

ON THE INDIAN QUESTION

IN THE VI WORLD CONGRESS OF THE C.I.*

The polemic against the so-called theory of "de-colonisation" cast a shadow of unreality over the otherwise high class discussion of the Indian question in the VI World Congress of the Communist International. Therefore, it is necessary to begin with a few remarks about this theory ; more correctly, about the scarecrow of this so-called theory.

I do not propose to answer the polemics of Comrade Kuusinen and others. It will not be possible to correct the inaccuracies of facts cited in Comrade Kuusinen's report within the limits of this short statement. If necessary, I will be prepared to do so in a future occasion. For the present it is sufficient to observe that Comrade Kuusinen was not well-advised as regards facts. It is not the picture of India of 1928, but of a quarter of a century ago, that he drew before the Congress. This he was bound to do because of his admitted "lack of

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the necessary knowledge of the entire subject". But he was certainly extravagant in imagination, if he sought to accuse me of having ever maintained, openly or by implication, that imperialism under any circumstance could be a progressive factor in the colonies. Happily, in the corrected version of his concluding speech he emphatically stated that he did not identify "this false theory (of de-colonization) of our comrades" with the "apology of colonial regime made by the lackeys of imperialism". This eleventh hour statement, however, does not alter the fact that in his report he asserted that the comrades who maintained that there was a change in the economic policy of the British Imperialism in India, "even visualise de-colonization of India by British Imperialism". This is a misreading and misinterpretation of what I wrote even in this connection. The very passage quoted by Comrade Kuusinen to condemn me as an apologist of imperialism, proves that I do not hold the opinion that "British Imperialism will lead the Indian people by hand to freedom". What I pointed out was that, owing to the decay of capitalism in the metropolis, imperialism is obliged to find means and methods

of exploiting India more intensively, and is thereby creating a situation which weakens its very foundations.

Comrade Kuusinen asks: If it is so, why is British Imperialism doing such a thing? This is a very simple way of looking at the situation. It is trying to understand the operation of capitalism (in its highest stage of imperialism) separated from its inner contradictions. In the light of such simple logic Marx also becomes ridiculous by virtue of having said that capitalism creates its own grave-digger. If the capitalist mode of production lays down the conditions for Socialism, why did the bourgeoisie introduce it into society? These apparent contradictions are explained by Marxian dialectics.

To have a correct appreciation of the situation, it is necessary to distinguish between the subjective and the objective forces operating upon it. British Imperialism does not wish to lose an iota of its power in India. This is the subjective factor which has very great significance. But it alone is not decisive. The objective factor, that is, what, in the given situation, is possible for the British bourgeoisie to do to maintain their domination in

India and the effect of what they do, reacts upon the subjective force.

If the subjective were the decisive factor, there would never be a revolution, for the ruling class would never want to abdicate its power. There is, of course, the opposing subjective which wants to overthrow the existing order. But its wish alone is not sufficient. It can be realised when other objective forces are in operation in the situation. The degeneration of the ruling class, the decay of the established system of production and the decomposition of its state-power are the objective conditions for a successful revolution. The establishment, by a close analysis of facts, that these objective conditions are maturing in India, in spite of the desire of British Imperialism, does not prove, as Comrade Kuusinen said, that "our conception of nature of the imperialist colonial politics should be revised". On the contrary, Marxist and Leninist conception of the nature of imperialism does not exclude the maturing of conditions indicating degeneration, disorganisation and decay of imperialism as preliminary to its final overthrow. Otherwise it would not be a revolutionary conception of the dynamics

of the situation, but a static view without any perspective.

As is evident from the very passages quoted by Comrade Kuusinen, I used the term "decolonization" (*within inverted commas, because it is not my creation*) in the sense that imperialist power is undermined in India creating conditions for its successful revolutionary overthrow. India is a colony of the classical type. She will never cease to be a colony until British power is overthrown by revolutionary means. No compromise (however far-reaching) between the Indian bourgeoisie and the British imperialists will give real freedom to the Indian people. These are all truisms. But it is also true that India of to-day is not the India of a quarter of a century ago. It is simply ignoring facts to maintain that the Indian bourgeoisie to-day is economically as suppressed and politically as oppressed as twenty years ago. To recognise the fact that, simultaneously, in spite of, and with the sanction of Imperialism, India is now travelling on a path of economic development closed to her previously, is not a violation of the Marxist-Leninist conception of the nature of imperialism. On the contrary, such develop-

ments are not foreign to this nature. Indeed, Lenin did presage such developments in the colonies towards the latest stages of imperialist domination. In showing the evergrowing parasitic character of imperialism he approvingly quoted the following from Schulze-Gavernitz: "Europe will shift the burden of physical toil—first agricultural and mining, then of heavy industry—on the black races and will remain itself at leisure in the occupation of bond-holder, thus paving the way for the economic and later, the political emancipation of the coloured races." (*Imperialism*).

What, after all, is Imperialism? It is the domination and the exploitation of the backward races by the bourgeoisie of other capitalist countries. It is so, as far the colonies are concerned. Imperialism, as a whole, has much wider scope. That, however, does not directly concern us here. For the purpose of dominating and exploiting the colonial people the self-same methods are not, cannot be, applicable always. The object of the imperialist rulers is to get the greatest possible profit out of the colonies. How this profit is derived, is immaterial. The way British finance-capital gets profit

out of its Canadian and Australian possessions is different from the way it does the same from the East and West African colonies. The methods of exploitation applied in these are again not the same as in India. The change takes place not only from place to place but from time to time as well. The methods of deriving profits from Canada or Australia today are not the same as they were previously. There is no reason why the same change should not take place in India, if the interests of imperialism demand it, or the exigencies of imperialism force it.

Instead of considering imperialism as something unchangeable, static, a Marxist should examine it dialectically. By doing that we shall find its weakness more clearly, and thus be able to fight it more effectively. In this examination one should not squibble over the exact number of proletariat and blast furnaces in India. What is to be established is the general tendency. Is India politically and economically exactly in the same position as twenty-five years ago? Can the means and methods of exploitation applied at the period meet the present requirement of British Imperialism? Has there been any inner change

in the position of British Imperialism which forces it to adopt new means and methods of deriving profits from India? Is post-war imperialism in the position to continue colonial exploitation in the pre-war forms? These are the vital questions to be answered ; and the correct answer could be found only in an unprejudiced examination of facts of the situation, as it is.

Obviously the crux of the question is the internal condition of British capitalism. This was hardly touched in the discussion of the Indian question in the Congress.

Colonial politics suitable to the interests of British capitalism before the War, cannot meet the situation in which British capitalism find itself to-day in consequence of the war. Modern empires are built on capital exported from the metropolis. Britain's ability to export capital depends primarily on the condition of the industries at home. Therefore, an analysis of the economic situation in Britain should be the starting point of a serious discussion of the Indian question.

Capital is exported from a country when it is "over-developed", that is, when all the accumulated surplus cannot be invested there

at a sufficient profit. Investment in countries where capital is scarce, price of land relatively small, wages are low and raw materials are cheap, brings higher profits. (Lenin, *Imperialism*). How is the position of Britain to-day as regards export of capital? Is she in the position to export sufficiently large amounts of capital? If the facts give an affirmative answer to this question, then we may not look to a far-reaching change in the imperialist policy. For, in that case, imperialism will be still in its "normal" condition. But a different picture in Britain will necessarily mean a readjustment in imperial relations.

