

INDIA AND IMPERIALISM

INTRODUCTION:

The current crisis in India arising from the overthrow of formal "democracy" on June 26, 1975 and its virtual replacement by one-party (or one-person) dictatorship has naturally caused much concern. Most of the comment in the Western press has focussed on the relatively superficial aspects of the crisis - the legal challenge faced by Mrs. Gandhi, parliamentary and constitutional norms and niceties, etc. The important, underlying factors which have forced the ruling party in India to take this repressive path are rarely analysed or reported. The single, most important reason for the repressive measures was the growth of spontaneous, mass movements against the ruling party in 1973, '74 and '75. These mass movements were a direct response to the inflation and non-availability of essential commodities in the 1970's which caused a tremendous increase in the poverty and misery of a vast majority of the country's population. (In the late 60's, it was estimated that 40% of India's population did not have enough income to eat two meals a day, defined in terms of minimum calories, leaving aside all other necessary expenses like clothing, housing, education and medicine; by 1970-71 this proportion was above 50% and in 1973-74, closer to 60%). This lack of basic necessities for the majority of the Indian people is, in turn, due to the particular structures of India's economy and society and the inability of Indian capitalist

development (whether state capitalist development under bureaucratic control, or private capitalist development) since Independence to transcend those structures and provide a minimum package of necessary goods to the country's population. Before 1947, India was under formal imperialist rule for almost two centuries. Most of the structures which serve as impediments to development are survivals of that history. After the attainment of formal political independence in 1947, the classes which came to power, chiefly, the bourgeoisie, which for reasons explained below, later allied with a section of the landowners, tried to enter on the path of independent capitalist development. Their failure to do this, for a number of reasons discussed later, forced them back on the path of dependent capitalist development, dependent on the major capitalist countries for various forms of "aid" and trade. This state of affairs, usually associated with the concepts of neo-imperialism, and neo-colonialism, is by no means peculiar to India of course; with varying degrees of emphasis, it applies to what are called 3rd world countries, most of which emerged recently from formal colonial rule, only to find themselves as subject to the economic domination of the leading capitalist countries, as influenced by the vagaries of the world capitalist markets, and with the vast majority of their people as exploited and impoverished as they were before the attainment of the so-called "independence".

Hence the reasons for the current crisis in India may logically be traced to the workings of imperialism and neo-imperialism, which have arrested economic and social

development, caused the meagre surplus produced to be distributed unequally, thereby impoverishing the population, whose recent rebellious mood forced the ruling classes to resort to semi-fascist and repressive methods aimed at preserving their class rule (in which neo-imperialism is, of course, vitally interested).

Thus, to understand the present crisis it is necessary to understand imperialism and the way it has operated in India historically. This is the rationale for this afternoon's workshop and discussion. In the short abstract we are presenting here, it is not possible to do this task in detail. We hope to bring out a detailed paper later which will expand on the points mentioned in the abstract at length.

THE BRITISH RULE IN INDIA

The history of British imperialism in India may be divided into three phases:

- (i) The 'plunder' phase: This lasted from about the mid-18th century to the early 19th century. Politically, this was marked by extension of British conquest to bring the entire area of India under their domination. The political confusion and disunity in India at this time stemming from the dissolution of the central political power, the Mughal empire, in the early 18th century, combined with the superior technical, military techniques of the English invaders facilitated the British conquest. Economically, this phase was marked by outright plunder and looting by the agents of the East India Company in the territories which they conquered. It has been claimed that the treasure transferred to England in this period from India, played an important part in the 'primitive capitalist accumulation' necessary for England's Industrial Revolution.
- (ii) The 'consolidation' phase: In the interest of effective and continuous exploitation, it was clear that the reckless methods of plunder of the East India Company had to be curbed. Moreover, after the Industrial Revolution in England, the emerging British capitalists were interested in finding markets for their manufactures. This necessitated a transformation of the economic system from merchant capitalism based monopoly of trade, to "free-trade" capitalism based on exploitation of captive markets.

Politically, this phase was marked by the ending of the East India Company's monopoly in 1813, and the administration of British India came under the purview of the British Parliament.

