duties of the servants of the Company were mainly commercial, as their title of "factors" implies. The growth of territorial dominion, however, relegated trade to a second place, though the Company's monopoly with India continued till 1814 and with China till 1834, when the concern was finally deprived of all commercial functions. As has been mentioned before, the greatest handicap to the proper development of trade was the difficulty of penetrating inland, and it is to the credit of the later British occupation of India that the most obscure parts of the country were quickly brought into communication with the seaports. In the early days of our association with India, however, natural obstacles to commercial intercourse, the very imperfect development by land or sea, the constant state of warfare between innumerable rival rulers and states, the struggles for supremacy between European adventurers and the costly nature of the articles comprising the trade which limited the demand for them, were all factors to restrict trade. Nevertheless, the volume

of business increased yearly, and in 1675 the Company's exports were valued at £430,000 and imports at £860,000. In addition to this there was a by no means negligible private trade. In 1682 the Company paid a dividend of 150 per cent., a figure which one imagines would satisfy even the most rapacious shareholders in a modern Bengal jute-mill or coalmine. A hundred years later the sales at the India House had reached £3,000,000, though in 1834, directly after the termination of the Company's operations, the value of the whole trade of India was no more than—

Imports of Merchandise . .	Rs. 4,26,11,060
Exports " " . .	Rs. 7,99,34,200
Imports of Gold and Silver . .	Rs. 1,89,30,230
Exports " " " . .	Rs. 19,47,410
	Rs. 14,34,22,900

Valuing the rupee of that time at two shillings, this total represents in sterling some £14,342,290.

It is necessary to go into the commercial history of this period in some detail in order to show that the growing association of India and the United Kingdom was not the result of a fortuitous series of events but rather the outcome of a quickening of world-wide economic development. The trade carried by the Company in the eighteenth and nineteenth centuries was considerably more varied in its nature than it had been in the days of the Portuguese and their predecessors. Silk and spice held their own as exports, but calico and muslin began to decline, for the introduction of power-looms and spindles in England led to a revolution in the trade and the Indian manual labourer was practically put out of

business. Indian cotton manufacturers were displaced by imported goods from Lancashire, which were cheaper and just as good for wear. How far Gandhi is out of touch with the facts of life as they are is evident by his desire to restore to the hand loom its lost glory. His hand-spinning movement is an abject failure, but his boycott of imported textile goods has undoubtedly struck at and pierced the very heart of Lancashire's prosperity. That, however, is a digression. At this period Lancashire was coming into India with ever-increasing strides and only the difficulties of inland transport held back the flow of imports. Similarly, of course, it handicapped the development of other business. In the early part of the nineteenth century roads were non-existent, except where they had been constructed for military purposes. Elsewhere traffic proceeded over narrow unmetalled tracks, impassable during the monsoon. The bullock cart was the only carrier and the average day's journey was about ten miles. Where a navigable river existed the "country-boat" was employed, but both road and river were infested with bands of robbers who pursued their avocation with zest and success. According to one writer, so separated from each other and isolated were even neighbouring districts that the failure of a crop in one district might be followed by famine and death, though harvests were abundant a hundred miles away. At the ports the mechanism of commerce was only just beginning to be created. The charge for freight from Calcutta, Madras or Bombay to London by way of the Cape of Good Hope was very high and the voyage long, so that, taking into consideration the risks of internal

transit, the export trade of the country was restricted to articles for which there was a special demand and in which India possessed a more or less effective monopoly, and which could stand a voyage of some months. It says a good deal for the determination of our forefathers that, in spite of these well-nigh insuperable obstacles, they laid the foundations of a trade which has held its own against all comers until the present day. Not a few people wish that something of the spirit which animated them could be infused into the British commercial community in India to-day.

At the time of the Mutiny in 1857 there were only about 270 miles of railway in India. The Mutiny was the parting of the ways and from then onwards a new chapter in the commercial history of the country opens. The rising added largely to the Indian debt and increased taxation was required to meet interest charges. To bear the additional burden the resources of the people had to be increased. This was not possible until communications had been extended, and accordingly railway construction was pushed on apace. The construction of irrigation canals was simultaneously undertaken and the accommodation and facilities at the ports were improved. Twelve years after the Mutiny, that is in 1869, the Suez Canal was opened and the voyage from London to Bombay was reduced from a hundred days or more to twenty-five days. The reduction was of the highest importance to Indian trade and to the establishment of firmer relations between India and the United Kingdom. What a boon this event was is obvious, though only a few months ago I met an old Bengali lady, the widow of an English missionary, who recalled with pleasure

and a certain amount of regret three voyages by sailing ship round the Cape.

To the opening of the Suez Canal and the contemporaneous linking of the ports with the interior must be ascribed the remarkable development of Indo-British trade since 1870. The British trader was, through this event, enabled to supply European manufactures at a cost within the means of the Indian consumer and to send Indian products to Europe in good condition and offer them at prices which permitted competition with other countries. From 1870 to 1880 there was a most striking development of trade. The fiscal system was experimented with and then regularized, a process which, alas! is being repeated to-day. After import and export duties had been dealt with, after the former had been reduced by stages from an all-round import of 20 per cent. to nothing, and the latter repealed step by step until by 1880 rice was the chief commodity paying an export tax, the Government of India turned their attention to the widespread system of internal duties, not only in the Native States but even within British territory. A great barrier, known as the inland customs line, was gradually built across the country and guarded by an elaborate and extended system of patrolling, stretching from the Indus in the extreme north-west to near the Bay of Bengal in the south-east. The primary reason for this barrier was the difference in the salt duty levied in different parts of India. Lord Mayo's administration realized the wastefulness of the system, and it was during his Viceroyalty that a uniform rate of salt duty was imposed throughout India and an agreement made with the Indian States

for the working of the salt deposits in Rajputana. After this the inland customs barrier was gradually reduced in length until in 1879 it was to all intents and purposes abandoned. Transit duties with the Indian States were likewise modified and one by one the States agreed to surrender a privilege which the daily extension of the railways was gradually reducing in value, though in most States there is to this day some sort of customs duty and, in a few, levies on exports. The benefit to trade was, naturally, very great, and commerce was made possible where previously it could hardly exist. Turning for a moment to current developments, Gandhi has declared that "the right of the starving millions to manufacture salt cannot be given up," whilst the Princes made it quite clear at the Round Table Conference in London, 1930, that matters pertaining to transit through their States were their business and no one else's. It is as though the two outstanding achievements of Lord Mayo's viceroyalty were mirrored in a pool, and thus reversed, fifty years later.

No historical survey, however sketchy and brief, can omit a reference to a circumstance which has been the bane of all who have to do business with India or who are students of Indian economic conditions. I refer to the rate of exchange—the relation between the rupee and the pound sterling. Though naturally obstacles have been overcome and improvements in government effected in the course of time it would appear that the fixation of a permanent ratio of the rupee to the pound sterling is beyond the wit of man. In 1931 the problem is just as vexatious and puzzling as it was in 1873 when there began that

protracted and spasmodic fall in the gold value of silver which has proved the nightmare of legislators, economists and businessmen ever since. Most of us have heard *ad nauseum* of the merits and defects of a low exchange, universal bimetallism, particular bimetallism, the gold standard and the silver standard. In India the controversy has continued for years, and until Government plumped definitely on one side and took measures to " peg " the exchange, it was impossible to frame a budget with a reasonable prospect that the results would approximate to the estimates. Such was the condition at one time that it became necessary to revise estimates periodically during each year and to scrutinize expenditure already sanctioned, whilst the event of a marked fall in exchange would result in the stoppage of work of public importance, the reduction of Provincial assignments and an increase of taxation. The effect on Government was obvious and the necessity of imposing additional taxation did not tend to make it popular. One result was that the necessity of finding the means to pay the additional taxes imposed stimulated the export trade of the country. The record of trade shows, however, that no changes in its volume can be clearly traced to a fall in exchange and, despite what the Bombay merchant community may say, if trade gains by a fall in exchange the advantage is counterbalanced by the loss following from the financial readjustments rendered necessary by the same cause. This has definitely been the case throughout the British connection with India, and other things being equal is likely to remain so.

A word or two must be written about Government

relations with trade and commerce. For many years commerce was encouraged, if at all, only by experiments in the establishment of new staples of cultivation. To-day the Government of India has spread its tentacles into every branch of commerce and industry. One of the most grievous errors of the early days of British occupation was the prohibition of Englishmen from acquiring or leasing land in India without the sanction of the Governor-General in Council. This is one of the reasons, though not the principal one, why but few Englishmen have ever acquired a permanent interest in India. In the days when voyages were long and expensive and ship-board amenities few and far between, it is safe to say that, had there been no such prohibition, a very different domiciled European community would exist in place of the rather spineless agglomeration of Indian-born Europeans and Anglo-Indians who cry so lustily for protection against native economic oppression to-day.

Government first established contact with organized commerce in India after the inquiry into the famine of 1866, and a Department was created to deal with matters relating to Agriculture and Commerce. Financial stringency led to its abolition in 1879 when consideration of commercial questions was left to the Finance Department. Ten years later another famine occurred and a new Department was created to deal with Revenue and Agriculture only, and for many years useful work was done in collecting and publishing statistics relating to production and trade. The Government of India was accused of being indifferent to trade interests, and so far as commercial questions were primarily treated from the standpoint

of administrative convenience the accusation was justified. In 1905 a Department of Commerce and Industry, in charge of a Member of the Viceroy's Council, was created and took over public business relating to commercial subjects hitherto dealt with by the Home, Revenue, Agriculture and Public Works Departments. A Director-General of Commercial Intelligence acts as liaison between the Member and the business public, while abroad there are a Trade Commissioner in London and one or two in other European capitals. For the present their value lies largely in the collection and codification of commercial information rather than in the direct promotion of trade between India and the West.

Some attempt has now been made to outline, very inadequately, it is true, the development of Indo-British trade down to the period when it assumed its present character and dimensions. A reference to the tabular statement of the rupee and sterling value of Indian imports and exports will show the immense increase in the volume of both which had taken place by the beginning of the twentieth century. From the year 1900 to the outbreak of the Great War there was a decade and a half of increasing prosperity for India generally and for the British merchant in particular. India passed through the first stages of an industrial revolution, and so slow is the progress of industrial maturity in the East that she is *still* in the first stages. The chief ports hummed with activity and there came into being the elaborate machinery which controls the commercial and industrial life of those cities to-day. Particularly did new business of an entrepôt nature spring up and thrive. In Calcutta the

indigenous manufacturer walked hand in hand with the import agent, and an examination of the jute mill accounts of that time will convince any impartial judge that the managers of the former were neither ungenerous to their shareholders nor unmindful of the requirements of the future. In Bombay a rather different condition of affairs prevailed. The Indian-owned cotton mill found a market for its goods without detracting from the influence of the Lancashire piece-goods salesman. In contrast to Calcutta, it is worth nothing that practically all big business in Bombay is in the hands of Indians, though most of them employ Europeans in one capacity or another. It was about this time also that the Japanese piece-goods merchant made his appearance and laid the foundations of a trade which he has managed to maintain in the face of adverse fiscal legislation and some innate hostility on the part of the Indian. The energetic and economical little Jap, with the aid of government banking and shipping facilities from home, soon took the measure of his competitors and created for himself a definite and unassailable place in the Indian market. Since pre-war days he has extended and consolidated his influence, and it is not surprising that from time to time he smiles sardonically at the thought of the £3,000,000 of Lancashire piece-goods of cloth made specially for India, which rot in Bombay godowns, and which so far as one can see can neither be sold nor moved.

On the eve of the Great War India was an important factor in world trade. Great Britain controlled her markets, Japan was a busy vendor in her bazaars, whilst America and Germany cast covetous eyes on

her great wealth and were just beginning to establish contact with her merchants and business men. Internally there began to be manifest a considerable interest in her nascent industries. Her mineral wealth was known, but had never been correctly appraised. In Bengal there was an annual crop of jute which when converted into *burlap* was more than enough to wrap up the whole of the world's manufactured articles, whilst in the Bombay Presidency the manufacture of cotton goods proceeded with profit to every unit in the industry. The Bengal jute industry was (and still is) in the hands of inevitably capable Scotsmen who by virtue of their training, native ability, shrewdness and thrift had placed the industry in an enviable position. In the *mofussil*, that is up country, raw material was regularly forthcoming and in quantities appropriate to the needs of the industry. Coal, which is a source of very great wealth to Bengal and some parts of Bihar and Orissa, was similarly fortunate, though the mining of the fuel was discouraged by inequitable rail freight rates and the shortage of wagons which gave the South African exporter the opportunity to appear in the market. Western India and the Bombay Presidency enjoyed a high degree of prosperity, and Central India, wherein manganese had just been raised as a commercial proposition, basked in a like degree of promise of wealth to come. New irrigation schemes held out hopes of a great commercial future for Sind and the Punjab, whilst tea cultivators in Assam and Northern Bengal had not yet discovered the necessity for restriction of crops or a publicity campaign. Cawnpore, with its cotton and woollen mills, was called the " Manchester

of India" and nobody worried much about New Delhi and all that the transference of the capital was to mean. Madras remained what it has always been, humid, leisurely and placidly content to move in the rear of the times rather than abreast of them. Such was the British business man's India in the year of grace 1913.

Then came the War, and great changes at home were only slowly felt in India. As an important part of the British Empire India was "in the war," but she shared to nothing like the same extent as the Mother Country or the other Dominions the hardships and privations of those troublous years, and in the main British business interests were left unscarred and untouched by the experience. One of the most fantastic statements ever made by a Secretary of State for India was uttered by Mr. Wedgwood Benn in the House of Commons debate on the Prime Minister's statement on India early this year, when he said :

> "Will Mr. Churchill remember that at the end of the War thousands of Indian soldiers who had come forward to fight for our cause and who remain in gaols to-day, and who made notable sacrifices at that time for the cause of the Empire, have gone back to their villages and told the people there 'We went to Europe to engage in a great war and were victorious in order that the people could settle their own destinies'?"

Mr. Wedgwood Benn is too good a soldier himself not to know that that is grossly unfair, and certainly he must be aware of the fact that at no time has Congress been able to press into its service the members of the martial races who served us so loyally and gallantly on all fronts during the Great War. The plain fact is that the Great War touched, on the Indian

side the military castes, and among the British community only the small proportion who thought fit to enlist for active service on the various war fronts. For the rest the Great War was a boon and a blessing, though let it be quite plainly stated that among the British Community in India business ties of Imperial necessity prevented many of them from taking a more personal and combatant part in the field. The two great manufacturing centres in India kept the Mesopotamian Expeditionary Force and the Army Corps in Palestine and Egypt largely supplied with munitions and raw materials, and in these and a dozen other ways contributed to the victory of the Allied Armies.

The Great War was an unparalleled tax on India's resources which, however, were adequate to the strain. Incidentally it brought to the British commercial community an era of unexampled prosperity. Not that the British merchant in India was any more ambitious than his contemporaries all over the Empire. The War had to be won, whether it cost much or little, and in a country so unsophisticated in commercial matters the opportunities for really heavy gain were unique. Incidentally the Indian Army, and particularly the supply side of the organization, had never had any experience of "big business." The result was that the British commercial community embarked on halcyon days. The fools reaped with the wise and the clever and lucky made fortunes whilst the ruck banked more money in four and a half years than they could reasonably expect to acquire in a lifetime.

In 1917 Mr. Lloyd George made his famous pronouncement promising "the progressive realization

of responsible self-government" to India, but so urgent was the demand for money, for gunny sand-bags, for timber, for coal and the like, that nobody thought very much about it. In point of fact, very few men in the community understood the significance of the Premier's statement, the trend of current developments, or were fit to take their proper part in the working of a new constitution. Their job was to supply the sinews of war. Munitions Boards existed to be exploited ; the various Controllers' offices were thronged with men anxious to do the Empire service, but first of all to twirl the nimble rupee that would come to their hand thereby.

In the meantime Mr. Lloyd George's historic declaration sealed the fate of British commerce in India. Hitherto thought immutable, its course was to be changed at last. But the writing on the wall was unheeded. The share markets rang with the repetition of ever-soaring quotations. The great post-war boom had commenced and business men, real men, were too busy with other things to worry about politics.

CHAPTER III

THE REFORMS PERIOD

I SUGGESTED in the last chapter that Mr. Montagu's 1917 pronouncement was "the writing on the wall" and the course of subsequent history has, I believe, proved this to be true. The British commercial community in India have never ceased to declare that this pronouncement took them unawares and that the Government of India Act of 1919, which implemented the Secretary of State's promise of two years previously, was thrust upon an unwilling but, nevertheless, acquiescent community. There is a great deal of truth in this assertion but it does not, and cannot, explain the policy which their leaders chose to pursue during the period from the inauguration of the Council of State, the Legislative Assembly and the Provincial Legislative Councils up to the present time. Before undertaking a closer examination of the present proposals it would be well to go back a few years and see what has taken place during the past eleven years and how British business interests adjusted themselves to the new conditions which arose as a result of the 1919 Act. The Act created legislative and administrative machinery which was, frankly, designed as an experiment, and a reference to the preamble of the Act and to the Instrument of Instructions to the Viceroy makes this

point very clear. This is a fact which most leaders and spokesmen of the community have either deliberately or inadvertently overlooked. In 1919 it was laid down that Parliament, "and Parliament alone," was to be the sole judge of the pace and time of the next instalment of democratic government in India. The matter was made conditional on the demonstration of an adequate spirit of co-operation on the Indian side and the solution of certain practical legislative and administrative difficulties.