It is an established fact that Britain to-day suffers from under-production. Her actual production is much lower than her productive capacity. In other words, Britain produces much less than she could produce. This forced limitation of production has been caused by the shrinkage of market as a result of the war and growth of industries in other countries. Since the conclusion of the war, the total volume of British exports has never exceeded 80 p.c. of the pre-war level. In contrast to this the British export trade

expanded uninterruptedly, during the period of 1880 to 1913. And it was in that period of prosperity that the empire was built up and consolidated. Expanding export of manufactured goods (and by far the largest portion of Britain's export has always been manufactured goods) was the main channel for the export of capital which in its turn founded and cemented the empire. Therefore, a decline of the export trade is bound to affect the solidity of the empire, unless some other means are found to counteract the weakness resulting therefrom. In other words, the colonial policy evolved in the period of prosperity no longer suits imperialist interests when the conditions on which the policy was based, have changed. The colonies acquired and kept as reserve during the period of prosperity, should now be so exploited as to make up for the decline in the home country.

What will be the result of the policy, whether it will not defeat the very object with which it is launched, is a different question. The point at issue here is that changed conditions in the metropolis render the continuation of the old methods of colonial exploitation disadvantageous, and force upon the

imperialist bourgeoisie a new policy irrespective of what they would rather prefer.

On the question of the ultimate consequence of this policy, my contention is and has been that it will create conditions which will facilitate the disruption of the empire. To deduce from this Marxist contention that I am of the opinion that the British bourgeoisie will willingly "de-colonise" India, is simply absurd—wilful misrepresentation. What I said, and what can be maintained without slightly violating the Marxist-Leninist views of imperialism, is that what undermines imperialist monopoly and absolutism, inevitably operates as a "de-colonising" force as far as India is concerned.

Now, if the fall in Britain's export trade were a temporary phenomenon, then, it could not produce far-reaching consequences. So it is necessary to examine more closely the nature and extent of the present crisis of British capitalism. Authoritative capitalist economists themselves have admitted that it is not a passing phenomenon. It is admitted that the present crisis cannot be overcome in the 'normal' course of events. For example,

the Liberal Industrial Inquiry Committee in its report, published a few months ago, remarks: "Our exports have been obstinately stagnant in the post-war period and show no clear signs of any big recovery in the near future. The ominous nature of the situation becomes more evident when it is known that this admittedly permanent decline affects particularly the key-industries, namely, coal, iron and steel, cotton and ship-building; and these industries supply more than half of Britain's export trade." Discussing the depression in these key-industries the Liberal Industrial Inquiry Committee observes: "We cannot be sure that our staple trades will revive to their old dimensions". The grave significance of this situation can be fully judged when it is kept in mind that "these staple industries were the chief contributors to our export trade; and their expansion in the last century was the basis of our national development as a foreign trading and foreign investing nation." (*Ibid*).

Similar opinions testifying to the permanence of industrial depression in Britain are forthcoming from other equally competent

sources. So, not being a passing phenomenon, it is bound to produce abiding consequences. The situation is particularly pregnant, for the process of decay has attacked the most vital spots, precisely those industries whose development contributed to Britain's growth as a foreign-investing (that is, imperialist) nation.

Let us examine the consequences of this basic fact, in some details. The condition for the export of capital from a given country, is its possession of more capital than can be invested at home at a sufficiently high rate of profit. The period in which this condition obtained in Britain, coincided with the period of gigantic expansion of export trade. Between 1880 and 1913 the total amount of British capital invested abroad, increased from 800 million pounds to 3,500 million pounds. Industrial prosperity at home led to enormous accumulation of capital all of which could not be profitably absorbed inside the country. It was so much so that since the eighties of the last century the amount of capital exported from Britain rose steadily every year till in 1903 it exceeded the amount invested at home. Ever since 1903 the ratio

of capital exported to that invested at home increased year by year, until the war disturbed the situation. Of the total capital issues in London in the period between 1903 and 1913, about three quarters were for overseas investment. In the year immediately before the war broke out, the amount of capital exported by Britain was approximately 150 million pounds, whereas 36 millions were invested at home.

The picture changes after the war. The volume of overseas investment (including colonial) showed a decrease absolutely, and what is very important for our analysis, relatively to home investment. According to the editor of *the Economist*, Layton, (in his evidence before the Colwyn Committee on National Debt and Taxation) the total amount of capital exported in the five years preceding the war, was 863 million pounds in contrast to 466 millions in the same period after the war. Post-war annual foreign issues amounted to 135 million pounds in contrast to the average 200 millions during the years immediately preceding the war. The proportion of the total issues meant for overseas investment was 88 per cent in 1912, 62 per cent in

1924 and 31 per cent in 1927. The tendency is to fall further on.

One step further in the examination, and we reach the source of the disease. Obviously, Britain exports less capital because in the post-war years she no longer possesses so much surplus capital as before the war. In other words, since the war, in Britain, capital accumulates at a declining rate. It is not possible to find the exact extent of this decline. On the strength of several estimates made by competent authorities, the Colwyn Committee came to the conclusion that the total of the national savings of Britain in 1924 was approximately 475 million pounds as against 375 in 1913. Considering the fall in the value of money the figure should have been 650 to maintain the pre-war level. As it is, it shows a drop of over 30 p.c. in the rate of accumulation. "The real savings exhibit a decline which may amount in present money values to something like 150 to 200 million pounds a year." (*Report of the Colwyn Committee*). Now, the needs of the home industry (refitting of the old, and starting of new to make up for the incurable slump in the old) absorb such a large proportion of

the depleted accumulation that the surplus for export gets smaller. Thus, the very roots of the British imperialist structure are in a state of decay. This must affect the entire structure, and the imperialist bourgeoisie must make a desperate effort to find new means to support the undermined edifice. In their frantic effort to stabilise a tottering structure they will hasten its collapse. Nevertheless, they must make the effort, otherwise they would not be what they are—they would not be bourgeoisie.

The decline of the rate of accumulation together with the increased demand for home consumption leaves very little capital for export. The following table illustrates the situation as compared with what it was before the war.

	1913	1924	1927
		(in millions of pounds)	
Total issues	245.5	475	450.8
Home investment	49.7	350	314.6
Exported	195.5	125	135.2

Presently it will be shown that the figures of foreign issues in these years do not represent the actual amount of capital exported, which is very much less.

With this knowledge of inner conditions of British capitalism one can explain why the flow of British capital to India subsided since 1923. The fact that the British capital exported to India was reduced year after year until it reached an insignificant level, does not prove the hostility of the British bourgeoisie to any change of economic policy in India. The slackening in the tempo of industrial development is due to the fact that British imperialism is not in a position to provide the capital required for it. Its scheme is to mobilise the capital resources of India for the purpose. This is a very dangerous adventure; the imperialist bourgeoisie must go slowly. There is, however, no change in the policy. There cannot be any change; for the policy is not the choice of the imperialist bourgeoisie. Inner contradictions of capitalism accentuated by changed conditions, have forced it upon them. Lenin wrote: "Capitalism, in its imperialist phase, arrives at the threshold of complete socialisation of production. To some extent it causes the capitalists, whether they like it or not, to enter a new social order, which marks the transition from free competition to the socialisation of

production." (*Imperialism*). As the capitalist mode of production, in course of its development, creates the basis of socialist society, so it is also possible that imperialism in its last stages, is forced to adopt such methods and forms of colonial exploitation, as strike a death-blow to the very colonial regime.

In consequence of the fact that in the post-war years capital has been accumulating in the possession of the British bourgeoisie at a declining rate, they are obliged to export capital in decreasing amounts. The check of the flow of capital to India in last years is a reflection of this general decrease in the export of capital from Britain. *The Liberal Industrial Inquiry Committee reports*: "that the margin which remains available for making fresh investments abroad, is materially lower than it used to be. In the last four years our surplus for foreign investments has been fully 100 millions per annum less, not only than it was before the war but also than it was so lately as 1922-23". As the British bourgeoisie were obliged to devote the reduced exportable surplus, in the first place, to retain their most vulnerable sections of the imperial front, very little was left for India.