Economically, this phase was dominated by the subjection of the Indian economy to the needs of industrial capital. India's manufacturing industries based on handicraft production were destroyed. India was transformed from a net exporter of manufactured goods into a net importer and converted to a supplier of raw materials necessary for British industry. Prior to the advent of British domination, the economy of India was based on the self-sufficient village system, wherein each village produced (generally) enough for its own needs with exchange with the outside world limited to certain necessities like salt and iron. There were, in addition, numerous large towns and cities (large by the standards of that time) which were either seats of political power, centres of trade and commerce, or places of religious pilgrimage. These towns supported an extensive manufacturing industry which produced quality goods either for the luxury consumption of the feudal nobility, or for export. India exported mainly fine-quality cotton goods to the Middle-East and Europe. (It was, indeed, mainly to gain a monopoly in the profitable trade of selling Indian textiles and spices in Europe that the East India Company had first come to India).

With the consolidation of British domination and the advent of the industrial capitalism in England, the situation abruptly changed. Between 1815 and 1832 the value of Indian

cotton goods exports fell from £ 1.3 Million to less than £ 100,000, while the value of English cotton goods imported into India rose from £ 26,000 to £ 400,000. By 1850, India accounted for fully one-fourth of all British cotton exports. At the same time, exports of raw materials from India to Britain went up. Raw cotton exports rose from 9 million lbs. in 1813 to 32 million in 1833 and 88 million in 1844. Commercial agriculture and plantations were introduced to serve the demand for raw materials. The destruction of the manufacturing industries by commercial policies and sometimes by force not only created the model of the colonial economy (supplier of raw materials and importer of manufactured goods) so familiar to the other victims of capitalist imperialism, it also created an enormous pressure on the land which became the only source of livelihood for the vast numbers of former artisans and handicraftsmen, and exposed the hitherto insulated Indian villages to the vagaries of the world capitalist market.

(iii) The phase of "Finance Capital" and Britain's political decline: With the growth of other capitalist powers like the U.S., Germany, France and Japan, Britain's unchallenged supremacy over the world capitalist market declined. This last phase of British imperial domination lasted from the late 19th century to the advent of formal independence in 1947.

Economically, this phase was marked by a slow, halting growth of industrial capitalism in India. Most of the investment, British in origin, went into the construction of a transportation network of railways and was geared to the needs of the export of raw materials. However, a class of Indian capitalists slowly emerged. The development of this class was accelerated during World War I, when British capitalism faced

problems in supplying the needs of the Indian market. The Indian bourgeoisie faced enormous opposition from entrenched British capitalist interests and the British Indian government. Its class interests dictated for its support and sponsorship of the Indian National Congress, the vehicle of the anti-imperialist, Indian freedom movement. The Second World War finished the international dominance of the British capitalism, and made it impossible for it to continue to assert its political control of India. Independence and division of the sub-continent into the successor states of India and Pakistan in 1947, generally preserved the economic interests of British capitalists, though a number of British-owned enterprises had been bought out by Indian capitalists in the period of World War II and the period immediately following the war.

To summarize the effects of British imperialism in India: Britain destroyed the traditional manufacturing industries of pre-capitalist India in the early 19th century and converted India into a market for British manufactured goods and a supplier of raw materials for British industry. The needs of later British capitalism dictated the establishment of a few capitalist, industrial enterprises in India. Indian capitalists emerged in the teeth of British opposition and grew in number and assets in the period of the World Wars. They supported, in general, the freedom movement out of their own class interest and wished to put India on an independent, capitalist path of development.

Eve of Independence:

Although some industrial growth had occurred in India in the final years of British rule, mostly in cotton textiles, jute goods manufacture, cement, and light engineering industries and a relatively small Indian bourgeoisie had emerged, agriculture remained the main feature of the economy. More than half of the national income was produced in agriculture which accounted for almost three-fourths of the labor force, as compared to modern industry, which employed barely 2%. Land ownership was highly skewed. The zamindars, a class of parasitic feudal landlords created by the British who functioned as the main props of British rule in the countryside, had no interest in land improvement and raising agricultural productivity. Rack-renting, insecure tenancies, usury, excessive speculation on land, fragmentation of holdings, and peasant indebtedness, and general absence of technical improvement characterized Indian agriculture whose backward state functioned as the biggest obstacle to economic and social development in India. The national bourgeoisie, whose class interests had earlier led it to oppose imperialism, recognized this fact and promoted the idea of land reform and abolition of landlordism under the slogan of "land to the tiller".