The Government of India Act of 1919 came into operation at a time when the Allies, prompted mainly by British and American principles, were busy parcelling out large tracts of the civilized and uncivilized world as offerings to the new god of self-determination, and, in one or two cases, in a genuine desire to ensure that urgent national or racial aspirations should be realized as speedily and conveniently as possible. India was no concern of the Peace Conference, but very definitely its future was of immediate importance to the British Government. The atmosphere for the launching of a new constitution and the setting up of a new order was propitious. Peoples the world over were receiving new and unexpected gifts, and it did not really matter very much if sometimes they received what, strictly speaking, they were not quite entitled to. The spirit of "give and take" was abroad, and if, so far as British business in India was concerned, it was very largely "give" and for the Indian "take," it was only one variation of the theme. Someone had to "give," so why not ourselves? We have always been a generous people.

The Council of State, the Assembly and the Provincial Councils were opened with appropriate pomp and circumstance. The Duke of Connaught, than whom no more popular Imperial ambassador could have been chosen, performed the inaugural rites, and his addresses to the new legislators ring true. They are sincere, statesmanlike and convincing. His Royal Highness fulfilled a difficult task with credit to himself and the order of which he is so distinguished a member. Parliamentary government was launched, the tender plant of democracy had been sown and was expected to thrive midst the rank undergrowth and fetid atmosphere of the jungle.

It should be mentioned at this stage that, in deference to the vast interests at stake, even the late Mr. Montagu thought it inadvisable to confer a full-blooded, democratic constitution on India. The result was a compromise which he hoped would be a solvent of the elements antipathetic to any system of democracy, inherent in the problem of governing India (at any rate for a great many years to come). In the Provinces it took the form of Dyarchy which, though it was conceived by an Englishman, is not easily understood by the English mind. Briefly, and this explanation is designed to be serviceable rather than complete, Dyarchy contemplates the divisions of the functions of government into two classes. The first consists of those in which the executive is subject to popular control, and the second reserves the supervision of executive action to the Governor of a province and his immediate advisers who are Members of Council. Thus the Provincial Legislative Councils of Bengal, Bombay, Madras, the Punjab, etc., have

in the past enjoyed direct control, through Ministers appointed from their membership, of the Departments of Education, Lands, Agriculture and what are generally known as the "nation-building" activities of government; whilst matters concerning Finance, Law and Order and Political relations with neighbouring feudatory States were left to the Governor of the Province and his Executive Council, a majority of whom were senior members of the Indian Civil Service supported by non-official Indians who had proved their ability to assist in the governance of the Province by their character, their position in public life and their experience of local politics. Superimposed on these qualifications, of course, were communal considerations, and in those Provinces where there are conflicting Hindu and Mahommedan interests due account had to be taken of this fact in appointing an Executive Council or assembling a Ministry. Even where such an issue does not exist there are not infrequently caste interests to be observed as in the Madras Presidency, where there is practically no communal question, but where during the ten years of the Reforms party cleavage has been between Brahmin and non-Brahmin. Thus in the Provinces one side of the activities of Government has been subject to electoral control, at any rate nominally, and the other, though subject to popular criticism in the Legislative Council, has been conducted by purely bureaucratic methods.

At the centre, over the new form whereof so much bitter controversy is raging as these lines are written, there was under the Montagu scheme no division of responsibility by the executive. All Departments were

directly responsible to the Viceroy, and the Members in charge of each sphere of government constituted his Council, which in effect functioned as a Cabinet without being dependent on either of the principal legislative bodies, the Legislative Assembly and the Council of State, for its tenure of office. Perhaps it would be more correct to say that, in so far as it controlled the machinery of government, the Viceroy's Executive Council resembled the Cabinet of the Home Government, and that similarity is strengthened by the fact that all major questions of policy were and still are debated jointly by the Viceroy and his Council. And yet anyone who has studied the history of the last ten years will be forced to the conclusion that the Legislative Assembly has exercised a very real degree of control over the Executive and that the latter have met the members of the Assembly in a spirit which invited criticism, correction and advice. Like the smaller provincial legislatures, the Legislative Assembly was composed of curiously disjointed units. Nominated and elected members, officials and non-officials, tinged again either as Hindus or Mahommedans, Brahmins or untouchables, European businessmen and self-constituted Labour leaders, whose claim to speak for the industrial class of their country is very difficult to define, made up a heterogeneous membership. Parties and alliances were very transient affairs, coming into being one day and disappearing the next after some religious or communal struggle had been lost or won. The one exception was the Swarajist Party, which, from its entry into the Assembly until the last session, provided a stable but never very threatening opposition ;

though on occasion its flag was the standard to which one or more dissatisfied group or minority would rally for a purely passing advantage. But in a much greater sense than the Provincial Councils the Assembly assimilated something of the traditions of Parliament. In form and procedure its members were insistent on their rights, though never willing to concede to Government what was its due. The standard of oratory in a few Members has always been very high. In the rest it is terribly poor, but then one has to remember that in most cases they are speaking in a foreign tongue, utilizing a second language which is not necessarily their best. For myself I confess my inability, despite some years' residence in India, to make even a brief speech in any vernacular, and it argues a great deal for the industry and innate linguistic gifts of the Indian that so many of them are able to speak in public English which is both fluent and readable. That, however, is an aside.

The foregoing is a very brief and a very inadequate description of the legislative system of the country. Considerations of space have compelled me to omit much that is of interest and importance. There are a number of excellent accounts of the progress of the various legislatures, and they are available to anyone who desires to make a study of the subject. This book is primarily written to show that the whole course of Indian Nationalist policy in recent years has been designed to expropriate British commercial interests in India, and when that has been done to give a small but powerful oligarchy who have financed and directed the operations the right further to exploit the lives of millions of their extremely

poor countrymen. For that reason it has been necessary to give some kind of description of the provincial and central parliaments which for some years past have been serving as India's introduction to the difficult science of democratic government.

To the Englishman they are baffling, illogical and vexatious. Their composition is related to none of the principles which he understands, for the electorate, who have in their hands the choice of members, is negligible in numbers and only an infinitesimal proportion of the adult population of the country. The British businessman in India regarded them at their inception, and has always done so since, as totally inexplicable as a method of government. He sees in them nothing which approximates to his own idea of government "by and for the people"; and for that reason he has treated the Provincial Councils and the Assembly with a mixture of indifference, contempt and amusement which to some extent, perhaps, was justified, but which in the long run must react to the grave detriment of his commercial and civic rights. For, suddenly, as the result of the Round Table Conference and the Government's capitulation to the Indian National Congress, he finds himself a member of a minority—a minority entitled to no more special protection than any other minority community and considerably less likely to receive fair, let alone deserved preferential, treatment from the Hindu *raj* dominated by Bombay Brahmins and Gujerati *banias* which is now in the course of creation at Delhi.

The British businessman who represents a constituency reserved for his community in the Council of

State, the Legislative or any of the Provincial Legislative Councils has to make considerable personal and business sacrifices and not infrequently these latter are misunderstood or incur the disapproval of his directors at home. In the case of a member of the Assembly, he is obliged to be in regular attendance either in Delhi or Simla, and in the majority of cases the scene of his business activities lies in Calcutta, Bombay or Madras. Distances are great in India, and for such time as he is serving his community's interests at the seat of government he must necessarily put on one side what is, after all, the primary reason of his presence in India—his business. Similarly the Provincial Councils, though located nearer the centres of commerce, occupy a good deal of a man's time, and membership involves many personal and professional inconveniences. Thus from the very beginning of this new era it has always been difficult to find anyone to represent the community in the various houses of legislature, let alone to nominate and secure the return of the *ideal* candidate. It cannot all be put down to apathy, though in a large measure that is responsible for the poor and inexperienced representation which has appeared in the legislatures. The British businessman is in India primarily for business purposes, and for the making of money for the concerns which he represents. That he should eschew local and national politics for the more immediate purposes of his sojourn is therefore natural. I contend, however, that it is a wrong view and one which has to be righted if the community are to retain their position as the best citizens, the best traders and the best servants of India. Indeed, their very existence

as an organized commercial entity depends, in the future, on a correct appreciation of their political responsibilities, and in this matter the Home director and the Head Office in London have got to revise their ideas and shake off their old prejudices if they desire to retain such little business influence as will be left to them after the Nationalist politicians have imposed their will on the Government of India.

It has frequently been put to me that the British members of the Legislatures in India could have done no more than they have done ; that in any case they are permanently in a hopeless minority and that in acting as mere cyphers they have done quite as much good, and possibly less harm, than if they had taken a more prominent and active part in the debates and proceedings of the bodies of which they were members. I cannot agree to this proposition. The Englishman in India comes into any mixed body of its citizens with a special *cachet* conferred upon him. It is difficult to define, but it is there. He has all the traditions of the ruling race behind him, the bearing of authority (for whether he is a Government servant, a merchant or a professional man, necessarily he quickly acquires this), good manners and address and, above all, he is master of the culture of which his Indian friend possesses only a veneer or which he has acquired painfully and with great labour and of which he is rightly greatly proud. In the various units of the legislature this should have been, more than ever so, the case. Parliamentary government which is democracy conducted on the gentlemanly bases of respect and restraint ; the interpretation of rules in their spirit rather than the strict letter, the conduct of debate

according to time-honoured formulæ and the observation therein of public and private courtesies ; these are bred in his bone and of his very marrow. His birth, his upbringing and his general attitude towards government qualified him admirably to exercise these qualities amongst and inspire them in men who came as raw recruits to the parliamentary system of government and whose chief motives were dictated by personal and communal opportunism. How far these qualities have leavened the conduct of the legislatures of which British businessmen have been members can be ascertained from a study of their work during the last ten years. In the Legislative Assembly and the Council of State the opportunities were fewer, and indeed the necessity less, than in the Provincial Councils. But in the latter much could have been done which was left undone, and the British representatives have signally failed to leave their impress on the deliberations of these institutions during the period under review. It is not suggested that it was the special task of the British members to inculcate these peculiar qualities into the Indian Legislative Councils, but the mere fact that they have chosen to take the easier and less troublesome course of ignoring Provincial politics, as far as possible, will ultimately be reckoned against them.

To turn to another aspect of the matter, by virtue of the qualities which I have enumerated above, the British members of the provincial legislatures are specially qualified for leadership, particularly of the multitudinous, disjointed and leaderless minorities which from time to time wander aimlessly about the lobbies of these gatherings. I cannot recall one

single instance in any Provincial Council when this obvious function has been exercised or any attempt been made by non-official British members to form a coalition of minorities to outmanœuvre the Swarajist forces or to oppose a glaring piece of bad legislation which has been sponsored by Government. Coalitions have certainly come about and have more than once achieved these laudable objects, but they have never been by the work of those who were best qualified to organize and operate them to the common advantage. When some Bill or resolution has threatened his communal or commercial interests the British business member of the Legislative Council has entered a feeble and frequently unavailing protest, leaving matters of wider concern, but which nevertheless must touch his interests somewhere, to other more intimately affected disputants. Had he taken a wider survey of provincial politics and increased his interests and attachments, and consequently his importance in the Councils, he would have served India and his community better in the last decade. Instead, the non-official British legislator has clung close to the apron strings of the nominated I.C.S. and official members generally, has allowed these gentlemen to do his political thinking for him and has not necessarily benefited thereby, though in so doing he was almost always pursuing the safest and least onerous course. Generally speaking, that represents the attitude of the average non-official British member towards his duties in the legislatures, though of course there are and have been exceptions to this description. But looking back over a number of years of enforced observation of the work of the various legislative

institutions in India, I believe it to be a fair and accurate statement of the facts of the case. As I write, the one exception that comes to mind is Mr. Arthur Moore, who for a number of years has represented the Bengal European constituency in the Legislative Assembly. Mr. Moore ranks amongst the best speakers in the Indian parliament, is not afraid to speak up when British interests are at stake and, in his necessarily restricted field, has done fine work for the community. His challenge of Mr. Speaker Patel's dictatorship over the domestic affairs of the Assembly two or three years ago deserved more support than it received.

So much for the work of these gentlemen inside the Legislatures—and if you demur that such an indictment should be supported by detailed evidence, I can only answer that evidence in plenty is available but cannot be included in the pages of a small book.

How, then, have these legislators stood in relation to their constituencies? The reader may well ask why it is, if they have cut such a sorry figure inside the council halls, their constituents have not demanded of them a better performance of their duties or their supersession by men better qualified to represent British interests. It is the obvious inquiry, and, though it seems simple enough to answer, the reply cannot be set down in a single sentence. To begin with, constituencies in India are vastly different, in almost every respect, from the electoral units with which we are familiar in Great Britain. In the latter country political issues are brought before a large homogeneous body of voters who, by reason of their

social and civic propinquity and their community of interests, have very definite ideas as to the line of action their Member of Parliament should adopt towards major questions when he arrives at Westminster. Constituencies are compact, based on understood geographical considerations, and candidates for Parliamentary honours come before the electorate with an intelligible statement of political faith which has reference both to national and local interests. In the majority of cases they have some business or professional connection with the constituency they seek to represent and thus Parliament and the parish are appropriately linked up. In India conditions are entirely different in respect of both Assembly and Provincial Council membership. It is very rarely that an election is fought in a European constituency, and when such is the case the amount of interest taken is negligible. In the case of contested elections there is no campaign by the respective candidates such as we understand an election campaign in Great Britain. All that happens, in nine cases out of ten, is that the candidates circulate a little innocuous literature for the benefit of the constituency, calling attention to their record of public work, enumerating the charitable and public committees on which they have served and soliciting the suffrages of their fellow men very largely on their social and personal status. I cannot recall one instance of a contested election in a European constituency of either the Legislative Assembly or the Provincial Councils being fought on a definite political issue during the last ten years, though anyone with any knowledge of Indian affairs knows that such issues have presented themselves for

the consideration of the British commercial community, times without number.

Then there is another type of constituency wherein nomination, almost inevitably, must be the means of choosing representatives for the legislature. I refer to the various public bodies such as the Chambers of Commerce, the Trades Associations, etc., which by reason of the important commercial interests they represent are entitled to specially reserved seats. Manifestly the elections so made are not likely to be the occasions for stimulating interest in matters of importance to the community and it is a pity that this form of membership of the legislature is usually the reward of seniority in a leading firm of merchants rather than aptitude for participation in public affairs. Admittedly there are many difficulties inherent in this mode of election to public bodies and up to now they have not been solved. Ultimately the representation of vested interests will have to be brought more into line with the changed conditions. For the time being the present system provides the men who, if they are not necessarily ideal parliamentarians, at any rate have a sound working knowledge of the Provinces in which they live.

The foregoing points to a very unhealthy condition obtaining in the British body politic in India. On the one hand, it is argued, and with considerable justification, that the British non-official representatives in both the central and provincial parliaments have failed to assume their rightful function of leadership, and, on the other, it is a matter of common knowledge that the British electorate is badly informed on the many national and provincial problems which

intimately concern it and is indifferent to the conduct of its representatives in the legislatures. What is the reason? One could expand and diversify a number of causes, but briefly it can only be put down to the baleful influence of the present British social and commercial system in India. Let us take two recent examples from the Province of Bengal, where the British commercial population rightly claims to be the largest and most influential branch of the community in India. A few months ago a vacancy occurred in the Eastern Bengal European Constituency of the Legislative Council. The vacancy was duly advertised by Government and the constituency called upon to elect a representative within the time prescribed by the Statute. The liberal period of time elapsed but no nominations had been filed with the Returning Officer. By the strict letter of the law the seat in the Legislative Council ought to have been declared forfeit but a kindly government department warned the electors of Eastern Bengal and gave them another chance. Eventually a candidate was returned unopposed at the last moment. Now the Eastern Bengal constituency embraces the growing port of Chittagong, which houses the headquarters administration of the Assam-Bengal Railway and the important jute cultivating centres of Dacca and Narayangunj. To the ordinary person it is inconceivable that a community really alive to the political hazards of the present time would so far forget its responsibilities as to run the risk of forfeiting its right to a seat in the Provincial Legislative Council. But such was the case. A second, and rather different example, was provided a little time ago when similarly a by-election

was caused in the Bengal General European Constituency, the majority of whose electors are located in Calcutta. Two candidates were nominated and both were invited by the local branch of the European Association to address the monthly luncheon which the Association holds. The candidates entertained views which were in direct contrast, the one being a staunch believer in full responsible government in the central Indian legislature and the other equally strongly opposed to such an innovation. This was at a time when the first session of the Round Table Conference had just concluded and the question of responsibility at the centre was a very real issue upon which the non-official British community held strongly marked and divided opinions. Though the European population of Calcutta numbers more than twelve thousand and the membership of the local branch of the European Association is said to be two thousand, only some twenty-four souls assembled at the luncheon to hear these two gentlemen expound their policy at a very important juncture in the community's history. To complete the story, it should be added that included in this historic gathering of twenty-four there were included the chairman, the two speakers and two paid secretaries of the Association. The function could have been hardly less successful if it had been boycotted, which is a very popular political weapon in India. But it was not, and one is compelled to the conclusion that the British commercial community in Calcutta were not, on that occasion at all events, sufficiently interested in what was going on around them to worry about trifling matters such as fundamental constitutional changes.