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This fact, while immediately a check to the tempo of industrial development in India, renders the necessity of industrialising India more imperative. For, the whole Imperial structure will crumble, unless the British bourgeoisie can find new sources of profit to set off the present decline in the rate of accumulation of capital at home. India provides such a source if subjected to new forms of exploitation. The gap created by the industrial decay at home absorbs an ever-increasing portion of income from abroad. These, in their turn, have also decreased. "Our income from overseas investments was seriously impaired by the inroads which were made in these investments during the war in order to pay for munitions and necessary supplies from overseas." (*Liberal Industrial Inquiry Committee Report*). The report also testifies to a considerable fall in the real value of the income from shipping—another main source of income from abroad. Then, the operation of inter-allied war-debt payment leaves a debit account against Britain.

Fall of export has swollen the adverse balance of British foreign trade to very large dimensions. On the other hand, the income

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from external sources, with which the adverse balance of trade is met, has also decreased in real value. The position as compared to the pre-war year is as follows :

	1913	1922	1923	1924	1925	1926	1927
	(in millions of pounds)						
Adverse Trade balance	158	171	195	410	384	475	392
Net income from external sources	339	360	373	324	438	468	488
Net surplus available for reinvestment abroad	181	189	178	86	54	7	96

This table shows that while the adverse trade balance has increased by nearly 150 per cent since 1913, the increase in the net income from abroad has been only 37%. The consequence of this disparity is a very serious inroad upon Britain's position as a foreign-investing, that is, imperialist country. For, this alarmingly declining "surplus is the true measure of the net increase of our ownership of capital abroad." (*Liberal Industrial Inquiry Committee Report*). The slight recovery in the last year does not represent the reality of the situation. The adverse trade balance is slightly decreased not as result of an increased export, but of reduced import. Then the

small increase of export in 1927 does not even make up for the heavy drop in the previous year. Indeed the two years' average touches the lowest level of export. Further British imports being chiefly raw materials, their reduction will mean a further fall of export in the next year.

From the above facts it is evident that Britain's ability to export capital has become very limited. Nevertheless, new foreign issues in London since 1925 show a tendency to increase. This is a new problem: Where does the capital come from? The following table illustrates the anomalous situation.

	1922	1923	1924	1925	1926	1927
	(in millions of pounds)					
Net surplus from abroad	189	178	86	54	-12	74
Actual foreign issues	135	186	134	88	112	189

This table shows that until 1923 the foreign issues were within the limits of the exportable surplus. Since then the limits have been exceeded. This could have been done either by depriving the home industries of necessary capital or by transference to other centres of world finance (mainly New

York) of foreign bonds held in London. If the former was the case, then it would prove that the parasitic nature of imperialism has developed to the extent of eating into its own vitals. But it could not be entirely so, for such large amount of capital could not be sent abroad except through an increase of the export trade, which has not been the case in the last years. So the new foreign issues, at least the major portion of them, in the last years, must have represented transference of foreign securities, and, therefore, were the measures not of an increase but decrease of Britain's ownership of capital abroad. The ominous nature of the increasing foreign issues becomes still more evident when it is known that according to the calculation of Kindersley, President of the National Savings Committee, made on the basis of informations received from 60 British banks and 160 British companies, *only 86 million pounds were available in 1927 for the purpose of investment both at home and abroad.* On the strength of all these facts it can be concluded that since 1924 British capital invested abroad has decreased by well over 300 millions.

Now, let us see, how the alarmingly

grave crisis of British Imperialism affects its relation with India. Only from that perspective could we get a correct view of the situation. Any examination of the relation between India and British Imperialism except in the light of the position of the latter as a whole, is bound to be superficial. British policy in India is essentially determined by the internal conditions of British Imperialism as a whole. It is not based on any other principle than to extract the greatest possible amount of booty. At present British Imperialism must squeeze more out of India than ever. The profit cannot be appreciably augmented by the old methods of colonial exploitation. On the contrary, the old policy of keeping India forcibly in economic backwardness has been lately reducing the value produced by the Indian masses for the benefit of British Imperialism.

At present India has to export as much as before the war to buy much less. This is due to the disparity between the prices of agricultural products, which comprise the bulk of her exports, and of manufactured goods which she imports. For example, now India imports cotton goods ten per cent less, in

volume, than before the war. Agricultural production per capita also shows a decline.

And, to maintain her position as a first class imperial power, Britain has lately been obliged to write off a considerable portion of the diminishing profits from India. The amount of tributes from India can be raised essentially on one condition, the production of greater values by the toiling masses. This can be done only by the application of advanced means of production. In other words, with primitive agriculture as her main industry, India cannot produce for British Imperialism the increased revenue that is required by the latter to repair the decay of its foundation. Therefore, modernisation of the means and methods of production in India has become the policy of Imperialism.

The result of this policy is clearly visible to a Marxist. It will not only defeat its own object ; it will hasten the collapse of imperialism. Precisely therefore, the consequence of this policy can be characterised as having a "de-colonising" significance. It is simply absurd to say that recognition of the far-reaching effect of the new economic policy forced upon British Imperialism by its inner

crisis, is analogous to the belief that imperialism is becoming a progressive force. Such arguments may be useful for demagogic polemics; but it certainly betrays the ignorance of Marxian dialectics.

Neither from the point of view of Marxian theories (their application to the realities of a given situation—not their quotation as dead formulas) nor on the basis of the facts, can it be proved that political and economic conditions in post-war India are the same as before the war. Nor can it be disproved that these changes have occurred and are occurring with the sanction of, and under the guidance of, Imperialism. The march of India from the state of “dependency” towards that of a “dominion” is a fact. How long the march will last is a different question. The decisive feature of the situation is that under the present conditions, it is advantageous for imperialism to transform India from an economically backward to an industrially developed, higher type of colony, producing greater revenue. Failure to see these essential characteristics of the situation will prevent us from determining correctly our tactics in the struggle against imperialism.

The tribute from India constitutes a considerable portion of the British income from abroad. It is difficult to ascertain exactly the amount of revenue derived by British Imperialism from India. On the basis of plausible estimates made by various competent authorities, the rate at present could be calculated at 150 million pounds a year, approximately.

A close scrutiny of Britain's international balance of payment reveals the fact that the entire income from external sources is not usually accounted for therein. A reserve is kept, which is not shown in the public accounts. It can be assumed that a large portion of the income from India is put on the reserve account. For example, in the last several years, only 15 million pounds were put under the heads “Receipts from Services,” (Estimate of *the Journal of the Board of Trade*) while at least 20 millions were derived from India alone on the same accounts. Further, the declining line of Britain's international credit touched the bottom in 1925, the international balance-sheet showing debit of 12 millions in 1926. Nevertheless, next year there was shown a credit of 74 millions

which increased even to 96 millions in a revised account of the Board of Trade published in the middle of 1928. But the improvement in the balance of actual trade did not correspond with the rise of credit; and the income from the external sources was shown to be the same as in the previous year. Whence did the increased credit come? The reserve, in which considerable portion of the revenue from India is put, must have been drawn upon to restore the equilibrium of the international balance-sheet as published. All these prove that a lot of book-keeping jugglery throws a veil over the actual state of Britain's foreign income.

