BOOK IX

Imperial India, 1858–1905

CHAPTER 1

Canning and Reorganization

After the Mutiny came reorganization. The first of these measures was the abolition of the East India Company. Since 1833, as we have seen,¹ the Company had lost its commercial connexion with India. From 1853 it had ceased to be a commercial corporation at all with the ending of its China trade. Six of its directors were actually nominated by the home government and the directors' monopoly of appointments had been broken by the introduction of competitive examinations. The Company had already become a husk of its former self. It was in fact a corporate agency to whom the local management of affairs in India was entrusted. It had little influence on high policy and its last convulsive assertion of authority went back to the recall of Lord Ellenborough. The justification of its continued existence, so far as it had one, was in supplying local knowledge for the benefit of the President of the Board of Control, and in keeping the details of Indian administration and patronage from the contagion of party politics. For all that, it had become an anomaly, and public anomalies are apt only to continue so long as no special occasion arises to prompt review and reform. The Company itself argued ably in its own favour through the pen of John Stuart Mill, but the current of opinion was against it.

The Government of India Act of 1858 deprived the Company of the Indian government.² The place of the President of the Board of Control was taken by a Secretary of State for India, who now became, in subordination to the cabinet, the fountain of authority as well as the director of policy in India. To supply the local knowledge which the directors claimed to give a Council of India was set up. This consisted of fifteen members, appointed at first for life but later for periods of between ten and fifteen years. Eight members were appointed by the Crown and seven at first by the directors and afterwards by co-option by the council itself. This body tended to represent official experience

¹ Book VIII, Chapter 6.
² The Company itself was formally dissolved from 1 Jan. 1874 by Act of Parliament.
and since the members were usually men who had retired from a lifetime of service in India, embodied the official experience of the past generation. At first this fact provided a useful link between past and present, but when India really began to move forward in the latter years of the century, it became a handicap. It meant that the Secretary of State’s immediate advisers were not in a position to judge accurately the new currents of opinion because they had arisen or developed since their time. Initially, however, the change was to the good; the influence of British ‘interests’ in British-Indian counsels was reduced, and the weight of administrative experience increased. A man no longer had influence in the direction of Indian affairs through the accident of having inherited business connexions with India or even Company stock, or because he was himself a successful trader with the country.

The arguments urged in favour of the Company as a ruler in its commercially disembodied form as an administrative corporation were that its long tradition and family spirit held the loyalty of its servants as an impersonal Crown could never do; that detailed superintendence by the directors ensured that due regard would be paid to local circumstances, essential in a place like India, and that the directors’ control of patronage kept the administration above the welter of party politics and jobbery. All these arguments had at one time had force, but the cogency of each had grown less with time. The Crown was certainly less personal than the Company and under the Hanoverians the loss by transfer would have been a severe one. But India was now a subject of continuous attention in the governing circle in London; the best men were sent to India not exceptionally as in the case of Cornwallis but as a matter of course. The Crown itself, in the person of Queen Victoria, took an interest in Indian affairs more personal than that of most directors, and she contrived to convey that interest, in some almost magic way, both to her civil and military servants and to the people of India at large. As for the family spirit of the old days, a blow had already been struck by the introduction of the competition system. The change checked a certain tendency to turn the Indian services into a closed caste circle, which lost in enterprise and originality what it gained in fraternalism. The old families were not excluded by the new system, but only their less capable members.

The argument of the local knowledge of the directors was met by the institution of the India Council which has been already discussed. The contention that the existence of the Company kept Indian affairs out of the bounds of party politics had once had great force. When jobbery was the rule in British politics, it was bound to extend to India if politicians controlled jobs. But jobbery was no longer the rule in British politics, whose tone had been transformed during the previous fifty years. The directors themselves were not guiltless in the matter of jobs. As for day-to-day interference it was now generally realized that too much was at stake in India for irresponsible meddling to be tolerated by either party.
Looking at the transfer as a whole we may agree that the change involved some loss of personal feeling, of the informality and intimacy which lingered round the East India House. But this was more than compensated by the more forward-looking spirit which pervaded the new India Office. The relics of commercialism and the ledger-book attitude to which directors clung to the last disappeared for ever. The nostalgic tendency to envisage Indian government as mere tax collecting and police work with its reluctance to embark on new ventures was also swept aside. The government as a whole was now consciously looking forward to a modernized India, not unconsciously harking back to a Mughul tranquillity, and the people became aware, as they had not been before, that their welfare was the concern of the rulers over the water. The royal courts and the royal law had once been the terror of the Bengali; the person and declarations of the new queen were to become the focus of Indian loyalty and the fountain of Indian hope.