Only two examples have been quoted, but many more could be brought forward to show how casual, how criminally indifferent are the non-official British community to their own destinies. The same tale could be told of almost every centre of population where Englishmen are brought together by commerce and trade. Politics, as has been said before, are almost bad form and participation in them, particularly if one holds views which do not fit into the broad policy of " drift " and " wait and see," mark a man down as a crank and certainly render him liable to social and commercial victimization. Therefore, such political gatherings as are convened by the Chambers of Commerce and the branches of the European Association, the two mouthpieces of British opinion in India, are characterized by a stupor and dullness which is almost unbelievable in the light of the important events which have taken place in the country during the past few years. Occasionally a spark fires the damp and smouldering heap, as was the case in August, 1930, when a series of rebellious meetings were held in Calcutta to protest against the course of events and the growing lawlessness throughout India. But the effect was negligible and the leaders of the European community took little heed of what they regarded as only a demonstration of high spirits and the outcome of uninformed criticism. In the cities of India the Briton, when he occasionally thinks politically, thinks as his *burra sahib* or immediate employer desires him to think, for in the majority of cases he dare not do otherwise. When he talks politically, at the dinner-table or his club, he talks on the threadbare theme of the Hindu-Moslem

complex, unmindful of the fact that what he must chiefly concern himself with in the future is the task of getting rid of the anti-British complex. In the planting districts and the *mofussil* generally the Briton is in rather a different position, for there he is usually, by his isolation from his fellow country-men, brought face to face with the stark realities of the situation. By the circumstances of his daily life the future of Indo-British relations is a matter of very real concern to the planter, the mine manager and the miscellaneous assortment of commercial factors who are the outposts of British trade in India. He is closer to the Indian in every respect, in so far as he is in intimate contact with his clerical staff and his labour in all aspects of their daily life. His prestige and his authority rest very largely on the fact that he is, remotely, a representative of the *raj* and to the uninformed members of his labour corps a member of the ruling race. Dependence on the soil and a sympathetic understanding of the people who till it or win from it its riches endow him with a better grasp of realities. From time to time he is compelled to suffer the visitation of a Congress agitator and almost inevitably labour trouble in consequence thereof. He is far away from civic amenities and a telephone call to a police *thana* is not possible. Practical experience has warned him, and for this reason he is observant of the leaders of the British community, who unfortunately are only too prone to adjudicate on matters great and small from the angle of vision acquired in a city office. For this reason the Britisher up-country is more critical than his fellow in the city, though in the nature of things he

is no more vocal or coherent politically. Nevertheless a political meeting in a planters' club, which men have to drive fifteen or twenty miles through round country to attend, is usually a far more enthusiastic and full-blooded affair than a similar gathering in Calcutta or Madras. Perforce, however, these members of the community exercise no more influence on their representatives in the legislatures than those who are more advantageously placed.

One could write very much more in this vein, but I have, I believe, quoted enough evidence to reveal a very dangerous state of affairs and an attitude of mind, which, if perpetuated, must ultimately spell the end of British commercial supremacy in India. The effect of this must be apparent to the most limited intelligence. The cause of the appalling indifference to the political future of the community has been suggested in an earlier chapter. The question which then arises is—have we left too late a possible reorganization of the political life of the community and is it now possible to readjust its attitude to India's rapid advance to economic and political independence? It is a question which is exceedingly difficult to answer, and whatever one may opine, one way or the other, may be falsified by events. Venturing a general view, I believe it is not too late and that if the British commercial community in India have the facts of the matter fairly and squarely presented to them they are adaptable enough to come into line with the new conditions and to take up a position of command in politics and business which is theirs by right of ability, industry and thrift. There are many difficulties which will have to be faced and overcome,

for already there are grave threats to take from us, under the cloak of beneficent national legislation, what is ours by every natural right. Already we are regarded as foreigners in the land which has housed our industry and commerce for the last hundred and fifty years (which, incidentally, gives profitable employment to millions of Indians) and which owes every scrap of its material and moral development during that period to the British connection. In this same country we are to be treated as helots in the future if certain powerful sections of Indian nationalism have their way. On the face of it, that may seem a sweeping statement, but it is perfectly true. Sooner or later the real, underlying motives of Indian nationalism will become apparent, and whether there are trade safeguards or no trade safeguards in the new constitution Indian politicians mean to achieve economic as well as political *swaraj*. So far as that affects British business in India it connotes nothing less than expropriation. If this sinister plot is to be met and defeated it behoves the British community in the country to rid itself of its present slothful attitude to the work of the legislatures and to see, that in the new and powerful Parliaments which will soon come into being all over India, British rights and British interests are represented in such a way that they can neither be ignored nor swept aside in the new India that will be born in the course of the next few years.

CHAPTER IV

ANTI-BRITISH DISCRIMINATION

IN the course of conversation an Indian once declared to me, "*swaraj* is no good without economic *swaraj*," and, in the cold light of logic, the proposition seems reasonable enough. Underlying it, however, there is contained the most serious threat to British trade and industry with which it has ever been confronted. Anyone with the sketchiest knowledge of history will admit that India's march to constitutional freedom, having regard to the complexities of the problem, has been one of the swiftest and most remarkable episodes in the story of the nations. The pace of her constitutional progress, however, will be judged to have been slow compared with the process of eliminating British commerce from the sub-continent, if certain powerful and subversive interests are allowed free and unrestrained activity in the new constitution. Put more briefly, the avowed object of the *junta* of Indian businessmen who supplied Congress with the sinews of war during the campaign of 1930 is nothing short of expropriation. Human nature being what it is, their attitude is understandable, but the same human nature operates in a like degree in other people, and it is not surprising, therefore, if we find ourselves reacting rather violently to the sentiments of the old tag which says "what I have I hold."

Proof has been given on dozens of occasions of the reality of the threat, but, in order to make the case complete, I propose in this chapter to recapitulate some of the abundant evidence which has been provided in the past year and a half of the plot which undoubtedly exists to drive British business out of India.

In the first place it is perhaps desirable to show the connection which has existed for some time past between Mr. Gandhi and the ever-growing coterie of Bombay millionaires, who have consistently stood behind the Mahatma and supplied his movement with men and munitions. A number of English writers have described this strange alliance between the Mahatma and his millionaire friends, but I prefer to turn to an Indian source, which I believe gives a fair and unbiased account of the matter. The authority is a Bengali writer, Mr. Bepin Chandra Pal, a journalist of international reputation and a patriot who has made many sacrifices in the cause of his country. This is what Mr. Pal wrote some time ago in the columns of an Indian newspaper in an article in which he discussed "The Gandhi Mind." He said :

"The Gandhi movement has never been really a freedom movement. From the very beginning, it has been a reversion to the old autocracies of Hindu and Moslem India. The prevailing faith in the supernatural has contributed more than anything else to create a demi-god of the Mahatma in our social and political life. When he declared that he would win *swaraj* for us by December 21, 1921, even English educated men of the world believed in his prophesies. They believed in it not because, as they confessed, they found any rational ground for it, but because 'when the Mahatma says it, it must come, because the Mahatma must know.'

"This has been the general mentality that has prevailed in our politics and public life ever since Mr. Gandhi captured the Congress.

"In the next place, Mr. Gandhi has not been helped to his unique influence in the country by merely the mediæval Indian mind, *but also by the more practical support that has come to him from the multi-millionaires and the mill masters of his own Province who have not been slow to recognize in him a very efficient instrument for advancing their own economic and financial interests. They have exploited him as he himself has, perhaps unconsciously, exploited them.* In the coming Gandhi Raj, if the Gandhi movement succeeds, we shall have no democracy but an autocracy of the Oriental type dominated by priestly influences *and worked especially* for the benefit of profiteering *banias*.

"Then, proofs are accumulating every day of how the success of the Gandhi movement will destroy every moral and spiritual title of our ancient people to win and enjoy the fullest measure of national freedom and sovereignty. We have always claimed, ever since the birth of the new nationalist movement, that Indian *swaraj* will mean a thing of supreme value to the modern world, as it will enable this ancient country to contribute from her store of ancient experience and wisdom, ethical and spiritual notes of incalculable values to the evolution of modern world freedom and the preservation of the world peace."

The italics are mine and have been employed to emphasize the importance of parts of this extract. Mr. Pal has stated very clearly the significance of the connection between big business and Indian nationalism. That the former has got the Congress pinioned in its grip is to most unbiased observers as clear as daylight, and it is hardly to be expected that it will let its unfortunate victim go until it has extorted as many guarantees of legislative preference as it can obtain.

Up to the time of the Delhi negotiations between Mr. Gandhi and Lord Irwin, which resulted in the celebrated Pact, though most people knew that the

main source of financial support for the Congress platform came from Bombay, hitherto it had been given with a decent amount of secrecy. But when those negotiations commenced there was something scandalous in the way the millionaires of that city clustered about the person of the Mahatma demanding their share of the spoils. As one well-informed authority put it, "for a parallel we should have to look to the lobbies of the American Senate when a tariff bill is under discussion." For those who had eyes to see it was clear that the handing over of government to a powerful oligarchy of Indian industrialists and financiers was in effect beginning. A handful of men demanded the right to reserve India's trade to themselves and to exploit the lives of the poorest of their countrymen by a debased currency, for it was about that time that people began to notice the enormous flight of Indian capital from the country. A deliberate calculation showed that if the rupee exchange ratio could sooner or later be broken the money could sooner or later be brought back with immense profit to its holders. For the time being the businessmen were only partially successful. The one-sided pact gave them many advantages; but from their point of view it was only an earnest of the bigger things which are to come. A great deal more evidence might be adduced to prove the sinister association of Congress and its *banias*, and if their conspiracy is allowed to come to a successful conclusion, then we will have sacrificed for ever the ideal which has constantly been before the British Parliament, the ideal of an India in which the poorest man shall have the same rights as the greatest in the land. And that

statement does not take into account the effect of such a conspiracy on our own trade and commerce with India.

It would perhaps be well to turn now to specific declarations on the subject of anti-British discrimination and, from a wealth of references which are available, probably a few will suffice to indicate the clear trend of Indian thought. Our coastal shipping business has always been the envy of the Indian businessman for the British steamer trade which connects the seaports of India, Burma and Ceylon is well conducted and gives efficient service to its users and a fair return to the shareholders who made its creation possible. The one Indian concern, the Scindia Steam Navigation Company, which competes in this field has not achieved an overwhelming success, in spite of the fact that its destinies are guided by Mr. Walchand Hirachand, who has been a consistent supporter and adviser of Congress. A statement which appeared in the Indian newspaper *Liberty* on February 13, 1931, fairly sums up Mr. Hirachand's views on the subject of equal trading rights. The journal says :

> " With reference to Mr. Walchand Hirachand's talk with Mr. Gandhi this morning it is understood that the main point stressed by Mr. Hirachand was *not in favour of equal rights for European and Indian commerce under the future constitution but strongly against such a proposal.* Mr. Hirachand's attitude, which he said was also the attitude of the majority of Indian commercial opinion, was that *the talk of equality of commercial rights between Indian and Europeans was preposterous and such a clause must not be allowed to find a place in the constitution.*"

In this case the italics are those of the newspaper sub-editor, who evidently thought that Mr. Hirachand's

statement should not be left open to any mistaken interpretation. A reference to the Indian Hansard report of the Coastal Shipping Bill debate in 1928 will show exactly where British shipping stands in relation to Indian national aspirations as interpreted by people who think along the same lines as Mr. Walchand Hirachand. To take another relevant case, Sir P. C. Ray, who is a distinguished scientist and founder and chairman of the Bengal Chemical Works, Ltd., which, like the Scindia Steam Navigation Company, never appears to have conferred any great benefits on its shareholders, writing on the question of British trading rights in the columns of the Calcutta *Statesman* on February 2, 1931, declared :

> "What the British in this country are enjoying and what they want in a new constitution is not equality of rights but special prerogatives as a ruling race, continuance of the preferential treatment they have received from a government with which they have kinship and the perpetuation of existing inequalities ; unless all these prerogatives, privileges and unfair conditions are ceded, Indians will have no chance to build up their economic future."

Sir P. C. Ray is not, in this connection, so definitely out for plunder as Mr. Hirachand, but his case in essence appears to differ very little in material issues to that of the would-be shipping magnate. It seems to me that he would have British firms and companies long established in the country, who by hard work over decades have placed themselves in the position in which it is difficult for the newcomer, whether Indian or British, to compete with them, placed at a disadvantage by legislative action. Though their opportunities for seeking adventitious business aids

throughout the last fifty years have been innumerable, British firms have to their great credit sought none in India. Sir P. C. Ray would now seek to deprive them of the " rights and privileges," which are no more than the outcome of years of hard work and prudent reinvestment of capital, in order to give something which does not as yet exist, a vague and nebulous " equality of opportunity." On the face of it the suggestion is absurd.

Not infrequently an ingenious formula is employed to camouflage this policy of anti-British discrimination and eventual expropriation of British business interests in India. The most common and effective method of so disguising the real issue is to employ to its fullest extent the bogey of exploitation, and no Indian nationalist politician is worth his salt who is unable to develop this argument to the full. Our old friend Mr. J. M. Sen Gupta had some extravagant remarks to make on the subject a few months ago. They are worth repetition, for they are characteristic of dozens of other utterances of many other leaders. Mr. Sen Gupta declared in a speech at Madras that—

> " For more than a century by methods fair and foul—more often foul than fair—the British community have exploited our resources, established their own commercial concerns and, in many cases, killed our industries. In such a game the Government run by their men and controlled by them have played an active part. The industrial possibilities of India are enormous, and given sufficient protection, Indian business is bound to occupy a foremost place in world's commerce.
>
> " The question is—Are we going to permit the British people and along with them other members of the European community to exploit our men and our resources in the manner and to the extent they have been allowed by the Government in the past? "

Or take again the Presidential address of Lala Sri Ram to the Federation of Indian Chambers of Commerce in 1931, in which, after advocating that an Indianized Government should be free to resort to every form of discriminatory legislation, including the reservation of coastal shipping and kindred measures, the Lala proceed to argue that

"no statutory provision against discriminatory treatment can possibly benefit those interests unless the British business community earn the goodwill of India, in which case they are superfluous."

He continued :

"If the British interests insist on unreasonable safeguards and guarantees in the future constitution of the country, patriotic Indians are bound to fight shy of them and make every effort to resort to other countries for the necessary material and expert advice. I, therefore, appeal to the British commercial community in the country that they should throw in their lot wholeheartedly with the nationals of the country in attaining the goal. By working together with the Indians in all that vitally concerns this country, the British mercantile community can earn for themselves the goodwill which will help their business and strengthen their position in India far more than any of the most rigid constitutional guarantees. The British business community which is richly endowed with common sense has an ideal opportunity of converting the hithertofore advocates of boycott of British goods into advocates of preference of British over non-British products and I am sure they will grasp it by sincerely identifying themselves with Indians and by not insisting on any so-called safeguards in the constitution. I already see an improvement in their attitude in some parts of the country, and earnestly hope that it will develop into a genuine desire to see this country get its rightful place in the Empire."

It is small wonder that *Capital*, the leading British financial and commercial journal in the country,

characterized this statement as a plea for freedom to resort to expropriation in every sphere without obstruction and without limit. " On the basis urged," the paper wrote, " the embrace suggested would be the embrace of the boa-constrictor."

The Bengal National Chamber of Commerce, which is a member body of the Federation, the views of whose President have just been quoted, is prepared to concede equality of trading rights in theory, provided it is nullified by every kind of reservation and qualification in practice. Whilst acknowledging that the International Conference on the Treatment of Foreigners desired that existing trading rights of foreigners should be respected, the Chamber entered the *caveat* that

> " it must be remembered that this principle is applicable only to rights acquired under autonomous nations. The rights under discussion in India refer to those which were acquired under the ægis of the present Government and at a time when the Indian nation had no voice in determining the conditions under which their rights were granted or acquired."