Whatever may be the case, one thing is certain: an ever-increasing portion of the revenue from India has of late been absorbed to check the catastrophic fall in Britain's international credit. In this situation it becomes a pressing necessity to increase the revenue from India. Irremediable slump of the export trade and the resulting decline of British capital invested abroad, seriously reduce the possibility of augmenting, even of maintaining the level of, the income from countries in which the operation of the forces of produc-

tion is not completely dictated by British Imperialism. The reserves of the empire must be drawn upon. Hence the scheme of "Empire Development," and India is given the most important place in that scheme. For, on the one hand, the application of the scheme to the self-governing parts of the empire (Canada, Australia, South Africa, etc.) does not entirely depend upon the desire of the British bourgeoisie and, on the other hand, in the more backward outskirts of the Empire (new African colonies) the application of this scheme will not immediately produce results of effective importance. Therefore, the largest and most precious jewel of the British Crown must live up to its reputation. India must be economically developed to serve Britain's imperialist interests. Her enormous potential riches (accumulated wealth and wasted labour power) should be harnessed. This cannot be done unless her productive capacities are freed from the antiquated means and methods of colonial exploitation.

India pays her tribute to imperialism in the shape of excess export. The surplus of her export over import, in the present conditions, represents what is taken away from her

without giving anything in return. The balance of India's international trade was upset for the first time in 1920. In that year India's imports exceeded her exports to the extent of 790 million rupees.

The average of surplus export in the five years preceding, had been 780 millions. Similar situations continued in the following year, causing terrible alarm for the imperialists. India was on the verge of bankruptcy. She failed to pay her "debts" to her overlords. The antiquatedness of the pre-war forms of colonial exploitation stood revealed. It became clear that India must be allowed to raise her productive capacity, if she was to continue as a profitable domain of British Imperialism. It was precisely in the years 1920-21, when India's bankruptcy became evident, that decisions were taken by Imperialism to discard the antiquated forms in favour of advanced ones for exploiting India.

Far-seeing leaders of Imperialism had already during the war been pointing out the need for a new course. As early as 1915, Hardinge, the then Viceroy of India, had impressed upon the British Government that after the war India must be helped to be-

come an industrial country. The Indian Industrial Commission, set up in 1916, on the above initiative of the Viceroy, in its report published two years later, recommended that in the future the Government should play an active rôle in the industrial development of India ; that the raw products of India should be manufactured in the country into articles necessary in peace-time as well as in war ; that agriculture should be modernised ; that the government must abandon the old policy of "*laissez faire*"; and that all the available capital resources of India should be tapped for the purpose. The Reforms Act of 1919, which introduced political conditions entirely unknown in pre-war India, also incorporated the new tendency. The Montagu-Chelmsford Report, which constituted the basis of the Act, contained the following :

"As the desirability of industrial expansion became clearer, the Government of India fully shared the desire of the Indian leaders to secure the economic advantages that would follow local manufactures of raw products. . . . If the resources of the country are to be developed, the Government must take action. . . . After the War the need for in-

dustrial development will be all the greater. . . . On all grounds, a forward policy in industrial development is urgently called for to give India economic stability.....Imperial interests also demand that the natural resources of India should henceforth be better utilised. We cannot measure the access of strength which an industrial India will bring to the power of the Empire. . . . The Government must admit and shoulder its responsibility for furthering the industrial development of the country."

In 1922 the Government set up the Fiscal Commission with an Indian industrial magnate as the chairman, and by accepting, in the beginning of the next year, its findings, that protective tariff should be introduced to help Indian industries, revised the traditional colonial policy formulated, in the words of Pitt—"not a nail should be manufactured there"—in the mercantilist days with reference to the American colonies. The transformation of the British economic policy in India is testified by the fact that "protectionism" has replaced free trade. When British trade with India is on the decline, its freedom, maintained at the expense of India, no longer

suits imperialist interest. As previously free trade meant industrial backwardness for India, now its reversion to protectionism must have the opposite effect.

Again be it emphasised that what is important to establish is the dynamics of the situation. The dominating tendency must be noticed. The obstacles to the full realisation of the policy, caused by other factors, do not disprove that the policy is there. While up to the war, the policy of the British Indian government was to collect a customs duty *exclusively for revenue purposes* not exceeding 5 per cent *ad valorem*, since the war the average level of the tax on imports has risen from 7.5 per cent in 1918 to 11 per cent in 1921, 15% in 1922, 18% in 1924 and it is nearly 20% at present. The duty on iron and steel manufactures is still higher¹; besides, the industry receives a bounty from the State. The result of protection to the iron and steel industry, the growth of which is the basic condition for the industrial development of a country, is noticeable from the table overleaf.

1. The import duty has since been still increased, and other industries, for example, sugar, have received the benefit of protection.

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PRODUCTION IN INDIA

(in Thousands of Tons)

Year	Pig-iron	Steel
1918	207	32
1920	316	159
1924	891	340
1925	894	456
1926	927	457 ²

Although, owing to the operation of factors outside India, the tempo of industrialisation has been somewhat retarded since 1924-25, there has been a jump in the production of the iron and steel which lays down the conditions for an acceleration of the tempo in the near future. The potentiality of the situation is all the greater because this relatively considerable rise in the production of iron and steel takes place in India when their production in Britain declines or stagnates. That there is a consummate policy of industrialisation, applied with caution so that the relation between India and Britain is not suddenly thrown out of gear, can be proved with abundant evidence. For instance, speaking in the Indian Council of State on the Steel

2. The production has continued to increase during the following years.

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Protection Bill (Jan. 26, 1922) the Government spokesman, Charles Innes said :

“It is hoped to make the industry much stronger by attracting new capital and by including new firms to engage in it. Already India made the cheapest pig-iron, and we can look forward to the time when India will become an exporter of steel.”

In 1926, 150,000 tons of pig-iron were exported to Japan from India.³ The price was 37 shillings 6 pence per ton. At the same time the price in Britain was 79 shillings 6 pence. Obviously, industrialisation of India will help Britain to maintain her place in international trade.

The hope with which British imperialism adopted a new policy for the exploitation of India, was not misplaced, as far as its immediate consequences are concerned.

“India has now become an important factor in the international trade in pig-iron, and has thus not only gained for herself a practically complete independence of all other countries as regards pig-iron, but has also become a very large exporter. The first stage,

3. The export of pig-iron has increased. Lately, it has been exported to Britain itself.

that is, the production of pig-iron in the use of enormous natural resources has thus been successfully passed." (*British Board of Trade Journal*, Sept. 9, 1926.)

When it is known that India's deposit of iron-ores has been estimated at 2,832 million tons, this "successful" first stage opens up before imperialism a very encouraging perspective. This enormous potential riches converted into commodities at such a low cost that it could be sold at a price less than half of the British level, will mean indeed a very great "access of strength" for the Empire. So industrialisation of India, in this period of capitalist decay in Britain, rationalisation of colonial exploitation, so to say, is not incompatible with the basic principles of imperialism.

The severe crisis of 1921-1922 was tided over. The balance of India's foreign trade was superficially restored. It was done not so much by an increase of export as by a forced reduction of imports. Owing to India's inability to meet her "obligations", Britain was compelled to sell her less. This patchwork on the untenable relation between India

and Britain, had an unfavourable effect on the conditions of British industries. The limitation of the Indian market put an end to the post-war boom in Britain. The great increase in India's Import trade—3,350 million rupees in 1922 as compared to 1,910 million in 1921—indicated a large export of British capital into India. To restore the balance of trade, India's imports were reduced to 2,410 million rupees in 1923. The consequence was shown in the drop of British capital exported to India. Since then the situation has essentially been the same in which the channel of British capital to flow into India is restricted in addition to the basic fact that Britain's exportable surplus of capital is also very limited. In 1926 the exports regained their pre-war level, but the imports still remained very far from recovery. Remarking of this state of things, the official report says :

"At present, about three-quarters of Indian export consist of agricultural produce, and the same proportion of her imports is made up of manufactured goods. With the existing disparity between the price of agricultural and industrial products, it is obvious that India has to make a greater productive

effort than she formerly did, in order to secure the same volume of imports."