We now turn to India, where Canning continued to hold the reins of power for four more years. Canning was industrious, deliberate, and reflective; he lacked the executive force of Dalhousie or Wellesley or the deeper insight of Warren Hastings. But his lack of brilliance was compensated by integrity and his slowness by tenacity; above all he possessed a high seriousness which imparted to his government a moral quality which was all his own. He was not at his best at the onset of the Mutiny because his qualities did not match the precise needs of the hour. He was firm and tenacious rather than bold or inspiring. But the initial crisis surmounted, his stature steadily grew as his strongest qualities were increasingly called forth by the course of events. The tenacious resister, the patient planner, the far-sighted conciliator increasingly came into his own. No one was better fitted to restrain the inflamed passions of his countrymen or to convince the Indian countryside that defeat was not to be synonymous with vengeance. Looked at in the cool light of posterity, many governmental acts of the time still seem severe; it is only by remembering the heat of the passions aroused that the extent of both Canning's and Lawrence's achievements can be measured. Their work and their difficulties are sufficiently attested by their private correspondence. Canning was awarded his nickname of 'Clemency' in Calcutta in disgust at his stand against vengeance; the intended insult, as such things so often do, became his recognized title of honour.

Canning's refusal to countenance indiscriminate vengeance was as noble and far-sighted as it was difficult. But in Oudh a certain fatality dogged his steps. His Oudh proclamation of March 1858 was interpreted by the taluqdar as an act of general confiscation; they thereupon took to arms and prolonged guerrilla warfare until the end of the year. The incident ended Lord Ellenborough's last tenure of the Presidency of the Board of Control. Canning characteristically retrieved his

1 Lord Ellenborough condemned the proclamation in a public dispatch without consulting the cabinet.
mistake, not by withdrawing the proclamation, but by entrusting its enforcement to Sir Henry Montgomery as Commissioner of Oudh. As a result of his tactful suasion and with the help of grantees, most of the chiefs recovered their estates on submission. For India as a whole the Queen’s proclamation of 1 November 1858 set the tone for the new era of authority and conciliation, of piety and benevolence. Mercy and justice, welfare and improvement now took their stand on the royal word.

In India the change from Company to Crown was largely a matter of nomenclature. The machine continued to work in much the same way and the same men continued to work it. Administrative changes at the centre were nevertheless considerable and changes of policy were still more significant. In every measure the touchstone was how to avoid the mistakes which had led to the catastrophe. In this natural anxiety to discover and rectify errors can be perceived the tendency, so common at such periods, to forget the needs of the present in remedying the failures of the past. Thus the government thought more of quieting the old classes of the society than of attaching the new and rising elements to itself. The loyalty of these groups had been signal and it was now assumed as an axiom until subsequent neglect goaded them into discontent.

For the moment, however, the new measures seemed conciliatory and wise. The Governor-General retained his legal title, but added the honorific of Viceroy as the personal representative of the Crown. There was here gain in intimacy as well as of pomp, for the Governor-General was henceforth the personal representative of the sovereign rather than the temporary figurehead of an impersonal corporation. At first it was proposed to make the Governor-General a supreme bureaucrat served by secretaries. But wiser counsels prevailed. By the Indian Councils Act of 1861 the Executive Council was retained and expanded to contain a fifth ordinary member in addition to the commander-in-chief, who continued to sit as an extraordinary member but rarely attended. To this council was introduced the ‘portfolio’ system whereby members were placed in charge of specific departments instead of sitting as a board of consultants to discuss each question as it came up on its merits. Business ordinarily went from the members to the Viceroy and only matters of general import or in doubt or dispute were referred to the council as a whole. Much time and effort were thus saved and the shape of the central government began to assume its modern form. The system also permitted the appointment of experts for specific subjects such as finance. The Governor-General’s position as head of a cabinet of departmental chiefs began to approach somewhat to that of a prime minister. But since he retained his overriding powers it more nearly conformed to that of an American president unhampered by an independent legislature.