In conclusion, the Chamber declared their views on the subject in a resolution which runs as follows :

> " In our opinion the right of trading may be enjoyed by every one resident in India, but the right of developing her key industries, the right of operating utility services and similar rights would be reserved for nationals. For this purpose a citizen will be defined by the Act as in other countries. As regards Joint Stock Companies, the Act should give the Legislature power to regulate the maximum non-national holding in concerns which would be allowed status equivalent to citizenship. This will be in accordance with the principle of fiscal autonomy and will prevent powerful foreign combines getting established here and avoiding the customs duties and tariff preferences."

At the back of the minds of these men there seems to reside the ridiculous idea that because England and India are in different stages of economic development equality of opportunity would mean in effect the perpetuation of Indian inequality and, because of this, wholesale discriminatory treatment has been planned for the day that *swaraj* dawns.

Mr. Gandhi's knowledge of the operations and ramifications of international trade is not profound, but he, like lesser men, has not escaped infection from the bug of " exploitation," and from time to time he essays a little homily on the subject in the columns of his weekly paper, *Young India.* Discussing in the issue of April 22, 1931, alleged violations of the Delhi Pact, he stated that India would for a long time to come, if not always, require certain things from foreign countries, but he emphasized the thing to realize was that India is not any longer the dumping ground for everything English or foreign whether she wanted it or not. " The days of exploitation are over," declared the Mahatma. What he has never done on any single occasion is to say what he means by " exploitation." Putting the most damning interpretation on British commercial activity in India, I can only conceive exploitation up to now to have taken the form of payment for exports in the form of imported manufactures not yet produced, or not produced in adequate quantities in India itself.

To turn again to the views of a representative body, I will quote, finally, a statement issued to the newspapers on February 27, 1931, by the Indian Merchants Chamber of Commerce in Bombay on the occasion of the Prime Minister's declaration of policy at the

conclusion of the first session of the Round Table Conference.

The Indian Merchants Chamber is probably the most powerful of such organizations in India and its membership includes all those wealthy Bombay merchants who have enabled the Congress campaign to be carried to a successful conclusion. The considered view of the Committee of the Chamber is that

> " in regard to specific guarantees regarding equality of treatment to commercial and industrial non-Indian interests in India, and regarding prohibition against legislation giving special advantage or facilities to Indian industry, the Committee is emphatically of the opinion that such guarantees cannot be given without permanently barring the industrial and commercial development of the country."

Either the English language has a meaning or it has not. If it has, I cannot imagine how it is possible for anyone, however charitably disposed, to read into the extracts which have been quoted in this chapter anything other than the intention to clip the wings of British business in India until the bird is unable to fly at all. Banking, insurance and shipping will constitute the first line of attack, for they represent large, wealthy and hitherto untapped sources of booty. The Indian mind has recently turned towards the first-named commercial activity and, though these lines are being written before the Central Banking Enquiry Committee's Report is available, the real intentions towards British Banking are not difficult to perceive. In its annual report for 1930 the Calcutta Indian Chamber of Commerce recommended that " no foreign banks should be allowed to carry on ordinary banking business in the country unless they

are registered in India with a rupee capital and have a majority of Indians on their directorates." The effects on the exchange banks in India are not difficult to calculate if such an edict was ever brought into force. Immediately there would be a serious restriction of India's aggregate banking facilities, and obviously the proposal is unfair and impracticable. To take one example: Lloyds Bank has a paid-up capital of £16,000,000 supported by a Reserve Fund of £10,000,000. It owns and staffs 1,850 offices in England and Wales, and has 13 offices in India and Burma. If the Committee of the Calcutta Indian Chamber are allowed to have their way it will only be permitted to carry on business in India by registering in India with a rupee capital and with a board of directors, the majority of whom are Indians. The Hong Kong and Shanghai Banking Corporation would apparently be subject to the same embargo, though it has a great many more offices outside India than are at present within the country. These are propositions which are seriously put forward by India's leaders in economic and political matters, and they are so absurd that they seem to me to need no complementary comment.

So far as I know, no specific proposals have been put forward for the control of British insurance in India, though no doubt in due course some self-constituted expert will devise a scheme for the complete elimination of these obnoxious institutions. What is common knowledge, however, is that wherever it has been possible to discriminate against British companies in the matter of alloting public and semi-public risks it has been done. Municipal buildings, public

markets and other civic concerns have in recent years been insured with Indian companies, irrespective of their standing or solidarity, and in the face of favourable competitive premium rates and the security offered by British companies. No doubt a number of these gimcrack Indian concerns have thought it wise to re-insure with British companies. But that is beside the point. The intention has been demonstrated and it shows that British companies will not be given fair quarter in a fair field and that there is a definite bias against them, simply because they are British. The Bombay War Council in 1930, when it concluded its agreement with the millowners, drove an astute bargain when it stipulated that twenty-five per cent. of mill insurance was to be placed with Indian-owned companies. That was the first step in a coercive policy. The rest will be easy. British insurance companies in India give employment to thousands of Indians, they invest heavily in Indian Government stock and they contribute generously to the revenues of the country. Nevertheless, their presence is felt to be inimical to the best interests of India, and for that reason every means, fair or foul, is to be employed to drive them out of the country. The pretext for their extermination will probably prove to be different from those which may be applied to banking or shipping, but it will be part of the identical programme—expropriation of external concerns on political-*cum*-economic grounds, in the interests of indigenous enterprises unable, on any other basis, to survive competition.

Evidence of a fairly representative character has now been produced to demonstrate the clear and

unmistakable intentions of the master minds of the Indian nationalist movement, so far as they are concerned with British trade and commerce. A great deal more might be written, but lack of space prevents the presentation of a more comprehensive case. To those people, however, who are sufficiently intelligent to see at least one move ahead of the other fellow, there can be little doubt that a very live conspiracy is in being; that it is directed by determined men who know their business, and that unless it is scotched it will succeed in achieving the downfall of our commercial supremacy in India. There is nothing inconsistent about the declarations of the leaders of the Indian National Congress. They are unambiguous, downright and to the point. If they have their way the British trader in India will henceforth be treated, not as an ordinary foreigner, who comes to the country to trade under conditions which have been prescribed and laid down in advance of his advent, but as a pariah rather than as a free man enjoying equal rights with his Indian and non-Indian brethren and against whom every legislative weapon will be unfairly and partially employed. It is all very well for Indians to make specious reservations affecting their so-called "key industries." That is only the thin end of the wedge, and in time by devious processes every industry can be turned into a key industry. Throughout British rule in India equality of opportunity has prevailed and there has been nothing to prevent Indians engaging in all those activities which they consider are of national importance. That they have not done so has been entirely due to absence of initiative, consequent lack of knowledge and an inherent dislike

of the proper organization of either capital or man-power.

Time and again Indian businessmen have quoted the example of Japan to me, contending that if only India were " free " she could easily emulate the industrial conquests of her Far Eastern neighbour. Personally, I prefer to appraise things as I find them and, looking back on the course of Indian legislation over the last twenty years, I am of the opinion that Indian business has received more than its fair share of practical encouragement and support from the government, and that if it has failed where others have succeeded it is no fault of those who have sought to administer the laws of the country for the benefit of the great mass of the Indian people. It is very easy to compare India and Japan, but when one gets down to realities the analogy loses its value. For to-day Japanese piece-goods importers are selling cotton goods in India at prices with which the fifty odd Indian-owned cotton mills in Bombay cannot possibly compete. And that is after they have bought their raw cotton in India, shipped it to Japan, turned it into cloth and shipped it back again and paid an extremely heavy duty on the finished article before it can be landed at an Indian port. Not only have they chased the Lancashire manufacture out of the Indian market but they are hard on the heels of the indigenous mill-owner whose only idea of retaliation is to add one brick after another to the tariff wall behind which he shelters. The Japanese analogy does not hold water and most Indian businessmen in their innermost conscience know it.

It may be argued that throughout this chapter I

have taken too extreme a view of the declarations of Congress and that, after all, the Congress Executive, composed as it is largely of lawyer-politicians, is not truly representative of Indian commercial and industrial aspirations ; that there is probably a solid leavening of business opinion in India which stands for fair play and honest and profitable trading all round. The only answer which can be given to such a criticism is that the statements and declarations which have been cited here have been taken more or less indiscriminately from a mass of such evidence which has accumulated over the last eighteen months and that, therefore, they must be adjudged to be representative of general feeling in the country. It is no use assuming that the Indian does not mean what he says and that the new dispensation will usher in an era of peace and goodwill, in which the acrimony and bitterness of the past will be forgotten. To take such a view would be more than foolhardy, for there is not the slightest reason to suppose that Congress will be willing to take the exceptional course of dividing the spoils of victory amongst the vanquished. The programme of expropriation has been carefully planned and is timed to begin the moment the next substantial instalment of self-government is conferred. It matters not whether India attains the *purna swaraj* of Mr. Gandhi or whether she embarks on a period in which an attenuated form of Dominion government obtains. In either case she will have full control over her own economic destiny and the potentialities of such a situation must be a matter of very grave concern to all who have the interests of both the Mother Country and India at heart. It has been computed that every fifth man in

Great Britain is dependent, either directly or indirectly, on our Indian connection for his livelihood. That being so it passes the comprehension of most thinking people why so little account has been taken of the dangerous forces which are every day gathering in India to destroy our trade and commerce. It is true that they cannot accomplish their work in a week or a month or a year. But, unless it is guarded against, the steady process of legislation in India's new Parliament will bit by bit demolish the splendid edifice which through long years of patient toil, sacrifice and the wise spending of their savings our forefathers built up for us to enjoy and preserve. Wherein lies our safeguard? Is it to be found in the employment of force, in the imposition of legislative checks and balances or the creation of some instrument of State which will secure for us, for as long as we can assess, our expectancy of national life, our rightful and proper place amongst the diverse peoples and communities who compose the Indian Empire? This question is the most urgent problem confronting the British people to-day, and it is now necessary to examine the merits of the various solutions which have been put forward.

CHAPTER V

SAFEGUARDS OR PREFERENCES?

ASSUMING the threat of expropriation to be real, we arrive at a point where it is necessary to consider what can be done about it. What is our future policy to be, and what precise shape is it to take? To arrive at that we have, first of all, briefly, to examine and classify what it is exactly we wish to preserve. Our commercial interests in India fall into three classes which may be conveniently divided as

(*a*) affecting the Home Manufacturer;
(*b*) affecting the existing British Companies now located in India;
(*c*) affecting British Companies that will come into being in India in the future.

These are three definite branches of British business and each presents some variation in detail which will require separate and special treatment in future legislative enactment by the British Parliament. At the first session of the Round Table Conference Mr. Wedgwood Benn professed to see no difference between (*b*) and (*c*), but a moment's consideration of the matter will show that what may serve our interests in respect of the one will not necessarily meet the case in respect of the other. One can only think that on this occasion Mr. Benn was taken unawares, and was merely marking time till the matter could be gone

into more thoroughly. The first session of the Conference left the British position as it is set forth in clause 14 of the Report of Committee III which reads :

> " At the instance of the British commercial community the principle was generally agreed that there should be no discrimination between the rights of the British mercantile community, firms and companies trading in India, and the rights of Indian-born subjects, and that an appropriate convention based on reciprocity should be entered into for the purpose of regulating these rights."

This general resolution was noted by the last plenary session of the Conference with but one dissentient, Mr. M. A. Jinnah, but since then it has been vigorously assailed in many Indian quarters and in a manner which leaves little doubt that it is quite unacceptable to a large body of Indian commercial opinion. At the time of writing the second session of the Round Table Conference has not assembled, but there are many signs that the matter will not be allowed to remain where it is and that a determined attempt will be made to circumvent this estimable but rather vague declaration. It has to be remembered that since this resolution was passed a new power has entered the Conference in the person of Mr. Gandhi, supported by his Congress advisers, who clearly stated that they have agreed to come into the negotiations on the condition, among others stipulated in the Gandhi-Irwin Pact, that all the safeguards are subject to reconsideration. They claim to exercise the right to declare which are open questions and which have been finally settled. Further, the whole question of safeguards

has been given a different complexion by the addition of a rider to the proposal which specifies that safeguards, first and last, must be in the interests of India. Lord Irwin is entirely responsible for this compromising amendment to our case, and it is one of the many palpable weaknesses of his latter-day exposition of our Indian policy. In the days that are ahead, everything will turn on what is in the interests of India and what is not. For instance, facilities for expropriatory legislation may be in the interests of certain Indian capitalists, but can they be said to be in the interests of India? That is the frame of mind in which the question of the future of British trade is being approached from the Indian side of the Conference table and I believe that, whatever the final decisions of the Conference may be, the same frame of mind will persist until the whole question is put on a basis which admits of no variation from the well-understood principles of equity and legality.

Recognizing the problem to be of fundamental importance, what are the possible lines along which a permanent and enduring settlement of the differing British and Indian commercial claims can be made? No more than three alternatives have to my knowledge ever been put forward by responsible representatives of either of the disputant parties. One school of thought advocates the enforced inclusion in the new Constitution of trading safeguards despite Indian opposition; Indians are almost unanimously in favour of the abandonment of economic safeguards and the placing of unqualified reliance for the protection of British interests on their own (Indian)

goodwill, whilst a third small section of opinion, which embraces both Indians and Englishmen, would like to see an Indo-British Trade Convention, unaccompanied by internal constitutional safeguards, imposing a preferential tariff in favour of British imports, which it would be left to the British Parliament and the new Indian Federal Legislature to ratify. I will deal with the second, the Indian suggestion, first, for there is least to be said in its favour, and what has to be said against it can be effectively accomplished with an economy of words. In my opinion the case against relying upon Indian goodwill, unsupported by anything else, is fairly obvious, and if the evidence which has been brought forward in this book is insufficient I would suggest to the critical reader that there is an enormous fund available to him in the official publications of Congress and other Indian organizations, which he would do well to study. Most Englishmen in India would reject such a proposal summarily as a political variation of the three-card trick too obvious to interest them. And as things stand they would not have far to look for grounds on which to base their scepticism. It is very easy to urge reliance on Indian goodwill, but where is the earnest that such "goodwill" exists or that it would be forthcoming in the event of Dominion Status being conceded, unqualified by safeguards or reservations of any description? There is no evidence of such a kind at all, but there is a great deal of evidence which leads to a vitally different conclusion. Political power connotes to the Indian commercial community the means of achieving certain objects which on their own showing include the immediate

adoption of measures inimical to British enterprise in every sphere. Whether the policy they would adopt amounts to expropriation, or whether it could be more conveniently described by some other term, would not matter if its net effect proved to be the elimination of most of the British firms now operating in India. And that this is the object of at least a considerable section of Indian opinion there is not the slightest doubt. It may be that in these times of stress our fears have been magnified and that political freedom and unrestricted responsibility would engender a complete transformation of Indian thought. All the teachings of human history are opposed to such an idea and, whereas it can merely be a hope, the boycott has been and is a grim reality, and the British community in India, taking careful note of the organized ill-feeling which has accompanied the attack on British trade, cannot be blamed if they regard this as a portent of worse things to follow. To put the most favourable interpretation on it the Indian policy is a policy of dispossession, and it is very little use to argue that British assets are non-transferable just because they happen to be largely compounded of efficiency, enterprise and integrity. The British community in India cannot and will not place its future at the mercy of so uncertain and nebulous a thing as Indian goodwill.

We are now left with the choice of trading safeguards and an Indo-British Trade Convention. In point of fact there is little outward difference between the two, for the former would presumably be embodied in the new Government of India Act and would become part and parcel of the constitution,

whilst the latter would be made a separate document of State endorsed on the one hand by the British Parliament and on the other by the Indian Federal Assembly, after its creation a year or two hence. The formulation of trading safeguards and their inclusion of the new constitution would appear to make sure of our position well in advance; but the Trade Convention would be open to the criticism that its ratification would be left to chance and the whim of a constituent assembly about whose competition we as yet know nothing and whose judgment we have no particular reason to rely upon or trust. Both ideas have the same end in view. They differ as to the means by which it shall be attained.