The reason for a change of the economic policy of imperialism in India is stated in the above quotation. The productive power of India must be increased, otherwise her capacity to buy will go down. The trade relation between India and Britain which is the main channel through which the latter extracts tributes from the former, can no longer be maintained in a state favourable to imperialism, unless India can consume more commodities, and export enough to leave a considerable margin after the value of imports has been covered. The steady decline of British trade with India has been the cause of widespread alarm in the imperialist camp. Commenting on the subject, the organ of the most die-hard section of the British bourgeoisie, those who are opposed to any change in the relation between India and Britain, wrote:—"Trade is the life and purpose of the Indian Empire. If we lose that trade, we have neither the power nor the incentive to remain in India." (*Morning Post*, London, Jan. 19, 1926). The paramount importance of trade is recognised not only by the mercantilists, but even by the

financial and heavy industrial magnates whose views (in addition to those of the landed aristocracy) the *Morning Post* represents. From another section of the bourgeoisie, views are also expressed appreciating the supreme importance of Indian trade for the empire and suggesting that revolutionary measures should be adopted to enlarge that trade. Discussing the prospects of "imperial development" the *Liberal Industrial Inquiry Committee* writes:—

"It must be enormously to our advantage to encourage the growth of Indian prosperity and Indian trade. India's chief need is an increase of the purchasing power of her vast but poverty-stricken population..... Anything which adds to the gross income of India, adds to the trade of the world, and particularly of this country. At present India is endeavouring to achieve this end by stimulation of manufactures behind a protective tariff. . . . For the increase of Indian prosperity, a great expansion of capital investment for the equipment of the country with scientific means of production is required."

Britain's export trade to-day is full 20 per cent below the pre-war level causing a

chronic depression of industry at home. This, in its turn, causes a decline in the rate of accumulation hindering the flow of capital abroad which could be the means of expanding the foreign market. There will be absolutely no way out of this vicious circle, if British imperialism fails to exploit the colonial market at an increasing rate. Its monopoly even on the colonial market, has of late been seriously threatened by new industrial countries with greater competing power. The following table illustrates how Britain is losing ground to others in the Indian market.

PROPORTION OF INDIA'S IMPORTS

From	1913	1919	1920	1921	1922	1928	1924	1925	1926
Britain	63	51	61	57	60	58	58	51	50%

India's exports to Britain proportionally declined from 31 per cent in 1913 to 21 per cent in 1925. So, British monopoly on the Indian market as well as on her source of raw materials, is seriously attacked. It can no longer be maintained in its old forms. Promotion of production in India under the hegemony of imperialist finance-capital, is the new form the monopoly should assume under

the new conditions of capitalist decay in the metropolis. Thus, the measures introduced by imperialism to maintain its monopoly will have a "de-colonising" effect in so far as they will shift India from the state of economic stagnation to that of industrial development.

Discussing the report of the Indian Agricultural Commission which recommends measures for the rationalisation of agriculture with the object of increasing its productivity, the *Economist* (Aug. 11, '28) declares bluntly that "British rule is nearing the end of its utility". What is meant by this statement? It would be naive to believe that the most authoritative, well-informed and sensible organ of British capitalism suggests a auto-liquidation of imperialism. What it suggests is that the old type of colonial rule has outlived its usefulness; it should now be replaced by a new form compatible with the changed condition.

A close examination of India's foreign trade throws more light on the situation. As observed above, the surplus of India's export is the medium through which colonial tributes are transferred to Britain. The state of this export—its source, intrinsic value and

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distribution, is, therefore, of great significance.

INTERNATIONAL BALANCE SHEET OF INDIA

(in millions of rupees)

	1913	1923	1924	1925	1926
Exports	2,490	3,490	3,892	3,853	3,095
Imports	1,910	2,410	2,432	2,242	2,302
Surplus of Export	580	1,080	1,460	1,611	793
Deduct value of gold and silver imported	370	400	943	519	393
Net surplus available for liquidating obligations abroad	210	680	517	1,092	400

Now, on the basis of various estimates, the interests, profits, dividends, commissions etc., on the total British capital invested in India, can be approximately calculated to be between 1000 and 1,200 millions of rupees. (These estimates apply only to the post-war years). The above table shows that the net surplus of India's exports, in the post-war years, has never covered this. The relative increase during the years 1923 to 1925 was more than counterbalanced by the fact that in the years 1920 and 1921 there was no surplus, the scale having inclined heavily on the other side. So, in the situation as it is, a considerable portion of the imperialist tribute remains uncollected.

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The effective collection and its application for the accumulation of capital in the possession of the British bourgeoisie, can take place either by its re-investment in India or by increasing the surplus of India's export. If neither of these can be done, then, India must be declared an insolvent debtor. That is, in that case, it would be evident that the recovery from the crisis of 1920-21 has been but superficial. The decline of Indian issues in London since 1923, proves that the uncollected tribute is not re-invested in India. Before the war,—even after it, up to 1923, re-investment in India was the prevailing method of collecting that portion of Indian revenue which was not covered by surplus export. In those days, the Indian issues in London roughly corresponded with the uncollected tributes from India. In view of the fact that in the last years the collection through surplus export has not increased materially, except in the year 1925, it can be assumed that the decline of new Indian issues in London indicates that heavy inroads have been made upon the income from India to maintain the equilibrium of Britain's inter-

national balance sheet. This mysterious disappearance of a considerable portion of Indian revenue, explains how the British Board of Trade showed an appreciable increase of the income from external sources in the last year, after it had gone down beyond the zero level in 1926. British credit in India must have been written off to other imperialist countries in order to maintain Britain's position in the realm of international finance. This is a very serious situation. Industrial decay in Britain reduces her surplus of exportable capital. In addition to this, she is obliged to encroach heavily upon her Indian reserves to maintain her international position.

The above table illustrating India's international balance sheet reveals other features which render the situation still more alarming. For instance, by a forced reduction of imports, an export surplus was created to tide over the crisis of 1920-21. Until the last year the imports did not reach anywhere near the 1921-22 level. This shows a lasting contraction of the Indian market. Consequently, the inflated surplus dropped heavily again in 1926; for a restricted import could

not but adversely affect the export trade. The world cannot buy from India except in exchange of commodities.

Another feature of India's foreign trade is that while the major part of her imports comes from Britain, her exports are largely taken by other countries. In 1926 about 51 per cent of her imports were supplied by Britain who, however, took only 21 per cent of her exports. Previously this disparity operated in favour of Britain. India's credit in other countries then represented so much British capital exported thereto. Now it is otherwise. Britain's surplus of exportable capital being insufficient, the countries buying from India pay her directly in commodities in ever-increasing amount. This means a progressive loss of the Indian market for Britain. That is, of late, an increasing volume of super-profit from India has been absorbed outside Britain. What is still worse for British imperialism is that the portion of India's surplus export to other countries, not covered by imports therefrom, now represents so much Indian capital exported outside the empire. Lately, growing Indian investments in American securities have occasioned

much disquietude. Commenting on the subject, the *Economist* (Oct. 6, 1928) observes that "at present wealthier Indians have extensive interests in foreign securities". The cause of this diversion of Indian capital outside the empire, in the opinion of the journal, is the unattractiveness of the channels of investment in India. Therefore, the necessity of harnessing India's capital resources to counteract the declining accumulation in Britain—to check its flow outside the empire—forces upon British imperialism the previously undesirable and unsuitable policy of industrialising India. Otherwise the accumulated wealth of India will flow out of the empire, and the channel for this flow grows wider as the greater portion of India's exports must go to Britain's rivals. Imperialist monopoly is seriously shaken. The alternatives of the situation are to raise India to the level of a higher type of colony with productive forces less restricted than previously: or to allow her to deviate into the orbit of rival imperialist powers. The British bourgeoisie would be stupid indeed, should they make any mistake in choosing between these alternatives. They

have not made the mistake. They have made the choice. They have adopted a policy, which in the long run is bound to have a suicidal repercussion upon themselves, under the pressure of conditions maturing in the period of capitalist decay.