The Legislative Council of 1853 was substantially modified. The two judges and four provincial representatives who had formed under Dal-
housie a kind of toy Parliament, modelling its procedure and spirit on that of Westminster, were re-faced by from six to twelve additional members nominated for two years by the Governor-General, at least one-half being non-officials. No rule was laid down for their selection but in practice Dalhousie's desire to secure Indian representation was achieved by this means. At the same time the powers of the council, which Canning had found to be inconveniently independent, were confined to the consideration of measures specifically laid before them. It was thus hoped to reduce the isolation of the supreme government from the people while removing a spurious parliamentary opposition in the guise of judges and provincial officials. At the same time legislative powers were restored to Madras and Bombay for provincial purposes.

The next subject of reconstruction was finance. The government of India's finances had hitherto been jointly controlled by the Governor-General and his council. But the Mutiny, by cutting off some sources of revenue and imposing new expenses, had added £42 million to the Indian debt to make a total of £98 million. In 1859-60 there was a deficit of over £7 million. India was steadily passing from the old self-contained rural economy of Mughul times into the orbit of world economic forces. Something more was needed than the old rule of thumb methods and the principles of Micawber finance. The new place on the Viceroy's Council was filled by the appointment of the financier James Wilson in 1859. In the nine months between his arrival in Calcutta and his death he remodelled the system of financial administration, outlined important economies, imposed an income tax for five years, and introduced the practice of annual budgets and statements of accounts. His work, as completed by his successor Samuel Laing, included a uniform tariff of 10 per cent., a convertible paper currency, and additions to the salt duty. Against previous belief Laing, taking into account the great productive assets of the country, maintained that 'the revenue of India is really buoyant and elastic to an extraordinary degree', an opinion justified by later experience. By these means and helped by good seasons the annual deficit disappeared in 1864. The work of Wilson and Laing marks the beginning of modern Indian finance.

Land was the next object of attention. The lot of the cultivators of Bengal under the Permanent Settlement had long been an object of concern. The settlement had given the value both of the unearned increment of the land and of increased cultivation to the zamindars, and it had made the cultivators in effect their tenants-at-will. In 1859 an attempt was made to remedy this with the Bengal Rent Act. The Act applied to the whole of the north-west as well as Bengal proper,

1 The judges were held to be the chief offenders in this respect.
2 The Court of Directors declared in 1858: 'The rights of the Bengal ryots had passed away sub silentio and they had become, to all intents and purposes, tenants-at-will'.
3 Except the Panjab and Oudh.
gave occupancy rights to all cultivators who could prove possession for
twelve years, and limited the raising of rents. The Act was far from a
complete success and instigated much litigation; but if it is too much to
describe it as a peasant’s Magna Carta, it at least proved a landmark in
protecting cultivators from the vagaries of the great zamindars and
taluqdars. A further question was then mooted, nothing less than the
extension of the Permanent Settlement from Bengal and parts of
Madras and the North-West Provinces to the whole of India. It was
believed that the cultivators of the great estates were now protected
by the new Rent Act; elsewhere permanency would give to peasants
settled under the ryotwari and village systems the whole value of un-
earned increment and of increased cultivation. It was argued that
famine mortality was connected with the system of temporary settle-
ments with its danger of over-assessment. Were not the peasants left
with too small a margin to have a reserve for bad times? The view won
impressive support, including Sir Bartle Frere and Samuel Laing in
India and Sir John Lawrence at home, and was actually accepted in
principle by Sir Charles Wood in 1862. But its enforcement was first
shelved and then finally abandoned. The greater efficiency of settle-
ment operations and the partial nature of the success of the Bengal Rent Act
combined to raise doubts sufficiently potent to arrest action. The real
solution of the famine problem was to come later.