Let us take trading safeguards first. Where are they to reside, by whom shall they be called into operation and what will they attain? These are the questions to which we shall have to find a satisfactory answer if safeguards are to be adjudged a lasting solution of our difficulties. Before proceeding to enunciate any personal views I would like to reproduce the opinion of Professor A. Berriedale Keith, an eminent constitutional lawyer, whose advice I believe I am correct in stating has been sought by at least one minority community in India. Writing to *The Scotsman* in criticism of a speech delivered by the Lord Chancellor, Lord Sankey, in support of safeguards, he declared:

"It seems strange that an English Judge should not have troubled to consult precedents; *had he done so, he would assuredly have discovered that it is idle to hope to secure results by the exercise of discretionary power by a Governor-General.* Even in the case of Canada, where the Governor-General had not to act merely on

his discretion but had the support of the Federal Ministry, it has been found necessary to abandon the plan, provided for in the Constitution as an essential feature, under which Federal interests were to be protected against provincial encroachment by the right to disallow Provincial Acts. The only safeguards which experience shows can work are arrangements such as the Mahomedans demand, for effective representation in the Legislatures, and the grant of power to the Courts to protect minority rights under clearly defined legal provisions. *So far the intervention of the Courts has been deliberately ignored as a possible means of securing the interests of European traders and residents, but if these are to be safeguarded it can only be done by means of a precise definition on a basis of reciprocity with provision for interpretation by an inter-Imperial Tribunal and thereafter enforcement, if necessary, through the Courts.*

" It is, of course, true that the Statutory Commission Report proposed to safeguard responsible government in the Provinces by the discretionary authority given to the Governors. But that suggestion rested on the essential assumption that the Government of India was to remain supreme, without control by an Indian Legislature. So that the Governors would have the necessary support in difficulties. Now that this fundamental safeguard, which is at the root of the Commission's Report, is to disappear, the position of the Governors, as reported by that proposal, becomes in the extreme difficult, and it may safely be assumed that Governors will not be able to carry out the functions ascribed to them in the Report. Indeed, even under the scheme of the Report, several experienced administrators doubted the possibility of independent action. Under the new scheme even the Governor-General will be forced in practice to accept Ministerial advice. It is significant that the Round Table Conference would not even consent to accept unanimously the need for continued European recruitment in the Indian Civil Service and the Indian Police Service, while the Statutory Commission made retention of recruitment on the Lee Commission scale an essential part of its recommendations.

" If safeguards are deemed unnecessary by the British Government, they should frankly say so, but the present policy appears to be one of inserting unmeaning provisions in the hope that they will be accepted by Indian opinion as not intended to be effective and by British opinion as securing all that is requisite."

The quotation runs to some length, but Professor Keith has gone to the root of the matter and demonstrated the weaknesses of the proposed safeguards far better than I can, and it is for that reason that I have reproduced a large portion of his letter *in extenso.* So far as one can at present see, the safeguards would be devised by the Round Table Conference, or some subsidiary body specially appointed for the purpose; they would be formulated before anyone had had any experience of the difficulties they were designed to obviate, they would be hurriedly pushed through for incorporation in a grandiose Dominion of India Bill and eventually in the face of a constitutional crisis of any magnitude they would be found to be inoperative and unworkable. It should be clearly understood that we are here concerned only with trading safeguards. The matter of the repayment of the Indian public debt, the protection of Indian minorities, and so on, do not immediately concern us. As yet no one has presented us with a specimen safeguard designed to protect British trade in any given set of circumstances. The truth is that the written composition of such a thing is almost impossible, though any amount of talk has been devoted to the subject during the last few months.

In any scheme of safeguards for British trade in India the power of calling them into operation would be vested in the Viceroy or the Governor-General-in-Council, as he is known for administrative purposes. If the responsibility which is conferred on the Federal Assembly is to have any shadow of reality the Viceroy will act in all matters on the advice of his Cabinet, who will in turn be responsible to the members of

the Federal Assembly. Having regard to the present trend of Indian opinion one cannot in any circumstances conceive the Federal Assembly instructing the Cabinet to invite the Viceroy to put into operation measures designed to check their own predatory instincts. Then again one is entitled to ask who is to be the judge of the time and occasion when the application of any or all of the safeguards is deemed to be necessary? Manifestly a constitutional Viceroy acting on the collective opinion of his ministers will not be able suddenly to butt in on the orderly process of legislation and declare that this or that clause of a Bill infringes the letter or the spirit of this or that safeguard. In such an event India would be face to face with one constitutional crisis after another, leaving aside the fact that very few Viceroys of modern times would be found equal to the task of waging constant warfare with their Cabinet. Recent sad experience compels one to the view that purely British interests are not considerations which weigh heavily with some Viceroys of India. There is a new spirit abroad.

Let me take one example of how I conceive safeguards could be rendered impotent and useless. We will suppose that Mr. S. N. Haji desires to re-introduce his well-worn Coastal Shipping Reservation Bill into the new, popular and enlarged Legislative Assembly. Before it is placed upon the table it has to pass through the hands of the Viceroy, who would decide whether it contains discriminatory or unfair proposals. If he decides that it does, he would bring into operation the safeguard of which he is the custodian and exercise his powers to forbid the consideration of the Bill by

the Assembly. But the matter would not rest there if Mr. Haji and his friends really desired to capture the coastal trade of India and Burma, for they could quite easily declare that as there are State Railways and State Airways, so also there could be called into being, by legislation, a State Shipping Service. Nothing could be easier, and I cannot conceive of any grounds on which a Viceroy could reasonably forbid the creation of such a department of State. If he did the country could soon indicate its opinion on the matter, and one may rest very sure it would not support the Viceroy. So much for the efficacy of safeguards in circumstances of the kind I have described.

From the point of view of legislative practicability the whole question is hedged around with a multitude of difficulties. Trading safeguards are something of which we have no previous practical knowledge and consequently there is no part of the Empire to which we are able to turn, and say they did this or that. As a mere phrase they sound eminently satisfactory and appear to include all that we desire. But in reality I believe they would prove worse than useless and that in years to come we would rue the day that we were induced to adopt them. One can quite see that there are electoral and financial difficulties which might satisfactorily be solved by what we now envisage as safeguards, but matters purely concerning Indo-British trade do not lend themselves to this type of protection which savours a good deal too much of the way in which the securing of payments of War Reparations was approached in the early days by the Chauvinist statesmen of Europe. And what is

more, safeguards would in the passage of time be whittled down in much the same way as the original Reparations programme has been revised and rehashed. A host of criticisms might reasonably be brought forward. For the moment, however, we will examine one or two major difficulties.

There is firstly the difficult question of their enforcement, for surely they would be of very little value if they merely consisted of so many words committed to paper and unsupported by anything more effective. " Sanctions " has become current nomenclature for the means of enforcing, in the last resort, the performance of specific national undertakings, and no man who can appraise the new spirit in India would for one moment suggest that such measures are within the scope of practical politics in the future. The fact is that the smooth and proper working of safeguards will be in the hands of those who control the future Indian administration and those hands will most assuredly not be English. It is not likely that safeguards will be willingly accepted by an Indian parliament, and if they are included in the new constitution they will be imposed on a hostile body of men, to whom they are unacceptable both in form and principle. What, then, would be their attitude to them? It is only reasonable to suppose that they will seek to make them, in practice, as ineffective as possible, and on the first occasion that arises to repudiate and scrap them altogether. You may argue that if this is the case our entire conception of parliamentary government for India, implying as it does the presence of a deep sense of responsibility in the representative assembly, is erroneous and that,

quite obviously, we have taken the wrong course. That view may or may not prove to be right. But I am of the opinion there is another side to the matter and one which we have hitherto entirely overlooked. It is the psychological aspect of the question and, psychologically, the presence of safeguards implies a moral or physical inferiority or infirmity in one or the other of the parties, to an agreement of this kind. Safeguards securing external defence are necessary because of a physical infirmity in India. Those which may be roughly described as of the " hands off British trade " type suggest a moral inferiority in the Indian people which they naturally greatly resent, and which makes the whole idea of trade safeguards thoroughly repugnant to them. The attitude is comprehensible and is in keeping with the fundamental facts of human nature. Let us take the matter one step further and employ the analogy of a business partnership. To all intents and purposes the British people and the Indian people are about to enter into a new deed of partnership in respect of the country India, which as a going concern is of the highest value to both of them. Hitherto the senior partner, the chief executive head of the business, has been Britain, and the lesser functions of the concern have been carried out by the junior partner, India. Now under the new arrangement the senior partner proposes to take a less and less active part in the running of the business and to thrust an increasing amount, in fact almost the entire responsibility, on the one-time junior partner, who after the execution of the new deed of partnership will become the principal functionary in the concern,

So far so good, and in the ordinary course of events one would expect the retiring partner to hand over his functions and his responsibilities unimpaired and subject only to the prompt and proper payment of his retiring allowance. In this case, however. we are inviting the junior partner to take the control, and in effect saying to him, " It is true you are now going to be the head of the firm, but frankly we do not trust you ; for that reason we propose to circumscribe your duties so that your movements may be watched ; you are definitely forbidden to interfere in the affairs of such and such departments which we have built up and which will continue in our retirement to be our special concern ; you may handle the petty cash, but for purposes of operating the bank account you must have a counter signature (our own) and in no circumstances can you engage in new business, draw on the firm's reserves or declare a profit without referring to us ; and finally, we propose to embody the whole of these conditions in the new deed of partnership." Were such a proposition put to ninety-nine self-respecting business men out of a hundred in real life they would reject it with contumely. It is not surprising then that the Indian looks on a partnership, with safeguards such as British statesmen at present propose, with very grave suspicion and a measure of disgust. The personal equation enters into all these matters and we cannot afford to ignore it. What we have to find is something which will allay our own genuine apprehensions on the one hand and Indian self-respect and *amour propre* on the other. Our statesmen have got to make it worth while for both parties to work any agreement scrupu-

lously and with enthusiasm, and it seems to me that it is the substance of the agreement which will go a long way to attaining that happy state of affairs.

We may now turn to the third and last suggestion for regulating the trade and commerce of the two countries, the proposed Indo-British Trade Convention. Most Indians, if you discussed the matter with them, would, at the outset, lay down that such a Convention would have to be unaccompanied by any constitutional safeguards. Personally, I am of the opinion that it would be sufficient if a Convention of this kind was *unrelated* to constitutional safeguards. Constitutional safeguards there must be, and I do not think that any reasonable Indian can take umbrage at them, for they can be devised to be of real value and benefit to every citizen in the land. For, having regard to the inherent complexities in the Indian political sphere they cannot be regarded in any way as imputing a moral infirmity to Hinduism as a whole. In this connection, then, we can dismiss from our minds the position of minorities under the new constitution, the determination of the eternal Hindu-Moslem dispute, the rights of untouchables and like matters. We are concerned only with the preservation and profitable promotion of our trade with India.

The essence of a trade agreement or Convention would appear to me to lie in an advantageous exchange of goods and services between the parties who covenant to obey the terms of such an instrument. Indian politicians would make the abandonment of our claim for constitutional safeguards our contribution to the deal, and in return would, I think, be

willing to impose a preferential tariff in favour of certain classes of British goods for a specified number of years. But I do not think that would be good enough ; and in any case it would cut right across declared British policy in respect of other matters affecting the future of India. We have already decided that we must put aside constitutional safeguards in considering a trade Convention. The latter cannot in any way be made dependent on the former, and if we consented to such a course we would be abandoning all those high principles by which we justify our rule in India over the last hundred years. To be more particular we could not, for instance, on any grounds stand for an action which involved the sacrifice of a minority community in return for the creation of a tariff for the benefit of imported Lancashire cotton goods. It could be done, but it would fall sadly short of our own Imperial professions, and in the end history would take its revenge on such a palpably wrong transaction.

On what bases, therefore, could a Convention be built up which would give satisfaction to the traders of both countries? In the opinion of a growing number of people it is to be found in a system of preferences, based on economic realities, directed to the creation of better Indo-British trade and in which the revenue-raising aspect of the tariff is a secondary consideration. Here, once more, one must recognize the manifold difficulties of the proposal. The obvious ones are that whilst India, through a mixture of national sentiment and governmental impecuniosity, has committed herself to an inconsistent and ill-regulated Protectionist policy, Great Britain is manacled

to the idol of Free Trade[1] and continues to draw her commercial inspiration from the dear memory of the revered Cobden. The second big objection which springs to the mind is that as the proposition now stands a system of preferences would do nothing to protect the interests of British companies now trading in India or those that will come into being in India in the future. It is true that by themselves preferences could not secure their future, but a trade Convention, in which preferences were the central feature and the principal negotiable asset, could well embrace both these classes of British business, which for the moment would appear to be in danger of desertion. A further important consideration is whether preferences and a mutually beneficial trade Convention would be sufficient to still the ambitions of that type of Indian business man who through blind, unreasoning hatred can see nothing good in anything British.

It is not possible in the compass of a small volume to detail the particulars of a trade Convention, codify them and examine their applicability one by one. Nor do I imagine the reader would welcome a disquisition on the fallacy of an import duty on galvanized-iron sheets or an export cess on hides and skins. All that space permits one to do is to take the canvas and chalk in the broad outlines ; to indicate where the stream of economic factors flows against us or where it may be diverted to our use ; to see where Indians and British may work together to our joint advantage ; to discover where our fundamental interests are bound to clash and finally to discover if

[1] This, of course, has been changed now, April 1932.

these varying circumstances can be adjusted and some covenant evolved by which we can secure the greatest good of our respective countries.

From our point of view the possible advantages of such a reciprocal arrangement would be enormous. The bare facts of the situation are staggering when one thinks carefully over them. India contains one-fifth of the world's population to-day and she is on the threshold of the biggest economic and political awakening of modern times. Nothing short of a revolution is taking place in her thought, her mode of life and her economic organization. Industrially, she is in her cradle, but her demand for manufactured goods increases with every yard of railway line that is laid down within her territory and with every copy of every newspaper, British and Indian, that passes into circulation. This is despite the generally low standard of living and the extreme poverty of three-fifths of her population. Someone must supply her needs, and who is more entitled to favourable consideration in this matter or better qualified to deliver the goods than ourselves? Would not a preferential tariff in favour of British goods place us in a most enviable position *vis-à-vis* the other nations of the world? The possibilities of such a situation are infinite, and at best I can merely hint at them and leave the reader's imagination to do the rest.

On the other hand, India is a vast storehouse of raw materials as yet very largely untapped. The extent of her natural resources, whilst it is known to be enormous, has never yet been correctly estimated. India is destined to become one of the largest suppliers of the world's wants, for the wealth that lies in her

soil has hardly been touched. To cite only one instance, it is one of the most poignant errors of past British economic policy that whilst for seventy years India has been the biggest consumer of Lancashire piece-goods the same Lancashire mills have never taken one anna's worth of Indian raw cotton because their machinery has never been adapted to take the short staple Indian cotton. The opportunity has passed, but it points a lesson which we would do well to assimilate in the future.

I have been able to do no more than to suggest in the crudest possible way the foundations on which I believe an economic entente can be built. We must now pass on to consideration of the future of British firms now doing business in India and those that are likely to come into existence in the future. How could they be included in the scope of a trade Convention? As regards the former, I do not consider it is beyond the wit of man to devise an instrument which will ensure their preservation, provided always we are prepared to give something in exchange. I cannot, however, see how the latter interests, which do not in fact exist, can be protected, and common sense tells us that in five or ten years' time a British firm commencing operations in India will at least know the conditions in which they have to trade. Existing British businesses are entitled under any Convention to, what I may term, equality of treatment, and if the Convention we have in mind did not contain such a provision it would not be worth entering into. By equality I mean that the same laws of commerce should apply to every man established in trade in India, whether he be European or Indian born.

That principle holds good throughout the Empire, and British business interests in India could accept no whittling down of the principle. Indian business men in England do their business under the same laws as govern any man born in Great Britain itself. That is what the British community in India demand.

To sum up, are we prepared to seek a trade agreement which is founded on a sense of the realities of the situation, which is based on the golden principles of fair play and equal opportunities and which recognizes Indians and Englishmen as subjects of the same Sovereign and citizens of the same State? In no circumstances can the new constitution of India be framed by the people of India alone. I do not believe that useless and irritating trading safeguards are any real guarantee for the future of our commerce and industry in India. I believe, however, that their inviolability can be secured in a commercial agreement, convention or treaty—call it what you like—in which material advantages are backed by a proper appreciation of the just rights and moral values to which each party to the document has proved itself to be entitled.

CHAPTER VI

CONFLICTING INTERESTS

ONE of the difficulties in the new order will be the reconciliation of British non-official opinion in India to a common programme. Anyone whose experience goes back a few years will have observed a growing cleavage of political opinion between British business interests in the two chief presidencies of Bengal and Bombay and, to those who envisage the community's interests as a whole, it is a matter of profound regret. It is not easy to trace the beginnings of this division of opinion, but that it exists is frequently brought sharply to the notice of the student of Indian affairs; and it must be taken into account in any survey of her future of British commerce and industry in India. Only too often in the troublous months of 1930 it became painfully clear that the community was torn in twain, and the Indian public were presented with an unedifying picture of a "pull devil, pull baker" struggle between the rival factions located in Bombay and Calcutta respectively. Manifestly, such diversions of strength did the common cause no good and had an exasperating effect on the members of the British community in the smaller centres of population who look to the two big cities for a lead.