But the crisis of British imperialism is so deep and complicated that there is no straight way out of it. There are many obstacles in the way of empire development through which the British bourgeoisie seek an exit out of the crisis. It is fraught with potential danger. Particularly is it so in India. Industrialisation of India requires capital. Were Britain is in a position to supply the required capital, it would be an easy sailing; but in that case, it would not be necessary for British imperialism to launch upon the dangerous new policy in India. The problem is clearly put by the *Liberal Industrial Inquiry Committee* in the following passage:

"The problem of imperial development has, however, been rendered far more acute by the very economic difficulties which make it at this moment doubly urgent and important."

The inability of Britain to provide sufficient capital, renders the industrialisation of India a comparatively slow process. At the same time the policy of industrialisation should be realised quickly enough so that it is not too late before its effects could improve Britain's position as a first class imperialist power. The problem can be solved by mobilising India's capital resources under the hegemony of imperialist finance. The defeat of the India Government on the question of the Reserve Bank indicated that the Indian bourgeoisie could not be drawn into the bargain on the terms of imperialism. But imperialism was not discouraged. It did not throw off the sponge. The policy of industrialising India was not scrapped. Only the tempo has been somewhat slowed down while the conditions for the rapid industrial development are being created. One of these conditions is a fair growth of the production of iron and steel inside the country. There are facts proving that this condition is being rapidly realised. The second condition is the rationalisation of agriculture with the object, firstly, of raising the purchasing power of the upper strata of the peasantry

and secondly, of driving the poor peasants from their land.

The process of pauperisation has reached the limit. India is bankrupt. To hang on blindly to the old policy would be to kill the goose that lays the golden eggs. It would be a grave mistake on our part to have such a low estimate of imperialist intelligence. By enthusiastically welcoming the recommendations of the Indian Agricultural Commission, imperialism shows its determination to act for the fulfilment of the second condition.

“Great capital projects already undertaken or in contemplation in India, promise a rehabilitation of British trade. Rising standard of living in India is likely to accommodate English-made luxuries. The growing demand for machinery, industrial plants and materials for mechanical transport—caused by the new policy of industrialisation—provides cause for hope.” (Frederick Sykes in a speech recently made at Sheffield after his appointment as the next Governor of Bombay.)

So, neither facts nor the perspective of the situation testifies that the policy of indus-

trialising India has been essentially altered. As long as the conditions that forced the new policy upon imperialism, are in operation, there cannot be any change. And those determining conditions have not changed. They operate more disastrously to-day than several years ago. They are created by the decay of the roots of British capitalism. Imperialism being the ramification of capitalism, is bound to be affected by this decay at the latter's root.

Previously the Indian Government as a rule borrowed large sums in London. Since 1923 no India Government loan has been floated in the London market. On the other hand, the amount of capital raised inside the country has increased considerably. While between the years 1919 and 1924 the total value of Government of India securities held in Britain rose from 225.5 million pounds to 326.7 million pounds, the value of those held in India increased from 132.7 to 341 million pounds. When, in addition to this, we take into consideration the fact that since 1923 the Government of India has not borrowed in London, it becomes evident that the amount of capital raised in India is very much larger at present. This shows that the mobi-

lisation of India's capital resources, so essential for the full realisation of the policy of industrialisation, is going on. Then the absence of new Indian issues in London, does not necessarily mean that no British capital is being invested in India. When any British company plans to undertake the building of an industrial plant or any other business enterprise in India, it does not always appear in the city for the required capital. Such companies are usually already connected with industry or trade in India, and as such, are owners of parts of the uncollected proceeds of British capital in India. And such investments are purely for productive purpose, for British capital invested in India as loans, bearing fixed rates of interest, is always raised through an issue in London. The form of investment not necessarily through an issue in London, is particularly suitable to the needs of the present situation. British capital invested in India through companies incorporated there with rupee capital, speedily multiplies itself by attracting Indian capital. This and other methods of mobilising India's capital resources under the control of imperialist finance, have been put into force.

Although the determining factor is that the dynamics of the situation tend unmistakably and unwaveringly towards industrialisation, the case might still further be strengthened by giving some facts about the actual growth of the leading industries. Figures about the growth of the production of iron and steel, the basis of modern industry, have already been given. Interpreted in relative terms, those figures indicate that the production of pig-iron increased by 163 per cent between 1922 (when the protection was introduced) and 1926, in contrast with the growth of 67 per cent during the years 1913 to 1922—the period of excessive war-production ; steel production in the latter period grew by 200 per cent as compared to 170 per cent in the preceding period. In the end of 1926, the *British Board of Trade Journal* foresaw continued increase in the production of steel in India and observed that the consumption of the steel produced, would require erection of new industrial plants. In 1927, the rate of protection to the iron and steel industry was again increased, obviously, to accelerate the process of its growth. In addition to the considerably increased production in the

country, structural steel imported in 1926 was 64 per cent more than in 1913. The value of modern means of production (machinery, mill-works, railway-plants, electric-prime-movers etc.) as distinct from the means of transportation, as railway materials, in 1924, was four times as much as it was in 1913 ; after a slight downward movement in the following year, it regained the level in 1926 and exceeded it in the last year.

Further the iron-ores extracted in 1926 were three times as much as in 1919, and most of them were subjected to manufacturing process inside the country. Indian mills now produce finished cloth more than double of what they did in 1913. India's export of finished textile materials increases, simultaneously with the decrease in the export of half-manufactured goods, namely yarns. This shows that the cotton industry has grown not only in expansion, but, what is much more important, in its internal composition. It is no longer an auxiliary to the industrial system in the imperialist metropolis supplying semi-finished raw materials. It has become an independent productive factor—self-sufficient and

competitive. Manufacture of tin-plates is not a basic industry. But its growth in India graphically illustrates the trend of the new economic policy of imperialism. The production of the industry has increased more than four times since 1923 when it received the shelter of the tariff wall. A further increase of not quite 100 per cent, and the level of the present consumption of the country will be reached. The manufacture of tin-plates requires very highly skilled labour which is not available in India. Nevertheless, by the adoption of the American method of mass production, as against the old British system of production with skilled labour, the industry has developed with amazing rapidity. The disparity in the wage-cost in Britain and in India, is so great that the Indian industry is expected to enter the world market with a very high competitive power, even without protection, after three years. The protection to this industry was granted in the teeth of strenuous opposition from the Welsh Tin-plate Manufacturers' Association which controls the industry in Great Britain. But the influence of the British Petroleum Trust was decisive. The tin-plate industry in India now

serves as the connecting link between the British Petroleum Trust and the Indian Iron and Steel producers, the Tata and Co.