After the problem of a contented peasantry came that of discontented princes. Had not the uneasiness caused by the strict application
of the doctrine of lapse and the series of annexations been at least a
contributory cause of the Mutiny? On the other hand the loyalty of
the Nizam and his minister Sir Salar Jung, of Sindia and his minister
Sir Dinkar Rao, of the Rajput and Sikh chiefs had proved of the
highest value. Loyal chiefs were rewarded by titles and gifts of money
or lands. But far more important was the new policy which was now
formulated. Canning had described the princes as the ‘breakwaters of
the storm which would otherwise have swept over us in one great
wave’. Henceforward they were to be regarded as subordinate partners
rather than dependent chiefs awaiting extinction or autonomous rulers
cut off from the main stream of Indian life. The first step in the new
policy was the assumption of sovereignty by the Crown. All states
were now to be subject to royal paramountcy as in Mughul times. The
new link was more definite and more personal than the Company’s
vague assertion of an impersonal supremacy. Two implications were
contained in this step. First, as integral parts of the empire they were
to be cherished rather than ignored with a bias to extinction. Their
territories were guaranteed and the right of adoption conceded.
Secondly, paramountcy carried with it the right of interference. The
cherisher of princes could insist on good behaviour in a way that the
Company with its aloof disdain could not. The influence of the resident
was now actively exercised in promoting good government. Princely
maladministration became an imperial concern as it had not generally
been before to be visited, not by annexation but by periods of British administration. Princes were encouraged to interest themselves in affairs around them and to throw their states open to western influences by such measures as the building of roads and railways and the promotion of education and modern industries. A first step was thus taken in the integration of princely British-India; if the process appeared to halt half-way after a promising beginning it was not the fault of the beginning itself. From being a collection of isolated potentates the princes became an order with a stake in the new régime.

The Bengal army had to be reorganized from the bottom. Some 120,000 out of 128,000 Indians in the Bengal army had been involved in the Mutiny and had been killed or scattered. There were left eleven regiments which had not mutinied, some remnants of others, some irregular corps, and the Company’s European troops, which numbered about 16,000. The Bengal army had thus virtually disappeared. On the other hand the form of organization in three presidency armies had helped to prevent the spread of the mutiny to the south, because each army had developed its own traditions and esprit de corps. Questions of caste did not weigh heavily with the Bombay sepoys and the outlook of the Madrasis was quite different to that of the up-country Brahman. The existing form of organization into three presidency armies was therefore retained, in spite of its anomaly in a centrally organized India. It was not until 1895 that the three forces became the unified Indian army under a single commander-in-chief, separate ‘commands’ replacing the old independent ‘armies’.

The first problem of reorganization was the fate of the Company’s European troops. With the passing of the Company’s rule they automatically passed under the Crown. They need not, for that reason, have been disbanded, and Canning desired to retain a local European army. But he was overruled by the home government which decided on complete amalgamation. All ranks were offered service on the new terms, but these aroused discontent because many men had acquired domestic ties in India which transfer to England might break and the officers thought they would not be so well off in the royal regiments. What was rather imaginatively termed the last white mutiny was allayed by the grant of bounties to the 10,000 men who took their discharge and the offer of service with Indian regiments to the officers.

The Indian portion was re-formed on new principles. Before the Mutiny there had been about 238,000 Indian troops to 45,000 Europeans in all three presidencies. The proportion of Indian to European was now fixed at fifty-fifty in the Bengal army and two to one in the other two. When the reorganization was complete in 1863 the Indian troops numbered 140,000 and the Europeans 65,000. The spirit of caution was further shown by the disbandment of the Indian artillery (except for a few mountain batteries) which had proved so formidable in the hands of the mutineers. There were those who advocated a return of the ‘mixed’ system of regiments in use in the eighteenth
century, whereby each regiment contained men of all classes. But neither the spirit of tradition or prophecy prevailed; instead the 'class' system of community regiments was adopted and lasted for the rest of the period. Two Indian battalions were brigaded with one European so that no important station would be without its European complement of troops. As before Indian regiments continued to be officered by Europeans. A change was also made in the proportion of classes recruited. The number of Rajputs and Brahmans from the United Provinces was reduced and that of Gurkhas, Sikhs, and Panjabis increased. This process was extended later in favour of the martial races of the north-west and in preference to those in the south. From 1893 Pathan, Sikh, and Panjabi units were increased at the expense of the south; by 1910 only thirteen battalions were recruited from the Madras Presidency.¹ There was no need, it is true, to maintain large forces in the south and northerners were better fitted to defend the northern passes. The effect was to make the army less representative in its composition, if not less national, and to emphasize both its professional aloofness from the life of the country and the martial character of the Panjab.