Bombay is an Indian city in a sense that Calcutta is not, and the position of the non-official British

community in the former city is very different from that of their brethren in the latter. Business in the West of India is financed and very largely managed by Gujeratis and Parsees who possess a not inconsiderable genius for the arts of trade and commerce. The Britisher finds his place sometimes as the partner or co-director of an Indian, as an expert business consultant or more frequently as an ordinary employee filling a post for which no Indian has been found to be qualified. His politics, therefore, are very much mixed up with his daily bread and butter, and it behoves him to tread warily lest he steps on the toes of his master. This, I think, accounts for his so-called Liberalism in Indian politics and for the fact that certain leading Englishmen in Bombay during the intensive political warfare of last year gave, at any rate, their tacit support to certain parts of the Congress campaign. I can account for this strange allegiance in no other way, for no honest Englishman who searched the depths of his political conscience could find any other reason for the acceptance of the dictation of a political oligarchy avowedly hostile to the British Empire and openly committed to the overthrow of decent government by subversive means. For instance, the extraordinary capitulation of Sir Joseph Kay, Managing Director of W. H. Brady & Co., Ltd., to the demands of the Bombay Congress War Council may have been good business so far as his Company's mills were concerned, but it would be extremely difficult to explain it on any other grounds. To my mind his action was both bad politics and bad civics, and was entirely out of keeping with the general trend of British opinion throughout India. That is only one

instance; many others might be cited, and I have quoted it only to demonstrate the straits into which British businessmen in the Bombay Presidency have been thrown in the past and are likely to have to overcome in the future.

Rough hewn, those are the facts of the matter. The British businessman in Bombay cannot afford to quarrel with his master and the question of winning his daily livelihood must come before more obscure national and communal considerations. But there is a certain school of thought that would disguise the issue in a different way. Roughly their argument proceeds along the following lines. The established tradition that Calcutta men speak on behalf of the British non-official community in India is based on a fallacy and ought to be disregarded. In Calcutta the Britisher does not meet the Indian businessman on anything like the same terms of intimacy, co-operation and understanding that are to be found in Bombay. Recent events have made Bombay the centre of political gravity in India. (Those of us who have observed the events of the last eighteen months know how pathetically true this statement is, though some of us would prefer to describe Bombay as a political storm centre.) It is impossible for the Britisher in Bombay—even though he confines his social life to clubs that are exclusively European and maintains the foolish pretence that he is living in a European city—to fail to obtain some knowledge, however distorted, of the present political struggle. But to the Britisher of political vision and ability Bombay offers the best possible point of vantage. He finds the Indian communities more accessible than

in any other city. In Bombay Indians are ready to judge a Britisher not by his age and status but by his character and ability. The Englishman who wishes to carry on the "Irwin policy"—the search for a settlement that can be established "for the good of India and the honour of Great Britain"—will find unrivalled opportunities in the city of Bombay.

In the foregoing paragraph I have summarized and paraphrased the case recently put forward very succinctly by the *Times of India*, the leading British newspaper in the Bombay Presidency. As it stands, the newspaper's proposition is attractive and innocuous, but when later on it tells its British readers that

> "the time has come when those Europeans who believe in the conferment of Dominion status, *who would oppose all safeguards that are not necessary for the welfare of India*, who earnestly desire to bring the estrangement of Indian sympathies to an end should consider what they are to do, whether or not they are individually members of the European Association,"

we get a first-class example of Bombay's desire for peace at any price, a sentiment which is strongly and bitterly opposed by the British business community in Calcutta. The italics are mine and I have introduced them because they demonstrate a fundamental error in respect of safeguards. The matter is not strictly relevant to the contemplation of the differences of the non-official British community in India, but the occasion may be employed once more to point out that safeguards, if adopted, must be made effective for the good of both India and Great Britain, and not India alone. And, let me add, that whatever Bombay businessmen may think about it, that proposition is

an integral part of the political demands of the British business community in Calcutta.

To turn again, then, to our original theme, it will be seen that there is a disposition in certain quarters in Bombay to turn this very sordid, but very necessary matter of keeping on the right side of your employer and thereby earning a living, into something much more high minded and less material. My own view is that a subtle metamorphosis of that kind, however carefully nurtured, will help neither party to a correct understanding of the position. It is merely a face-saving device through which the Indian will see quite as quickly as the disinterested Englishman who applies himself to an examination of the matter. Throughout this book it is constantly urged that the Britisher in India should take his proper place in the counsels of the country, but that does not mean because, for instance, he happens to find himself in a hopeless minority and a position of economic disadvantage in Bombay he should slavishly enrol himself in the service of the political job masters of the moment to whom his eventual fate is a matter of little or no concern.

Such political prominence as the British commercial community in Calcutta attain is due to the fact that the city possesses the largest and most homogeneous European community in India. It is also the biggest city in the country and the first British capital of the Dominion. Until the year 1911 it was the administrative as well as the commercial capital of India, and in its bones is the very marrow of the courage, enterprise and wisdom of the British race. The streets, buildings and parks of this great city are redolent of

our past Imperial greatness and its imposing offices, housing enormous commercial concerns, are an indication of the vast British interests established in this part of India. The former capital is the most characteristic product of the British association with India, and the English impress which its founders of more than two hundred years ago have left upon the city is the most marked of its features. The history of Calcutta is the romance of the British occupation of India. Job Charnock founded the city in 1690, and as one historian has put it, " before Job Charnock there was nothing ; now there is Calcutta ' gold on silt.' " Until recent years the civic administration of the city was almost entirely British, though Indians were encouraged to participate in increasing numbers. Then came municipal emancipation in the form of Sir Surendranath Bannerjea's Calcutta Municipal Act, and the government of the city was handed over to popular control. For a time the old traditions were observed and a high standard of governance prevailed, but in 1923 the Swaraj Party, led by the late Mr. C. R. Das, secured a majority of seats in the Corporation and since then the municipal machinery has been held captive by one faction or another of the Congress Party. The history of this period consists of a steady deterioration of municipal efficiency on the one hand and a progressive increase in the expenses of administration on the other. The present Calcutta Corporation could give many valuable tips to the older and more experienced Tammany in the science of graft, " log-rolling " and " back-scratching." During the last two years a regular, consistent and effective boycott has been carried out against the use of British

goods or stores for municipal purposes, and many of the debates are characterized by a virulent anti-British feeling, through which the British councillors for the most part must, perforce, sit in gloomy and ineffective silence.

Though all these changes have taken place through the years, British business in Calcutta has gone from strength to strength. For a long time its leaders were culpably indifferent to what was going on around them, though there are signs that in recent months this casual attitude has given place to a feeling of apprehension as to the future and a pronounced desire that in the impending constitutional change the *status quo ante* shall prevail, so far as freedom of trade and equality of treatment are concerned. For in Bengal, Bihar and Orissa and Assam, the Englishman is in the majority of cases the capitalist, the employer, and within his trusteeship and under his management are enormous sums of invested money and large and lucrative commercial and industrial concerns. It is this last fact which helps to explain the wide political differences entertained by the Bombay and Calcutta branches of the community. In Bombay the Britisher is a unit in indigenous Indian industry. From Calcutta he controls the Bengal jute industry, the coalfields of Bengal, Bihar and Orissa and the tea gardens of Assam, the Dooars and Sylhet, to mention only the three leading industries which cluster around the life of the city. There are many others, but reference to these is sufficient to indicate the extent of our commercial activities on that side of India. He is, indeed, both the master and factor of British business enterprise there. This being the case, and human nature

reacting immediately to the first principal of self-preservation, it is small wonder that the present political outlook of the Englishman whose work brings him to Bombay and that of his brother in Calcutta are fundamentally antipathetic.

Conceding the obvious proposition that it is desirable for British businessmen in India to preserve a united front at this juncture and, indeed, for many years to come, the question which immediately arises is whether these two distinct and differing political attitudes can be reconciled. And if so, how?

My own view, and I set it forth painfully aware that it will be unpopular with many people, and that in any case it lacks finality, is that it is not possible to formulate a common policy for the entire British commercial community in India. In my opinion it will only be possible, at least, mutually to adjust the policies of the two sections of opinion from time to time and as occasion demands. Sooner or later a decentralization (or, if you like, a provincialization) of opinion will set in. There is a good deal of evidence to show that the process has already begun and that Bombay, Madras and Cawnpore are commencing to cohere in a roughly defined political liberalism which is in contrast to the reasoned conservatism which comprises the political faith of the Englishman resident in Calcutta and the East of India generally. Mention has been made of the Bombay point of view. In the Province of Madras, where the Reforms have been worked with the largest measure of success, the British community is small and relatively unimportant, though it embraces an organized and wealthy planting fraternity. Madras, happily, is free from any com-

munal problem, and only the faintest repercussions of the Hindu-Moslem clash are felt there. The struggle for power and political supremacy is being fought out between the Brahmin and non-Brahmin parties, and of recent times the honours have gone to the latter, who have realized that through the medium of the legislature much can be done to relieve their social and religious disabilities. Around this question the larger part of political activity has centred during the last ten years and the British non-official community has been confronted with very little legislation touching its own welfare which might be regarded as controversial. From their point of view, therefore, the Reforms have operated with a minimum of inconvenience and, though actively they may not have been a hundred per cent. success, passively they have left the old state of affairs largely unaltered. The balance of evidence has justified the policy of non-interference in local politics and, in the result, Madras has definitely ranged itself alongside the British non-official community in Bombay in favour of a further comprehensive advance towards *swaraj*.

The case of Cawnpore is slightly different. Cawnpore is predominantly industrial and essentially unbeautiful. Locally it is known as the " Manchester of India," and those who are acquainted with both places find it difficult to say to which city the greater injustice has been done by this appellation. It is the most prosperous industrial centre in the North of India and a self-reliant, thrifty and enterprising community of Britishers direct an indigenous textile industry which is growing in importance every year. There are also lesser commercial activities, which

are mainly concerned with the export of hides and skins and a small but growing tanning industry. In the rupee ratio controversy of 1927 the local Chamber of Commerce supported the Bombay Indian industrialists' claim for a one and fourpenny rupee, and in so doing stood alone among the European business organizations in the country. Manufacturing locally and for local consumption, the British merchant in Cawnpore is bound more and more to acquiesce in and, if necessary, actively support the Indian Nationalist programme of extreme protection and discriminatory measures against British and foreign imports. That, I consider, must inevitably be the trend of the economic policy of the British manufacturer in Upper India. His political outlook will be swayed by different considerations, however, for more than anywhere else in British India is he brought into daily contact with the pressing problems of administration and the ever-present spectre of communal dissension. The terrible Hindu-Moslem riots at Cawnpore in March, 1931, were merely a forerunner of what is likely to happen if communal differences remain indefinitely unsolved. Conditions may be created in which trade is impossible. Good government is a precedent to the carrying on of commerce in a profitable, regular and equitable manner, and this consideration must necessarily weigh very heavily with the non-official British citizen in those parts of India where the communal issue predominates or the full authority of the *raj* is likely to be impaired by reason of the coming constitutional changes. Taking all these factors into consideration, however, I am of the opinion that in a growing degree the fiscal policy of

the Government of India will drive a wedge between that section of the British commercial community which either directly or indirectly is associated with British business in Calcutta and the scattered and less compact British commercial units which are to be found in Bombay, Madras, Cawnpore, Delhi and the smaller centres in the North and West of India. The interests of the individuals of these two main groups are bound to assume a fundamental difference as time goes on, and I can see no possibility of reconciling them, at any rate, in the economic sphere.

The economic sphere is admittedly of supreme importance and too much emphasis cannot be laid on the difficulties which lie ahead. But there are other aspects to the matter and these, happily, present a more hopeful prospect for the attainment of a common programme by the British commercial community in India. Take the question of citizenship, which can be divorced entirely from business trammels, for it involves merely the elementary rights of the individual in relation to the State. And in that sense it affects the future welfare of every individual of non-Indian birth who comes to India in the future. This is what Mr. J. M. Sen Gupta, the leader of the Congress Party in Bengal and a member of the All-India Congress Committee, enunciated as recently as last May on the occasion of the opening of the Kerala Provincial Conference. Mr. Sen Gupta, I should add, has in the past taken full advantage of our own free citizenship, for he was educated at Cambridge and then called to the English Bar and, finally, to mark approval of our English culture, married an English wife. Discussing the question of the future of British

citizens in India Mr. Sen Gupta said to the Conference :

"We are not prepared to admit British citizens who are not natural born Indians to the rights and privileges of Indian citizenship. They will be treated as aliens and excluded from certain political and economic rights meant for citizens. Only those British people who fulfil the conditions of nationality or satisfy the test laid down by any immigration law that may be passed will have no cause for fear on the score of commercial discrimination . . . they will have to deal with Congressmen who stand pledged to the complete sovereignty of India and who will not give up their birthright for a mess of pottage placed on a Round Table."

Apart from the fact that Mr. Sen Gupta appears to think that the Congressman's birthright is more complete and comprehensive than that of any other Indian, it is as well that by his frankness he has apprised us of the worst that may happen. The rights of Imperial citizenship have always been extended to Indians, and thousands like Mr. Sen Gupta himself have profited by it. More than one Indian has sat in the House of Commons, and one rose from the position of a commoner to be a peer of the Realm and Under-Secretary of State for India, with a seat in the House of Lords. If it is the suggestion of Congress that Englishmen doing business in India should forfeit the rights of Imperial citizenship for the doubtful blessings of membership of an independent and exclusive India, it is a proposal that should be opposed tooth and nail by every Britisher who has any connection with the country ; for this apparently simple but pernicious proposition contains the seed of untold trouble in the future, as well as being the very negation of what Englishmen conceive as a free and fair partnership between the two peoples. Quite obviously, on a

matter of this kind, the British commercial community will have to stand together, irrespective of the differences they may entertain in the strictly economic sphere; though, did space permit, it would be possible to prove that the two subjects of citizenship and economic welfare are more closely connected than would at first appear to be the case.

It is a far cry back to the Ilbert Bill agitation, but our forefathers in India knew what they were about when by characteristically robust means they secured for us the cardinal legal right that a British-born subject charged with a criminal offence should have the right to demand trial by a jury empanelled from his fellow countrymen. That is a first principle, the fairness and justice of which will be recognized by anyone who gives two minutes' thought to the matter. It seems to me, however, that it is definitely open to attack if Mr. Sen Gupta's theory of citizenship, or indeed any similar doctrine, is to be allowed to prevail under the new constitution. Quite obviously British non-officials, irrespective of their commercial connections, would have to resist to the utmost any such assault on their civic rights. At the first session of the Round Table Conference Sir Hubert Carr raised the matter in the Minorities Sub-Committee and he argued the case simply and ably. He added a rider, however, to his statement which was significant, and it seems to me that the implication it contains, if allowed to go unchallenged or uncorrected, holds within it the germs of difficulty in the years to come. He said:

"We recognize the position of India, and we feel that it should be open to the Indian Government to make such arrangements

as it wishes to make with other parts of the Empire who may discriminate against India. Therefore my claims are made on behalf of those from Great Britain and Northern Ireland."

I venture to suggest that is a very dangerous qualification to make, for it implies the right of an autonomous Indian Government to vary the process of the ordinary criminal and civil law against a citizen of any other part of the Empire other than Great Britain and Northern Ireland. The principle, if accepted, is fraught with danger and could at once be turned into a very unwholesome method of retaliation for the wrongs, either real or imaginary, which are done to Indian nationals in South and East Africa.

Very briefly I have endeavoured to separate commercial and civic interests, and it is obviously in the direction of the latter that non-official British opinion in India must unite to secure the acceptance and enforcement of what we must regard as our inalienable right. And this leads me to indicate the way in which I think this will be possible in the future. The community's existing organizations consist of the various Chambers of Commerce and the European Association. As a matter of ordinary efficiency and convenience there should in the future be clearly demarcated the functions and responsibilities of each institution. More and more the Chambers of Commerce should and will tend to promote and safeguard Provincial business interests, pooling opinion and resources in national matters on the rare occasions when that will be possible. The legal civic and social rights of the community should be exclusively the concern of the European Association which would handle them through its All-India or Provincial

offices, instead of as now running the whole gamut of Indian politics and, if the truth be told, making only a poor show of any job. Up to recent months, at any rate, no one seemed to know where the functions of the Chambers of Commerce ended and those of the European Association began. Certainly there could have been nothing less edifying than the Bengal Chamber of Commerce and the European Association appearing before the Simon Commission and expressing directly opposing views on the vitally important subject of the transfer of the portfolio of Law and Order to popular control. The former body expressed itself in favour of such a step whilst the Association was definitely opposed to the transfer. It is small wonder that British non-official opinion did not carry a great deal of weight with the Simon Commission, and the pity is that a little forethought and appropriate political sagacity would have avoided a blunder as ridiculous as it was disastrous. Both parties were entitled to their opinions on the subject, but it was definitely in the interests of the community as a whole that a common policy should be formulated and urged before the Commission.