Indeed, compared with the vast expanse and population of India, the absolute significance of these figures is not very great. India still remains overwhelmingly an agricultural country. The historical significance of these figures is that they indicate a tendency. They show that the policy of imperialism is no longer to obstruct the industrial development of India. On the contrary, subject to the innumerable difficulties involved in it, the policy of imperialism at present is to foment industrial development in India. The very inner crisis of imperialism which has obliged it to alter the methods of exploiting India, renders the process uneven and zigzag.

The facts, on the contrary, clearly and conclusively prove that the theory of "agrariation" is utterly wrong. In his economic survey of the first quarter of the current year Comrade Varga⁴ also came to similar conclusions. He wrote:—

“We can affirm that statistical data esta-

4. Varga was for many years the official economic and statistical expert of the Communist International.

blish the existence of tendencies towards industrialisation which run contrary to the general tendency of capitalism to turn the colonies into areas of raw material production” (*Imprecorr. Engl. Ed. Vol. 8. No. 45.*)

Referring particularly to India he rejects the theory of agrarisation, and says:—

“There can be no doubt that India is a more highly industrialised country now than it was fifty years ago.” (*Ibid.*)

Today India is more industrialised not only than she was fifty years ago, but than in 1922 which year marks the turning point in the imperialist policy—the year in which the former policy of free trade was discarded and protection was granted to Indian industries. And as this epoch-making event occurred after the Second World Congress of the Communist International, my view of the situation today is not a revision of the passage quoted by Comrade Kuusinen from the thesis of the Second Congress. Estimation of the economic and political situation of the world, of a particular country, cannot be absolute. It must be constantly re-adjusted to changing conditions.

The theory that colonies can serve the interests of imperialism only and exclusively as the source of raw material, corroborates Kautsky's definition of imperialism as the annexation of agricultural territories by advanced capitalist countries, a definition severely criticised by Lenin. So long as mercantilist and industrial capital remains the dominating factor in the metropolis, economic backwardness of the colonies corresponds to the interests of imperialism. But the situation ceases to be so, as a rule, with the rise of finance capital. And as modern imperialism coincides with the rise of finance capital, it is not possible to assert that colonies must necessarily always remain in an industrially backward state as a source of raw material production. The growth of the parasitic character of finance capital and the decay of production in the metropolis, render industrial development of the colonies not only possible, but necessary for the existence of imperialism. If production of raw materials was the basic rôle of a colony, then India can no longer be of much value for the British Empire. Indeed, judged from that standard, she could never have been of much value. For,

Britain's share in the exports from India has never been very large. Over 60 p.c. of India's exports always went to other countries. Now Britain's share is reduced to 21 per cent. Previously Indian exports to foreign countries represented export of British capital there to. Britain's inability to export capital no longer permits her to be benefitted by the raw products of India. Then, industrial decay reduces the volume of raw material imported into Britain. So, if colonies were useful only or primarily as sources of raw materials, Britain is no longer in a position to exploit colonies. Therefore it is not possible to lay down a hard and fast rule determining the relations between the colonies and the imperialist métropolis in all periods and under all conditions. The relation has only one fundamental principle, and that is the exploitation of the colonies by the imperialist country. When it is profitable for imperialism to hold the colonies as source of raw material for the industrial metropolis, the policy is to obstruct the development of the modern means of production there ; when the conditions change, and owing to industrial decay in the metropolis, the raw product of the colonies cannot be

disposed of profitably, in the old method, their manufacture in the colonies into commodities becomes the more suitable means of exploiting the latter. As manufactured commodities contain more surplus value produced by the colonial toiling masses than in raw products, the super-profit for imperialism becomes greater, when the new method of exploitation is applied. So, under certain condition, industrialisation of the colonies is in the very nature of imperialism.

Only in the light of this new policy of imperialism can we make a correct estimation of the political situation in India. If there were no change in the policy of imperialism, if it were true as Comrade Bukharin asserted in his political report to the VI Congress, that, on the contrary, "British Imperialism has increased its colonial oppression of India in general and of the *Indian bourgeoisie in particular*", (Italics are mine, M. N. R.), then his observation made in the same report that "it is inconceivable that the (Indian) bourgeoisie will play a revolutionary rôle for any length of time" cannot be wholly correct. In that case, it could not be automatically clear that "the politics of the

Indian bourgeoisie are not revolutionary politics" as Comrade Kuusinen asserted in his report on the colonial question. The Indian bourgeoisie cannot be assumed to be fond of being oppressed or constitutionally averse to revolutionary politics. If they cannot be expected to take up a revolutionary fight against Imperialism, that is because the new economic policy of imperialism permits the economic development of their class. On the background of a compromise as regards the essentials of the situation, certain section of the bourgeoisie is simply manœuvring to secure the most favourable position possible. The counter-manœuvre of Imperialism also to occupy the most favourable position, cannot be called new "oppression, particularly of the Indian bourgeoisie".

The great revolutionary mass movement of 1920-21 could not be suppressed by Imperialism. It was betrayed and liquidated by the bourgeoisie as soon as Imperialism indicated its willingness to make some economic concession. In the beginning of the year, the boycott of the Simon Commission also was not suppressed by Imperialism. It was sabotaged by the bourgeoisie who, as a matter of fact,

never wanted it. Step by step, the bourgeoisie have abandoned the boycott, and at this moment the leaders of the boycott parties are carrying on negotiation with the Simon Commission behind the scene. Why do the nationalist bourgeois act in this way? Because the new economic policy of Imperialism makes considerable concessions to Indian capitalism. As soon as a way out of the political *impasse* is found, the bourgeoisie will settle down to work on the basis of these concessions. By conclusively formulating their demands as "Dominion Status within the British Empire", cynically violating the resolution of the National Congress, they have set their face against further political commotion except of the harmless parliamentary brand. They have accepted junior partnership with Imperialism, on principle ; only the details of the bargain now remain to be settled.

The "de-colonising" effect of the new policy touches only the bourgeoisie. The masses of India will remain in the state of colonial slavery even after the process of "de-colonisation" culminates in the grant of dominion status. But parallel to the economic concessions made to Indian capitalism, there

has been a transformation in the political position of the Indian bourgeoisie, and still further transformation is going to take place in the near future. It is still an open question how near to their coveted dominion status will the Indian bourgeoisie arrive in consequence of the constitutional tug-of-war at present in play. But there is no doubt that the result will be a further advance towards the goal. Politically and economically, the burden of colonial regime on the bourgeoisie has been reduced since the war, and will be further reduced in the near future. This can be reasonably and historically reckoned as process of "de-colonisation" as far as it goes, as far as the bourgeoisie are concerned. And this relative liberation of the class interests of the bourgeoisie from the deadening grip of the old form of colonial exploitation, is the cause of their deviation from the revolutionary path towards a compromise with Imperialism.

In his report, Comrade Kuusinen purposely did not touch the self-governing colonies like Canada, Australia, South-Africa etc., because, in his opinion, they are practically independent capitalist countries. If the self-

governing colonies are not to be reckoned as colonies proper, then it is but logical to infer that in proportion as India approaches the status of a self-governing colony, she undergoes a process of "de-colonisation," in a limited sense as far as the bourgeoisie are concerned. Now let us chronicle some facts illustrating the access of political rights, even some power, to the Indian bourgeoisie since the war.

Until the war, politically, the Indian bourgeoisie together with the rest of the population, were in a state of practically complete suppression. The reforms of 1909 did not alter their position essentially. The net result of those reforms was that some higher grade of the public services was made accessible to the upper strata of the bourgeoisie. But the reforms of 1919 were different. They were much less than what had been promised by imperialism to assure the loyalty of the Indian bourgeoisie during the war. Nevertheless, they did confer upon the bourgeoisie considerable political rights and even some elements of power. These reforms were relatively of great importance, in view of the fact that until the war, the bourgeoisie,

as a class, had been as unfranchised, as the rest of the population.