The Mutiny crisis necessarily brought to a halt the programme of social and material improvement which Dalhousie had pursued so energetically. But it was only for a moment and there was no more basis in Canning's time for John Bright's description in 1862 of British rule as 'a hundred years of crime against the docile natives of India' than there had been from the time of Lord William Bentinck onwards. The development of education as a result of Sir Charles Wood's dispatch of 1854 went forward with hardly a break. The first three Indian universities of Calcutta, Madras, and Bombay were founded while the Mutiny was actually in progress, and the rapid expansion of private colleges as a result of the grant-in-aid system began soon after. Public works, which added to the security of the country, had immediate priority and of these railways were the chief. There is no doubt that the great expansion in railway construction in the sixties was directly stimulated by the crisis and as such was one of its main compensations. The railway network has proved to be the nervous system of modern India. In 1859 and 1860 disturbances between European indigo planters and the Bengal peasants enabled Canning with home support to correct a system by which the cultivator was often compelled to grow indigo against both his will and his interests. By his efforts to organize relief during the north Indian famine of 1861 Canning foreshadowed the later development of the great Famine Code. The mortality of the most affected districts was estimated at less than 10 per cent. instead of the third or half of the population in the great famines of the eighteenth century. Finally the great law reform, which had been in progress since the passing of the Charter Act of 1833, reached completion. The Penal Code, the work of the Law Commission commenced

¹ In 1857 the number was 41.
under the lead of Macaulay, was enacted in 1860 and was followed by the Code of Criminal Procedure in the following year. Along with some reorganization of the law courts and the judges, a proportion of whom were to be members of the Indian civil service, these codes form the basis of the Indian legal system today.

For all his lack of brilliance and periodical misjudgements, Canning not only weathered the storm of the Mutiny but achieved the even more difficult feat of weathering the peace. Along with John Lawrence he did more than anyone to reconcile the Indian people with the government and to convince them that welfare and not vengeance or police rule was its larger aim. His resolute stand against Calcutta cries for vengeance and his disregard of abuse gave to Indian eyes in Lord Elgin’s words ‘to acts which carried justice to the verge of severity the grace of clemency’. In the abstract and in the light of after events Canning could have well been more clement, but in the setting of his times his actions marked high moral courage and great tenacity of purpose. The administration was reorganized and tentative steps taken to bring it into closer touch with the people. The princes were rewarded, reconciled, and reassured as to their future. Only in the case of the new class of westernized Indian was nothing done to mark their loyalty by associating them more closely with the administration which had called them into existence and with whose future their fortunes were linked. Their attachment was taken for granted and they were in fact hardly thought of. But as in the case of the liberals and nationalists at the Vienna settlement it was with them that the future lay. The new government had restored the situation; its motto may be described as one of paternal efficiency. But every restoration conceals some change. In this case the change was one from the dynamic view looking to eventual self-government by a westernized India prevalent in the thirties, to a static view of watchful and solicitous parental care without any large hope of development. Material progress there was to be, and there was never an explicit denial of the larger aim. But there was an implicit understanding that self-government was a matter for future ages if at all. Even Dalhousie had cherished the earlier ideal, but the British now settled down to an imperial stewardship amongst an inexplicable people which was not to experience its first doubts until the eighties or to be seriously modified until the first World War had come upon them. The pride of achievement remained but the hope of Indian freedom lay dormant.