In the near future the British non-official population in India will have to set about the task of providing itself with an adaptable, energetic and vocal political and commercial organization. Reference is made elsewhere in this book to the provision of adequate representation in the new legislatures. What we are more concerned with here are the points on which the opinion of Britishers of all classes, all over India, must obviously be unanimous, and those matters upon which differences will inevitably arise in the future. There

is much work to be done in both directions. I have suggested what I consider to be the proper province of the European Association. At present it claims a membership of only eight thousand and, to be quite frank, it has never kindled a great deal of enthusiasm amongst those people whose interests it should promote and protect. It is a shameful reflection on the community as a whole that its finances are a constant source of worry and anxiety to those entrusted with its management. It exists, however, as the one institution which can be moulded to meet the political needs of the future and, for this reason, it must receive a wider measure of sympathy and support than it has received in the past. Upon the Chambers of Commerce in the future must fall the task of taking a more aggressive and less non-committal attitude towards important public matters than has hitherto been the case. Upon them must fall the guardianship of our commercial and economic future. Fortunately they are well equipped in respect of both funds and personnel. They have, too, this advantage, that whilst most business houses object to their employees taking part in politics *qua* politics, service, voluntarily given, to the Chambers is rightly regarded as an honour and a privilege.

These two bodies are the framework of the body politic of the community and round them must be constructed a machine which is of service to every branch of our people in India. The British business-men in Bombay and Calcutta will continue to occupy fundamentally different places in the scheme of things. The planter in Assam and the merchant in Amritsar or Lahore or Delhi, and the manufacturer in Cawn-

pore will find that economic factors operate against their attaining unanimity of opinion on all matters, great and small. But there are many points of contact arising from their common heritage and it is in these that they will be able to develop and expand the common opinion of the community. Minor differences can always be determined and accepted, and commercial interests will continue to conflict as long as our economic system remains as it is. But these should only make us the more conscious of those things upon which unity is possible and, indeed, imperative to the British community in India. The future is in their own hands and it should not be too much to hope that they will grasp the realities of the situation and set about putting their house in order with as little delay as possible.

CHAPTER VII

STATUS

IT seems to me that no study of the future course of British commerce and industry in India can be complete without some consideration of the daily civic and social relationships of the two communities as they now are, and as they will probably develop in the future. And for this reason one cannot do better than examine conditions and tendencies, with particular reference to the general proposition of "status." For in India the word is used in a general and elastic sense, rather than in reference to a particular condition or rank, as is the case in Great Britain. And to the Indian mind status has a very real meaning, though nine Indians out of ten are totally unable to give any proper definition of what they mean by it. The term has been absorbed into their language and into their thought, and means something quite different from their own word *izzat*, of which Sir Walter Lawrence, who was Private Secretary to Lord Curzon when the latter was Viceroy, said in the course of a recent broadcast lecture on "India and the Living Past,"

"if any of you go to India, remember the word *izzat*. It means honour, repute and the world's esteem, and it is as dear to every man and woman and child in India as life. It is as dear to the most lowly castes as to the highest; this it is which makes the

manners of all classes so perfect and so refined. Respect their *izzat* and they will respect you ; neglect it and you will have made an enemy for life."

Generally speaking, I would say *izzat* indicates respect and affection received from caste associates and other friends ; whilst status involves the position of an Indian, *qua* an Indian, in relation to the other communities who live and work alongside him and to the nationals of other countries, particularly those of the West. The definition of status, then, is subject to variation, but we are here concerned only with the internal aspect of the problem ; how the Indian "feels" in his daily contact with the small but important British business community with whom he has to deal, and how the sympathies, the customs and the prejudices of the white man and the brown man act and react in the course of their association. It is an interesting study and only a close student of psychology could do it justice. But in this book we are dealing with our own position *vis-à-vis* an awakening people who are strong with the strength that comes from a struggle with poverty and hardship and who have set themselves to master and apply all our weapons in the contest for industrial and commercial supremacy in India ; and therefore "status," as I have defined it, must closely concern the vast majority of people who are not expert psychologists, and it cannot, therefore, be left out of our thoughts. For our future policy must be based on realities and we must cast aside the prepossessions and prejudices on which we have in the past placed too much reliance.

A distinguished Indian businessman, an industrialist who has built up one of the biggest businesses

in India, once remarked to me that the real trouble with the Englishman was that once he set foot in India he ceased to be an Englishman. I told him equally directly that I did not agree with that proposition, but I am forced to admit that the Englishman soon after arrival in India changes in so far as all his preconceived social, civic and political ideas undergo a radical metamorphosis. At once he becomes a person of importance to those who surround him. In the office there is, of necessity (else the work would never get done), someone to fetch and carry for him. The Indian clerk is competent, consultative and courteous. Immediately the Englishman is made to feel a man of affairs, as indeed he is, for the average young bank officer, for instance, has as much responsibility on his shoulders in an Indian branch as has a manager or sub-manager of a country town branch of the same bank in England. Much the same conditions prevail in any merchant house. The young assistant, who would definitely be classed as a " youngster " at Home, is a responsible departmental officer in the business houses of Calcutta, Bombay or Madras. And in the main the system is serviceable and to the credit of those who work it. In his Indian home a standard of comfort obtains which is essential to the well-being of Englishmen who have to work long hours in a tropical climate, but which is considerably in advance of the domestic facilities obtaining in an average English middle-class household. Here the personal factor enters in and it is pleasant to feel that one or more men are at one's beck and call, and after all, what is a servant for, if not to administer to his master's comfort?

The system operates to mutual advantage. The average Englishman gets good service from and pays good pay to his household servants. But the latter wear the badge of servitude and the Englishman's first real contact with India is through his servant. Probably it is not the best way of meeting the people of the country. Outside his business and his house his interest is focussed in his club or clubs, and nothing is more delightfully comfortable and sociable than a well-run club in India. A tremendous amount of nonsense has been written about our club life in India, mainly, be it said, by people who know little or nothing about it. Popular English and American novelists have sneered time and again at the stupidities and inanities of the middle-class Briton ensconced in a cane chair and armed with a whisky and soda on the verandah of his club. Socialist politicians of advanced opinions, who desire to hear only the Indian case during a short cold-weather visit to the country, studiously avoid these typically British institutions, but invariably have some back-handed reference to make to them when they later recount their Indian experiences in the Press or on the platform. The plain fact is that the club is an essential factor in British life in India and it makes its appeal to the gregarious instincts of the newly arrived Englishman who sooner or later becomes its devotee, inured to its rules and the slave of its attractions.

Very properly, you may agree that all this should not bring about the social and civic metamorphosis to which I have just made reference. Daily existence is not so radically altered as to produce a fundamental change in a man's outlook on life and his fellow

creatures. But the truth is that it does. An Englishman does not cease to be an Englishman when he comes to India, as my Indian friend contended. He remains an Englishman, but, an Englishman under conditions to meet which certain rules of life have been prescribed and certain conventions adopted. We are the slaves of habit and, like the lesser creatures, we either join the herd and fall in with its customs, or become outcast by it. A few courageous ones stand outside the herd, teachers, missionaries, doctors and others, but they gain no material reward, preferring the glory that is to come. Human nature being what it is, the British commercial community in India prefer immediate material returns, and hitherto they have found that it pays them best to live their lives as their great grandfathers lived them in India; to keep themselves to themselves and to demand that the code of moral, civic and social conduct shall be carried on inviolate. And in many respects they are right.

You may well ask, at this point, what bearing all this has on the Indian demand for "status." How, for instance, does the fact that the English community prefer to isolate themselves from the great mass of people amongst whom they move and have their being affect their Indian fellow citizens? How can the latter see in this a denial of their claim to equal status with the rest of the citizens of the Empire? In what way does it offend their susceptibilities? Are they not over-sensitive and do they not labour under a false sense of social values? Personally I am of the opinion that the Englishman's mode of life in India is perfectly correct up to a point, but, and it

is a very big " but," its restraints definitely preclude him from establishing sympathetic contact with people who would welcome his association in many of their activities ; people by whom a little more evidence of the desire to extend the courtesies and amenities of life would not be abused and which in the end would be favourably reflected in his business activities and redound to the credit of the liberal and decent stock from which he has sprung. Put more briefly, the Englishman in India does not deny his Indian fellow citizen " status," but he does very little to help him to attain it.

At this point it may be helpful for a moment to digress and to examine the different attitudes of the European, and particularly the Nordic races to the question of the adjustment of relationships between East and West. In the United States of America there is no social intermingling at all. The African Negro and the so-called one hundred per cent. American are as far apart as the poles, and the Mulatto, who roughly corresponds to the Eurasian or Anglo-Indian (new style) in India, throws in his lot with the Negro population. With all this, however, the negro possesses a certain limited status and has risen remarkably in the few years that have passed since he ceased to be a slave. In some cases he has acquired wealth, he has become educated and as a patriotic American he influences national policy to some extent. In South America there is no recognition of racial differences at all, for the admixture of Spanish and native Indian blood is so extreme that everyone is a hidalgo, whatever his origin. In the French and Dutch colonial possessions the relation-

ship between the conqueror and the indigenous inhabitants are different from those which obtain in any part of the British Empire. In these colonies the white trader comes out with the full expectation of spending the rest of his life there. He rarely or never goes Home on leave and his interests lie in the land of his adoption rather than in that of his birth. Theoretically, in the French and Dutch colonies, white, black and half-caste meet on equal terms, a d no stigma, either real or implied, attaches to the pigmentation of the skin. My own view is that just as great a degree of equality exists between man and man within the British Empire. But that is anticipating my argument. To return to India, the records of John Company show that in the early days a state of affairs prevailed which, judged by to-day's standards, seems extraordinary. For instance, marriage with an Indian was not a bar to social or commercial success. The Mutiny appears to have formed a marked dividing-line. Since then the Britisher who married an Indian became an outcaste, and probably there was good reason for it. Those who take their stand on purely biological or historical bases frequently ask why? For, they assert, the ancestors of the British were wearing woad at a time when Indian culture and civilization were at their highest peak. To ignore facts would, however, be merely foolish. The prejudice, whether right or wrong, is there. Rudyard Kipling, Flora Annie Steel, Bruce, Alice Perrin and others have all dilated on the theme in their writing. In the result, India possesses a mixed population of only some 150,000. Which is in some respects a blessing, for though in upbringing, mode

of life and outlook they strive to be British (perhaps foolishly), their opportunities to attain an economic and social standing in keeping with their aspirations are very limited. Their financial resources are meagre and their indifference to higher education is a matter of real regret to those who believe the community should form a useful economic and political enclave within the sub-continent of India.

It is clear, then, that the British as a people have adopted a very different attitude to the coloured races under their suzerainty compared to other European colonizing Powers. In India, the largest of our Imperial concerns, the stock has been kept comparatively pure, though in the process, if the truth be fully told, many hardships and injustices have been perpetrated on the innocent victims of circumstances. To be "country born," even though you be descended from pure English stock, and of the first or second generation domiciled in the country, constitutes a very real handicap in the battle of life in India to-day, whilst the Eurasian or Anglo-Indian as he is now called, starts his professional business or Service career with almost insuperable odds laid against him. The country born or the Eurasian lad has very few of the advantages of birth, upbringing and education with which his contemporary from Home is equipped. European schools in India, in the nature of things, fall far short of the standard of average secondary schools in England, whilst anything approaching the traditions and atmosphere of an English Public School is entirely unknown. In such institutions as cater for these boys the standard of athletics is high, but the level of learning and

discipline is low. Owing to lack of adequate endowments very little encouragement is provided to a youth to go forward to a University for higher educational purposes and, indeed, the Universities are rather looked down upon by the Anglo-Indian community because, inevitably, they are principally staffed by Indians for the teaching of Indians. In my opinion, one of the main causes of the poverty and unemployment which exist to-day amongst the Anglo-Indian community is the lamentable indifference to higher and vocational educational problems. This, however, has no immediate bearing on the question of status with which we are now concerned. It is a digression into which I have fallen rather as a thought aside in considering our attitude to the largest mixed population within the Empire.

Quite justifiably the reader may now invite me to be more precise about the question of "status." What is meant by it? How have we failed in the past to confer it upon our Indian fellow subjects? What is to be done about it in the future? The answers to these questions are the immediate desiderata and I will endeavour to provide them, though, when one reflects for any length of time on the subject, I am afraid my conclusions are bound to be very inadequate.

Frankly, I can give no better definition of status in the sense in which we are considering the problem than I have suggested in the opening paragraphs of this chapter. To the Indian the conferring of equal status involves the removing of all handicaps which have their root in differences of race, religion or colour. Until that has been achieved no Indian will

ever concede that he enjoys equal status with an Englishman. Personally, I believe that so far as the Government of India is concerned that happy state was reached long ago. For many years past all men have been equal in its eyes, and if any bias exists it is in favour of the brown man and correspondingly to the disadvantage of the white man. Equality of opportunity and treatment have been the basis of the success of our mixed administration in India, which redounds to the credit of both teacher and taught. All that, however, does not do away with the fact that in the past we have failed to imbue the peoples of India with a sense of equality; with a feeling that they and we stand together, fellow citizens of a common Empire whose fortunes we must share for good or ill. Perhaps the attainment of such an Imperial sentiment has been wellnigh impossible between peoples whose cultural and religious differences are so profound. But there are directions in which we have failed, and I propose broadly to indicate where I believe the British business community has been found wanting.

As a peg on which to hang this rather rambling disquisition let me take two personal experiences widely separated in both time and location. Some years ago I was travelling by mail from Bombay to Delhi, and sharing a four-berth sleeping compartment with me was an Indian whom I judged to be a fairly prosperous merchant. He was both courteous and modest, and at night after returning from the dining car we sat on our respective lower bunks talking until the time came to turn in. Some hours later, in the middle of the night, we stopped at a small station,

and together with his servant and abundant traps there entered our carriage an Englishman who appeared to think that by prescriptive right he was entitled to the lower bunk occupied by my Indian fellow passenger. He set forth his claim in terms which left nothing to chance and, until I intervened, the Indian was in some doubt as to whether he should evacuate the lower bunk and take up his bed in the execrable contraption above. The upshot of the argument was that the newcomer climbed up top-sides and to his great credit eventually apologized to the Indian, remarking to me in an aside, "I suppose it's their b——y country after all."

The second incident which I have in mind occurred only a few months ago at a time when the boycott of British goods was at its height. I was seeking an interview with a very junior assistant in a very important British mercantile office in Calcutta. By accident an Indian was ushered into the potentate's room at the same moment as myself. I was offered a chair and a cigarette and proceeded with my business. Three or four minutes later the captain of industry noticed the Indian's presence and with a calculated but very casual turn of the head the young Englishman said, "Er . . . yes . . . what d'ye want?" I cannot reproduce on paper the precise way in which this young man's query was addressed except to say that it was the most perfect combination of studied rudeness and indifference to which I have ever listened. For myself, had I been the Indian, I would have vowed then and there never to do business with the gentleman again, and if possible to avoid any form of transaction with the particular company

which he represented. Happily such an expression of bad manners and vulgarity is the exception rather than the rule amongst our fellow countrymen in India, but it gave me food for thought and I wondered what the cumulative effect of a series of such incidents would be on any man. Both incidents are possibly harmless in themselves, but I venture to suggest they do indicate a cruel indifference to people to whom in common decency we owe it to be, at least, civil. The two gentlemen responsible put down in their own homes would in all probability be the soul of courtesy and kindliness. On the occasions to which I have here drawn attention they reacted very badly to unfamiliar circumstances and, quite definitely, only succeeded in lowering the status of themselves and the community to which they belong.

On our side the promotion of his status could be best assisted by the cultivation of a frame of mind which would concede to the Indian with whom we have to do daily business all the treatment which we expect from him. This may seem a trifling matter to write about at such length, but it is because so much bitterness of feeling has been engendered by lack of sympathy, understanding and knowledge on the part of the British non-official that I have drawn attention to it in some detail. It may be argued, and I suppose a case of such a kind can be made out, that a study of the finer points of conduct between an Englishman and an Indian are no concern of the businessman, whose primary object is the promotion of trade and the acquisition of rupees, annas and pice. My answer to that is that if it is not desirable on any other ground than that of trade a stronger bond of

sympathy and interest between man and man is worth creating. If the proposition does not interest the British businessman from any other point of view it should at least interest him from that one.

The personal relationship which exists between British officers and Indian officers, and British officers and other ranks of the Indian Army, has always called forth my unbounded admiration. Here one sees affection, respect, pride and toleration in play and check. An *esprit* has been created and a code of conduct evolved which is almost as perfect as it can be made. I would remind the reader, however, that this has only been accomplished after considerable effort on the part of successive generations of British officers.

Upton Close, a distinguished American writer, says the most deep-seated objection which the Asiatic has to the white man is the latter's " arrogant assumption of social superiority." I do not go all the way with Upton Close in his arguments, for I do not think the Englishman in the East ever thinks in terms of social values between himself and the Asiatic. What I do find extraordinary in our mentality, however, is that ninety-nine non-official Englishmen out of a hundred who spend a working lifetime in India apparently do not think it worth their while to learn anything of the history of the country or the languages spoken by its peoples. The indifference displayed by the average Englishman to the culture of the land of his temporary adoption is positively appalling and, were I an Indian, it would constitute for me nothing short of a gross insult. It is in this respect that I consider the British business community has fallen short of its obvious

obligations to India, and if we are to avoid the grievous errors of the past we must undergo what Mr. Gandhi would call a change of heart.