Developments since Independence:

With the transfer of power in 1947, the Indian bourgeoisie gained political control. But the 'peaceful' nature of the transition meant that all the socio-economic structures created by imperialism, the British-created bureaucracy which administered the country, landlordism, and the substantial foreign-owned and controlled sector of the economy survived intact. Unlike the Chinese revolution, Indian 'independence' in 1947 was very much a transfer of power, not a capture of power arising out of a revolutionary overthrow of the old society. This meant, in addition, that all the superstructural accretions of the imperialist era, the legal, administrative and educational systems were preserved in toto through the period of transition. It was against this background that the Indian bourgeoisie and its political arm, the Congress Party, tried to carry India along the path of independent capitalist development. This program entailed two tasks:

(i) Abolition of landlordism and semi-feudal production relations in the agricultural sector, making actual cultivators the owners of the land and removing the insecurity of tenancies. This would imply the development of agricultural capitalism in the countryside based on independent peasant proprietorship.

(ii) Rapid development of industry, under the auspices of the State (i.e., the bourgeois State) if necessary, including the establishment of basic, heavy industry. This would permit

a self-reliant economic growth, freeing Indian industry from the clutches of foreign capitalism and also absorb a substantial portion of the labor force which stagnated in the backward agricultural sector.

The first task was attempted by enacting a series of land reform measures in different states including the abolition of zamindaris in 1951. However, by the time the measures came to be actually implemented, their original purpose was seriously compromised. This happened due to a variety of factors: (a) The local and state level leaders of the Congress Party as well as the local bureaucracy, who were in practice charged with the implementation of the laws, were more intimately linked to the landowning interests than was the national leadership. Consequently, eviction of tenants and fraudulent transfers of land, taking every advantage that legal loopholes afforded went unreported and, in effect, destroyed the purpose of legislation. (b) The growth of militant peasant movements, sometimes under Communist leadership like the armed uprising in the Telengana area of the state of Andhra, made the bourgeoisie afraid of going too far against landlords. It needed allies in case revolutionary peasant movements under proletarian leadership challenged class rule in society as a whole. (c) True to the legalities of the bourgeois approach to property relations, heavy compensation was paid to the landlords for the land taken over, amounting to Rs.641 crores (\$1.3 billion at the prevailing exchange rate) in the case of the Zamindari abolition alone, which put a

heavy burden on the revenues of the Central Government and inhibited investment in other development.

Thus, land reform in India remained thwarted. But the development of capitalism in Indian agriculture, although not of the independent peasant proprietor type, has come about gradually in a quarter of the cultivated area under what Lenin termed as the "Prussian" path, i.e., transformation of landlords into capitalists. This will be referred to later in more detail.

The second task, that of rapid industrialization was attempted through the process of planning. In addition to private enterprise, a substantial state sector was advocated especially in infrastructural and basic industries such as steel, where private enterprise was unable to raise the required capital. Despite the rhetoric of the Indian regime, the development of state enterprise under bureaucratic management has nothing to do with socialism. The primary reason for state intervention has been to create the infrastructure for capitalist development. The secondary reason, checking the concentration and monopoly of economic power in the hands of the big bourgeoisie so as not to alienate the small and middle bourgeoisie, has fluctuated in importance in proportion to the exigencies of the domestic political situation.