AUTHORITIES

For Canning himself there is only H. S. CUNNINGHAM’s little book at present. It is hoped that a work based on his private papers may soon be forthcoming. For concise treatment of reorganization the Cambridge History of India, vol. vi, which is strong on the administrative side, may be consulted in chaps. xi, xii, xix-xxii. The Gazetteer of India, vols. iii and iv, are also useful. The constitutional side is dealt

1 By the Indian High Courts Act of 1861.

**RECENT PUBLICATION**

M. MACLAGAN's *Clemency Canning* (1962) is again valuable.
CHAPTER 2

The Political Thread—Elgin to Elgin

The period between the retirement of Lord Canning and that of Lord Curzon is usually regarded as the high noon of the British imperial power in India. There is much truth in this view for thereafter its power was never wholly uncontested or its prospects unclouded. For the first half of the period British rule was not even questioned. The old states had passed into obscurity, the old order had made its passionate convulsive protest and lay inert and resourceless; the new order beginning to emerge was recognized by only a few discerning spirits and its significance under-estimated by many of them. There was no one left to offer a serious challenge to the British power and the British were now on their guard against provoking fresh outbursts of wounded popular sentiment. Efficiency and order, benevolence and development, were the keynotes of the first half of the period. The politics of the north-west, the control of the frontiers, the development of welfare measures like education, irrigation, and prevention of famine were the topics of the day. The apotheosis of this period was the proclamation of the queen as Empress of India in 1876. Yet what the British power gained in stability and pomp it was losing in organic vitality and purpose. The government of India was increasingly regarded as a white man’s burden rather than as a call to creative effort or the preparation for a new era. The exhilaration which Wellesley’s young men had experienced in setting in order previously unknown and desolated regions and the sober but large hopes of these same men in later life had faded, and so had the rather naive expectations of the reformers of Bentinck’s time. The pride of conquest which had succeeded in the forties had led to disillusionment; the moral earnestness of the Panjab school was fortified by duty rather than by hope. India had not responded to the magic wand from the West; the thought of any response on a large scale was relegated to the distant and incalculable future. By 1880 Lord Northbrook, a very cautious Whig, could complain that hardly anyone in India could bring himself to believe any Indian to be capable of responsibility. Twenty-five years before Dalhousie himself was proposing the appointment of an Indian as one of the new legislative councillors. With vision and hope laid aside there remained the task of keeping order and dealing justice, of devising improving measures and exercising fostering care. In many ways it was a satisfying work, but it lacked the inspiring and exciting flavours of earlier periods and it bred a different type of official. Thus the sixties and seventies, though prosperous and materially creative, were spiritually somewhat barren.
In the second half of the period, though the same general conditions prevailed, there was a perceptible change in the atmosphere. Democratic liberalism had received a fresh impetus from the radicalism of Chamberlain and the moral fervour of Gladstone. Conscience and political principle united to direct fresh attention to India and revive almost forgotten dreams of political freedom. But while this new current of thought existed and made its impact on India before 1900 it was a minority opinion in both countries. Gladstonian liberalism went into eclipse for twenty years with the defeat of home rule and the new ideas had not more than a scanty following amongst officials in India itself. The viceregal backing which obtained under Bentinck was lacking except for a time under Ripon, and there was never a ‘pressure group’ of young civilians such as that constituted by Charles Trevelyan, Macaulay, and their friends.

It is important to remember that the close connexion between English thought and action in India not only continued but was strengthened during this period. With the closing of Haileybury College there was less community of outlook amongst the young civilians actually coming to the country. But there was a tighter control of policy at the top, and a quicker transmission of ideas. The telegraph was nearly as fatal to the independence of the Viceroy as it was to the prospects of the mutineers. No Dalhousie could annex a Panjab again without reference to the home authorities on the plea of the necessity for a quick decision. The opening of the Suez Canal in 1869 quickened the flow of ideas both by enabling literature to move more freely to India and by encouraging Europeans to more frequent resort to India. Thus the influence of English ideas continued to be the main factor in the formation of basic policy with the difference that local experience on the whole was less powerful to modify or to hinder. The influence of English ideas of property was revealed in the Permanent Settlement which Indian experience only partially modified. Utilitarian ideas of rent played an important part in the settlement of the north-west and ideas of western efficiency dictated the annexation policy. Foreign policy was controlled more from London than from Calcutta and education, and indeed all philanthropic measures, were wholly western in inspiration. On the whole the advocates of the Indian point of view, whether as defenders of suttee or champions of princely rights, fought a losing battle. English policy during this time was mainly a reflection of London opinion with the Viceroy tending increasingly to become the cabinet's executive agent. Only towards its close did Indian opinion begin to make its first modest but significant contributions. And then it was not traditional Indian opinion so much as sunburnt Gladstonianism.