It has often been suggested to me that what India means by status is a full outfit of Western political institutions. That is incorrect, although every Indian has the goal of *swaraj* prominently fixed in front of his eyes. Status means something different. Reading a leading article in an Indian newspaper some time ago, I was struck by the following complaint, and I made a note of it and kept it for future reference. The writer said : " The British in India have created new distinctions unknown before. Everywhere in India—in parks, in hotels, in railways, in the Services and in the offices a discrimination is observed between Indians and Europeans, a discrimination purely based on colour." Twenty years ago that state of affairs may have been the case. To-day it is emphatically not so. But old prejudices die hard and the Indian is ready to see discrimination where none exists and the Englishman to bring something of the salad days of Imperialism with him to the country. But manifestly it is a piece of inexcusable arrogance that one should live in a country and take no part in the social or cultural life of its people, however distinguished they may be individually. We will govern you ; we will tax you ; we will trade with you. But *we will not eat with you.* That is the sum total of this arrogant postulation.

CHAPTER VIII

CONCLUSION

AS a concluding thought to this rather sketchy essay I would like to pass in review what we have found to be the main tendencies of Indo-British commercial relations and to make certain final observations on this highly important and complicated subject. Looking invariably for guidance and advice to the large number of benign ex-satraps in our midst, we English people have been fed to repletion on the theory that India is unchanged and unchanging. It is only within the last two years that we have realized the utter falsity of this supposition and the discovery has given us something of a start. We have always been slow to realize that good government is not necessarily a substitute for self-government and, after the first shock to our pride had passed, men's minds have begun to turn gradually to the more material of the issues at stake. But even now they are only slowly coming to the forefront of our thoughts, for our fidelity to the doctrine of our Indian policy, which during the last quarter of a century never once contemplated the establishment of a premature democracy in India, has been one of the most remarkable consistencies of British political history of this century. That the enrolment of no less than twenty million Indian voters has been proposed, which number is

to be increased to fifty million in fifteen years, by the Simon Commission, a body predominantly Conservative in its outlook, is merely one symptom of the sweeping mental metamorphosis which has overtaken us in recent days. Lord Morley, in introducing the India Councils Act of 1910, declared that it was not intended within any time envisaged by reasonable men to lead up to democracy in our Indian Empire. How completely our outlook has changed since then is well known to every reader of the daily newspapers, for " federation " and other slogans of the constitution makers have become almost household words. A new and immensely powerful democracy is coming into being in our midst, fitted out with expensive, brightly burnished political machinery imported from the west, and it is only at the last moment that we have begun to study its possible effects on our own economic future. As ever, we have been taken by surprise and a few distracted people who have grasped the possibilities of the situation are casting round frantically for means to protect themselves against a movement which has its root in world forces, beyond our control, and which can no more be stayed than can the coming and going of the tides around the shores of our own small islands. Elderly patriots complain that we have lost our imperial spirit ; others, and they are in the majority, who have been imbued with the Radicalism which over the last thirty years has eaten into our daily life and personal philosophy, maintain that a territorial expression of Empire is inadequate to the new circumstances and conditions and seek an outlet for their collective aspirations in imposing, willy-nilly, their conceptions of popular

government on peoples willing, but frequently unprepared, to receive them. The march of events has bewildered us and the prevailing currents and cross-currents of political and economic thought are past our understanding. And in the midst of these conflicting factors stands the subject of this little book, the businessman whose work either lies in India or else brings him into daily touch with that country. He is baffled and perplexed, for the principles which he has cherished all his working life have been rudely brushed aside and, so far as he can see it, the future consists of one material sacrifice after another. Angrily he declares that a spineless administration has "sold the pass"; or, according to his private predilections, that within six weeks of the initiation of *swaraj* India will disintegrate into warring, snarling factions; that consequently the British *raj* will be obliged to step in and that peace will be restored by the sword and a repetition of the halcyon post-Mutiny days will set in once more. How far the British administration are accountable for the present state of affairs in India does not now concern us. The plain fact is that India is on the eve of an experiment in nation-building which is fraught with difficulties of all kinds. Further, if she drifts into a state of disruption and internecine warfare, and in effect becomes a second China, I cannot see that reconquest of the country by Great Britain is in the least degree a likely possibility. For good or for ill the great adventure of self-government is beginning and British business interests in India will have to take a chance along with the rest. That is the central, incontrovertible fact of the situation.

It is constantly asserted that we British are an

adaptable race and that our real genius for affairs only becomes apparent in a time of national emergency. That proposition may have been profoundly true twenty years ago, but there are many people to-day who doubt its validity. Be that as it may, however, if we are to survive we are going to have to employ all our adaptability and all our capacity for compromise in the India of to-morrow. And it is upon the British businessman that the burden of the day will fall. Much that he has cherished and valued in the past will be swept aside by the first freshets of Indian nationalism ; a set of conditions will be created in which trade and commerce will be neither as easy nor as profitable as it has been in the past, and as the years go on his entire conception of business in India will be changed by events which are being determined now by the British and Indian advisers of the King-Emperor. Many are apprehensive of the future, and the question which arises in the minds of those who study the Indian situation is whether we will be equal to the new and trying conditions in which we will find ourselves.

Take the matter of leadership to which reference was made earlier in this book. By everything that is right and natural we British ought to be the leaders of the minority parties in the new legislatures which will come into being in the near future. Are we prepared to take up this difficult but privileged position? The indications hitherto have not been very promising. Only a few weeks ago at the Calcutta Dinner, an annual function held in London at which pronouncements of considerable importance to the non-official community are frequently made, the

chairman portentously declared that "if the non-official community is to be adequately represented in the Legislatures this must be done by senior men who have made their positions and who do not require payment." And that declaration is typical of the way in which we are facing the future. The paid representative for a variety of reasons is not the ideal man for the Indian legislatures, but it is extremely difficult to follow Sir John Bell's contention that "senior men" are the only people qualified to represent their fellow Englishmen at Delhi or in the provincial parliaments. Unfortunately we know from sad experience that this is by no means strictly true, but it is going to take some time to convince the heads of firms in India that it might ultimately pay them to encourage those younger members of their organizations who show any aptitude for politics. Politically the younger members of the community are supposed to be seen and not heard. Those who have both heard and seen the political exercises of their elders have not been impressed. The younger generation of Englishmen have got to take their proper place in the future political life of India, and the senior men, the partners and directors of firms, must sooner or later realize that an infusion of new, fresh blood into the community's political representation is a desirable thing from every point of view. And whilst we are considering the matter of political representation we might touch very briefly on an important but unpleasant matter. I do not suppose there exists amongst any branch of the English people, except the one located in India, the detestable practice of victimizing an individual socially and commercially on account of his political opinions.

This extremely mean method of silencing the expression of views that may be truthful but unpleasant, is a vice of the community in India and until it is eradicated our political life will never be healthy, progressive and honest.

A great deal of foolish talk has been indulged in on all hands concerning the merits of Federation and there have been no greater sinners in this respect than British businessmen who, on the face of it, ought to know better. It has been assumed and seriously put forward time after time that because the Princes have agreed to participate in the new constitution, Federation is therefore the touchstone which will solve all India's difficulties. The non-official European delegates to the first session of the Round Table Conference declared that they agreed to complete responsibility being given to the central government only because the Indian States' representatives had previously agreed to such a course. When questioned as to the reasons which led to this strange *volte face*, which incidentally involved the complete abandonment of the written instructions which had been sent to them from India, they answered that their decision was based upon the supposition that the Princes, presence in the new Indian legislature would create " a solid bloc of conservative opinion." How far that opinion is correct subsequent events will assuredly show. But in the meantime it is worth noting that the Princes agreed to come into the Federation for one reason only, namely because such a form of government will best serve their own ends. It will be generally agreed that a federal government, dependent upon the support of a popularly elected legislature, will be

a much weaker creation than has ever previously controlled the destinies of British-India. Its weakness will be correspondingly reflected in its relations with the self-governing Indian States, many of whom have a number of old scores to wipe out. Fundamentally, however, Federation has been swallowed by the Indian Princes because Federation can in practice be translated into terms of rupees, annas and pice. Volumes could be written about the business potentialities of the Indian States, but it is sufficient to say here that many of the larger ones are clamouring for an economic existence and identity which cannot much longer be denied them. So far from us being able to rely on their consistent support of what we consider to be right and just we will have to watch their activities very closely in the critical times that are ahead. If it is a matter of improving the sanitation or street lighting of their own domains the Princes will undoubtedly be found to constitute a very "solid bloc of conservative opinion." When, however, it comes to whittling down the rights of British business or pilfering the proceeds of British trade in India they will be found to be not quite so staunch in the conservative principles with which they are credited. The matter has been referred to, perforce, very briefly. But again it cannot be too strongly emphasized that in considering it the exercise of common sense is preferable to a deal of vague sentimentality and woolly thinking.

There arises the further possibility that the economic and political balance of the country is likely to be upset for a much longer period than any of us can foresee. A variety of domestic problems which, strictly speaking, can be no concern of anyone but

the immediately interested Indian contestants will come up for determination. It would be hoping too much that in the adolescence of nationhood, at any rate, they will be settled without considerable internal conflict which for long periods at a time must render trade and commerce both difficult and hazardous. Is our existing business structure in India strong enough to withstand a series of shocks or a period of prolonged stresses ? Safeguards, conventions and suchlike nostrums will not be of much avail if India is subject to spasmodic outbreaks of communal violence, internecine warfare and the armed conflict of one faction against another. In these conditions the scope of trade will be circumscribed to such extent as law and order prevails. We need not look further than the recent condition of Burma for a ready-made example of the degree of damage that can be inflicted upon trade by prolonged and uncontrolled civil disorder. And there is no reason to hope that the condition of many parts of India will be any better in the years that are immediately ahead of us. The possibilities are very considerable that in parts of India, for many years to come, civil commotion of a primitive but obstinate kind will occur once the strong arm of the British *raj* is relaxed and, in such conditions, ordinary business will be wellnigh impossible. The new Indian Government will have its hands full for a long time after its inception and, at best, it will only be able to pay scant attention to the complaints of people whom for all practical purposes it will regard as strangers in the land. This is a very real possibility of the future, though the armchair friends of India will be found almost to a man to pooh-pooh the idea.

Those who live and work in the country and have studied its conditions at first-hand know differently, however. The chances of a first-class internal conflagration synchronizing with the dawn of *swaraj* should not be underestimated nor, indeed, should the capacity of a purely Indian Government to cope with such a situation be overestimated.

Congress tells us quite frankly that it wants " all or nothing " ; openly talks of the right to secede from the Empire and frankly contemplates an independent India. Assuming that this claim can no longer be treated as a foolish joke, how has the non-official British community in India reacted to the proposition? On no recorded occasion has such a suggestion been repudiated by the non-official British community in India in terms befitting the baseness of the proposal. Rather has there been in the past a sigh of thankfulness that the existing order " will last my time," though the British newspaper press has carefully delineated the issues before the community from time to time. This is the spirit as I see it amongst the older generation, though amongst the younger men there is no lack of faith in Britain herself and in the work that she has done and is doing in India. Our Indian connection does not rest on a claim for gratitude or for services rendered, for we are to-day as much a part of the vitals of the Indian nation as any of the minorities, upon whose fair treatment and protection our statesmen are so insistent. Have we ever considered in the cold light of facts what acceptance of this dangerous Congress theory would involve? Hitherto our leaders have been indifferent to the Congress claim for independence. It is but a short

step from indifference to acquiescence, however. British India is only a part of India and it is not territorially intact. Inset in the greater organization are hundreds of independent Indian states, and if the British connection come to an end there is no means, save the sword, by which the suzerainty exercised by Britain over the independent states can be transferred to an independent British India. The new British India would find herself beset by a large number of completely independent states unwilling to recognize her paramountcy and claiming, in many cases, both land and money, their doubtful title to which they do not press under to-day's conditions. But they would unquestionably pursue by force the quarrels with British India and with one another, which they have to-day suspended for very good reasons. The new dominion will quickly be involved in wars not of its own seeking but inherent in the situation. Since the rulers of her adjacent principalities will be a mixed bunch—some Hindus and some Moslems—these wars are likely to be a serious strain on the internal unity of British India, for her mixed population will be torn this way and that. The spirit of nationalism will have to be very strongly developed indeed to withstand these constant challenges by the other emotions. In the aggregate all this is going to have a very deleterious effect on the British commercial connection. Do we realize the possibility of these things coming to pass in the near future and, if we do, have we considered how we can adjust our trade and commerce to the upheaval that will follow?

The open threats of expropriation and confiscation have been dealt with in previous chapters. It is

sufficient here to repeat that they are a concomitant of Indian independence and a very real possibility in any new constitution. Something has been written in preceding pages of the relations between " big business " and the Congress. There is an even closer tie between Indian business and the Moderate Party. The Moderate and the Extremist are agreed on the object they have in view; they differ only in the methods by which they would attain it. The so-called Indian Liberal party is as keen to despoil British trade and commerce as is the Congress. Full responsible Government places the weapon of spoliation in their hands and they will not hesitate to use it unless a bargain is struck without delay. It is a disturbing thought, but it is true, and the sooner it is realized the better it will be for all concerned. In whatever form the new Indian constitution emerges the process of legislation will still go on at Delhi and it is through this that the Moderate and the Responsivist will attain his ambitions in respect of British trade and commerce. In five years' time the opportunity will have passed and, in truth, it is doubtful whether as a trading community the British in India will have anything left to bargain with. The time therefore to settle this issue is *now*.

Lord Irwin declared a short time ago that it is no good supposing that you can re-create the India of ten years ago any more than it is possible to recapture the atmosphere of childhood. That is true, for to-day we have in India an entirely new set of conditions and an entirely new mentality in Oriental politics. More is at stake in the India negotiations than the relations between England and India. In the dim background,

shadowy but real, are the whole relations between East and West, and between these two India has become the natural interpreter. The course of future history, perhaps, indeed the reshaping of the world, depends upon our finding a satisfactory solution to this. It is for this reason that I have urged the abandonment of trading safeguards and their replacement by a mutually helpful treaty or convention. The latter will secure for British trade all that the former seeks and at the same time will be free of irritating and humiliating psychological and moral implications. For our future relations with India will only be permanently secure and happy if we dispose once and for all of this issue of expropriation, determine what belongs to whom and place our trading relations out of the range of political controversy for ever. Signs are not wanting that such a convention would be acceptable to even extreme Indian opinion and Mr. Gandhi has recently vaguely hinted at the desirability of some such arrangement in the columns of his journal, *Young India.* One would think that, for ourselves, the opportunity was irresistible.

As these lines are being written the Indian delegation is on its way to the resumed meeting of the Federal Structure Sub-Committee which paves the way for the larger deliberations of the second session of the Round Table Conference. Mr. Gandhi, after much heart-searching and hesitation, follows in the wake. One wonders—is peace at hand? Is the India we know and love at last to be delivered from the *malaise* which has paralysed her national life for the last two years? Do those who in both countries shout " Surrender " on the one side or " Victory " on the

other realize that we are only at the beginning of many very anxious years and that nothing has yet been settled? But there can be no turning back. Rightly or wrongly, the course has been set, and as Mr. Baldwin has said, "We have impregnated India, ourselves, with Western ideas and for good or ill we are reaping the fruits of our work." Whether we are justified or not, whether in the result we shall be betrayed and bitterly disappointed we have gone forward in a great act of faith which is now drawing to its completion. In the future the British commercial community, who eventually will be the sole representatives of British interests in the new Federated States of India, will be called upon to use in a growing degree the qualities of vision and faith, of tolerance and firmness. An opportunity is at hand for them to secure by the exercise of forethought and statesmanship an empire in India for themselves and a glorious heritage for their children. If they cast away this opportunity, if they fail to compass the problem, then the days of our dominion in India are numbered and we shall have begun the process of losing another Continent.

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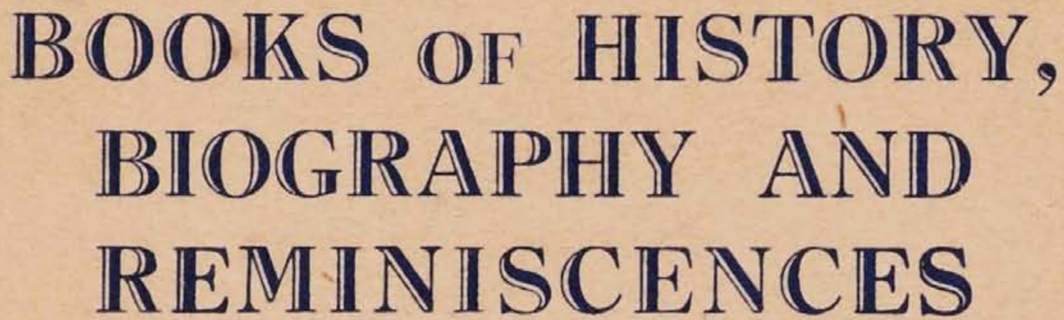

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