The Reforms of 1919 enfranchised not only the bourgeoisie, but even the upper strata of the urban petty bourgeoisie. A very large majority of the Central as well as the Provincial legislatures was to be elected. Provincial Executives were made partially responsible to the legislature no less than 70 per cent of which was elected. The administration of agriculture, industry, local self-government, education and sanitation was given over to Indian ministers under the control of the legislature. In administrative units lower than the provincial government, much greater place was conceded to the bourgeoisie ; for example, the administration of the premier city of the country, Calcutta, was completely in the hands of the nationalist. The administration of the city of Bombay has also been largely under nationalist control. Even in the central government the native bourgeoisie can wield a considerable amount of pressure upon the executive, if they have the courage. They are at least in a position to impede seriously the smooth operation of the executive machinery,

if this would not be somewhat amenable to their influence. This was demonstrated during the years 1924 and 1925 when the nationalist members of the legislature acted as a solid opposition block.

All these superficial concessions did not alter the fact that the state-power ultimately remained with imperialism ; but within this limit, the Indian bourgeoisie were given considerable elbow-room. In view of the fact that the programme of the nationalist bourgeoisie has never been complete conquest of power from imperialism (when India is raised to the status of a self-governing Dominion, imperialism will still remain the paramount power), this limited accession to rights and power was not negligible from their angle of vision. The Reforms of 1919 were a step towards self-government, as far as the bourgeoisie were concerned. By the upper strata of their class, the Reforms were from the beginning recognized as such. The lower strata criticised and for a short time boycotted them, not on their merit, but as not sufficient.

The majority of the members of the Commissions (Industrial Commission, Fiscal

Commission, Currency Commission, Agricultural Commission) whose findings constituted the basis of the new economic policy of imperialism, were representatives of the Indian bourgeoisie. The chairman of the Fiscal Commission, on whose recommendation protectionism became the policy of the government, was an Indian industrial magnate. The highest state offices, only excluding the Viceroyalty, are to-day open to the Indians, and not a few of them are actually occupied.

In a number of occasions the Indian bourgeoisie have exercised their political rights to the discomfort of imperialism. So much so that the most short-sighted die-hard elements among the British residents in India have demanded the revocation of the reforms. The following are some of the most noteworthy occasions: the Tariff Board set up by the Government to consider the claims of industries applying for protection, is composed of three members, two of these are Indians. After admitting the claims of a series of industries, largely or exclusively owned by Indians, the other day the Tariff Board rejected the claim of the Burma Oil

Company. It also rejected the claim of the match industry which has been acquired by the Swedish Trust. The Government by exercising its reserve power could disregard the verdict of the Tariff Board, but it did not, showing its disposition to concede some power to the Indian bourgeoisie in return for their collaboration in mobilising India's capital resources. The bourgeoisie feel themselves in a position to bargain with imperialism for more favourable conditions. Recently, a private member's bill providing for the reservation of the coastal carrying-trade to Indian shipping, was carried through the Legislative Assembly in the teeth of Government opposition. The Government may sabotage the full application of the proposed measure; but it has no power to prevent its enactment. Finally, there is the Public Safety Bill which the Government wanted to pass by all means in order to close the doors of India to foreign Communists. Such an eminently political measure, needed for the exercise of power, was thrown out by the nationalist majority, and the Government reconciled itself to the situation dropping the legislation so earnestly desired.

The Indian bourgeoisie are not going to have their demand for "equal partnership within the Empire" (Dominion Status) satisfied in the immediate future. But they are on the verge of making another considerable advance in that direction. In spite of the exclusion of Indians from its composition, and the opposition of the Indian bourgeoisie, the Simon Commission is sure to find that the political rights and powers of the Indian bourgeoisie should be increased so that the smooth operation of the new economic policy of imperialism, is assured. Since the appointment of the Simon Commission, both the sides have gradually modified their respective attitudes, and at present only formalities and "political face" stand in the way to agreement. Although the composition of the Simon Commission still remains formally purely British, representatives of the Indian bourgeoisie and landed aristocracy, have been drawn in to collaborate, practically on the same footing, with the original Commission. Thus the section of the bourgeoisie boycotting the Commission has been completely outmanœuvred. For the sake of saving political face, this section must keep up a

formal opposition; but they are sure to end up as their prototype in Egypt (the Zaghlulist Wafd) did in connection with the Milner Commission; they will finally accept the concessions made on the basis of the recommendations of the Simon Commission after having boycotted it. Very likely they will do so under formal protest.

The disappearance of the representative of die-hard imperialism, Birkenhead, from the political arena, indicates which way the wind blows in the imperialist camp. Other signs are also noticeable indicating that the political position of the Indian bourgeoisie will be improved in the near future. For example, the Associated Chambers of (British) Commerce of India in its memorandum to the Simon Commission recommends that provincial administration should be completely (including finance and police) given over to the Indians (bourgeoisie). It also suggests transfer of some power in the Central Government, subject to the supremacy of the Viceroy. The *Economist* of London, on August 11th, while making the very significant statement "British rule is nearing the end of its utility" quoted above, *observes*

that "in the provincial sphere British management of Indian affairs may be visualised as on the eve of complete and compulsory liquidation." At the same time the journal anticipates that in the central administration British control may continue still for a short period. The project of Indian constitutional reform as a self-governing dominion inside the British Empire, worked out by the bourgeoisie nationalist leaders, has been sympathetically commented upon in the imperialist press. A furtive negotiation around that document is even now going on between the Simon Commission and the bourgeois nationalist leaders.

So, the immediate perspective of the present situation in India is the grant of further political rights to the bourgeoisie. Only in the light of this perspective, it becomes "inconceivable that the Indian bourgeoisie will play a revolutionary rôle for any length of time." A gradual advance of the Indian bourgeoisie from the state of absolute colonial oppression to self-government within the British Empire, is taking place. Therefore, it is not necessary for them to travel the risky path of revolu-

tion. In other words, progressive "de-colonisation" of their economic and political status makes the Indian bourgeoisie averse to revolution, and in the near future, when "de-colonisation" of their class has gone further, it will make them positively counter-revolutionary. Transfer of some political power to the colonial bourgeoisie does not weaken imperialism; because the native bourgeoisie wield this power, not to further develop the struggle against imperialism, but to suppress the revolutionary movement. This has been demonstrated by the experience in other colonial countries.

"De-colonisation" of the Indian bourgeoisie, thus, is not an "illusion". It is a fact which is the key to the situation. Only by estimating the situation in the light of this fact, can we establish what Comrade Kuusinen very correctly said in his report: "The mission of freeing India has been conferred by history on the Indian workers and peasants". The workers and peasant masses cannot be mobilised to undertake their historic mission consciously on the slogan—"The Sahib is a robber." They must know that the native bourgeoisie are the accompli-

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ces of the foreign 'sahib,' and therefore, will never carry on a revolutionary fight for national liberation. "The sahib will never de-colonise India" of the workers and peasants but nor will the Indian bourgeoisie lead the people to national freedom. And this must be courageously told and clearly demonstrated to the workers and peasants to make them conscious of their historic mission. Comrade Kuusinen or any other comrade will search in vain to detect me ever spreading the illusion among the workers and peasants that "the sahib will de-colonise" them. On the contrary, what Comrade Kuusinen to-day says about the historic mission of the Indian workers and peasants, I began propagating years ago when not a few leading comrades entertained illusions about the rôle of the nationalist bourgeoisie.