Initially, the Indian bourgeoisie was hostile to foreign capital. But certain core areas of the economy were barred to foreign investment, while some restrictions were placed on foreign ownership in general. However, after the launching of the heavy industrialization drive with the

Second Five-Year Plan in 1956, the rapid outflow of foreign exchange to pay for machinery imports as well as the inability of the relatively stagnant agricultural sector to generate surpluses for investment (or, in fact, to produce enough food which necessitated foodgrain imports) led to a crisis. The inability of the bourgeoisie to overcome this crisis caused it to change its attitude towards foreign capital, which began to be eagerly solicited by the public and private sector alike. Of 2,200 foreign collaboration agreements approved by the Government between 1948 and 1964, 1900 took place between 1956 and 1964. Moreover, the shift in foreign investments reflect the change in the forces of world capitalism. British-owned investments which accounted for 80% of all foreign investment, fell to 48% in 1967. The corresponding for the U.S. are 4% and 25% respectively. The composition of foreign investment also completely changed from the 'colonial' pattern of investment in the extractive, raw material industries. A much larger proportion of the fresh investment is now in the modern, manufacturing sector. In addition, the state sector of the economy has not been immune to seeking foreign 'aid' in attempting to finance its developmental plans. The burden of this 'aid' has now become so onerous that more fresh aid goes in paying the interest on the debt incurred in previous borrowings. The U.S., needless to say, stands in the forefront of all the 'aid' givers, and stands to collect profitably on the interest payments with which India is saddled for many years to come.

In order to 'diversify' its base of foreign creditors and avoid inordinate political dependence on the capitalist bloc led by the U.S., the Indian bourgeoisie turned to the

Soviet-bloc countries, especially the U.S.S.R. for financial and technical assistance. Although the Soviet-bloc assistance has gone mainly to the state sector of the economy, especially in basic industries like steel and heavy engineering, and has been available on less onerous financial terms than the 'aid' from the capitalist countries, it has not helped to put India on a path of independent growth. Development in the Soviet-aided sectors of the economy is now increasingly tied to more political and economic concessions extracted from the Indian regime by the Soviet Union and its allies. India's so-called 'non-capitalist path' of development, lauded by the Soviet Union as part of its global strategy of 'peaceful transition' to socialism, is actually a dependent capitalist path, dependent both on world capitalism and the Soviet-bloc with both superpower blocs alternately colluding and contending in advancing their political and economic interests.

With the failure of land reforms, in the countryside, the Indian bourgeoisie, on the advice and encouragement of the Rockefeller and Ford Foundations and the World Bank, attempted to stimulate the development of capitalism in agriculture by a strategy which now goes under the name of 'Green Revolution'. This was done by providing a package of technical inputs, such as new, high-yielding varieties of seed, fertilizers, credits for irrigation and farm machinery, to what the Government called 'progressive farmers' (a euphemism for enterprising landlords and the rich peasantry, ie., kulaks) in selected areas, in order to increase production. At the risk of some

long-term ecological damage, the new strategy certainly increased wheat production (the progress in the other major crop, rice, was not so spectacular) but also increased the concentration of wealth in the hands of the already well-off and further polarized the divisions between the rural haves and the have-nots.

The consequences of India's dependent capitalist development can now be examined, after 28 years of 'independence'. On a conservative estimate of \$2 per capita per month (in 1960-61 prices) as the basic minimum required to procure the necessities of existence in the rural areas of India, a recent study demonstrated that the percentage of rural people living below this minimum increased from 38% in 1960 to about 53% by the end of the sixties. This proportion is now probably closer to 60%. Another study demonstrated that the proportion of urban population living below the urban minimum of \$3 per capita per month was over 50%.

Faced with such colossal problems, the Indian Bourgeois-landlord combine which controls state power, has frequently resorted to gimmicks to divert the attention of the people from their desperate conditions. "Socialist" rhetoric by Congress Party politicians has been matched by their frequent trips to Washington, London, Paris, and now increasingly, Moscow to beg for more 'aid'. Frequent wars with neighbours like Pakistan (whose rulers are pretty much in the same boat) have served the same objectives. When gimmicks have failed, and organized

protest movements arisen, they have been met by increasingly brutal repression. In fact, the growth of the internal police forces meant primarily for repression has been the only true 'growth' industry in India in recent years. Thousands of political prisoners have been rotting in jails for several years.

The current crisis and the abandonment of formal 'democracy' is thus only the culmination of a process which has been going on for several years. Division among the ruling classes about the measures necessary to cope with this crisis, and the arrest of a few hundred rightist politicians accompanied by some formalistic rhetoric against the C.I.A., cannot obscure the fact that the vast majority of the tens of thousands who have been jailed are genuine revolutionaries committed to the overthrow of the present social order.