Lord Canning, like Dalhousie, wore himself out in the public service and returned home only to die. His reward was to lie with his father in Westminster Abbey. His successor was one of those imperial handymen of whom Lord Macartney (of China fame) was the first
Indian example, Lord Lansdowne perhaps the most conspicuous and Lord Willingdon the last. He was Governor of Jamaica at the age of thirty-one and as Governor-General of Canada in succession to Metcalfe did much to establish parliamentary government by the quiet creation of constitutional precedent. His record in the second China war was more contentious, but it was while on his way thither in 1857 that he showed his power of decision by diverting his whole force to India on receiving Canning's call for help. Elgin was able, independent, and cautious, but his career was cut short by death at Dharmasala after only twenty months of office. In retrospect his term may be said to have continued Canning's régime as Metcalfe continued Bentinck's. The chief event of his time was the Ambela campaign against Wakhabi fanatics on the fringes of the Hindu Kush to the west of the Indus. The surprise of Elgin's death forestalled the usual political manoeuvres for office and the fact that the Ambela campaign was still in suspense induced the home authorities to look favourably on Indian experience as a qualification. In these circumstances Sir John Lawrence was an obvious choice and he joined Warren Hastings, Shore, and Barlow in the group of 'official' Governor-Generals.

Sir John Lawrence was then fifty-two and of Indian reputation and experience. His labours had transformed an always forceful into a rugged and rather obstinate personality; in the words of P. E. Roberts he was masterful, somewhat obstinate in temperament, and 'exact in his relations with his subordinates, though, if they did him good service, he loyalty supported them'. Men expected action on Panjab lines, but Lawrence considered that tranquillity was the need of the moment. He concentrated on internal development while insisting on external caution. In administration he disappointed where he was expected to excel through over-attention to detail; in policy he excelled where less was expected by a Bismarckian ability to combine moderation with strength.

In essence the rule of Lawrence was a continuation of the Canning period, but it was a continuation clearly marked with the Lawrence stamp. The policy of public works, particularly of railways and irrigation, was pushed forward with vigour. He introduced into Indian finance the principle of raising money for productive works by loan, but even so the annual expenditure rose by nearly £10 million or nearly 20 per cent.¹ The fact that the definition of a productive work had later to be more finely drawn cannot obscure the importance of the decision itself or the courage required to make it. His special care for the peasantry was shown by the passing of Panjab and Oudh Tenancy Acts of 1868, which were essentially the sequels of Canning's Bengal Tenancy Act of 1859. The Panjab Act gave occupancy rights to all tenants who had held land for a specified period and became 'the bulwark and charter of a contented peasantry'. The Oudh Act gave to the

¹ From £45½ million to £54½ million. In the circumstances a net deficit of £2½ million over five years cannot be regarded as ruinous.
cultivator something of the security which Canning and Montgomery had given to the taluqdas. One-fifth of the peasants were given occupancy rights at fair rents, allowance for improvements was made, and equitable control of rent rates attempted. This measure was carried through in the teeth of opposition from vested interests and was perhaps the most constructive achievement of the viceroyalty. Two famines visited India during Lawrence’s term. The first in Orissa in 1866 cost nearly a million lives owing to the great difficulties of communications, the failure of the Bengal government to take adequate action, and Lawrence’s failure to override them in time. The second, in Rajputana and Bundelkhand in 1868–9, found him better prepared and was notable for the enunciation of the principle that the prevention of starvation must be the supreme guide to official action.

In external relations Lawrence maintained Dalhousie’s policy of non-intervention. The circumstances of Dost Muhammad’s death in 1863 and a prolonged struggle for the succession and of Russian encroachment on the central Asian Khanates made this attitude controversial. As in the case of Canning an epithet coined in derision became a hallmark of distinction; the ‘masterly inactivity’ which was taken for political myopia or obstinacy was proved by later events to have been true foresight. Rarely has a statesman been so completely and quickly vindicated by time as Lawrence was in Afghanistan.

On Lawrence’s retirement Disraeli appointed his Chief Secretary for Ireland, Lord Mayo, then aged forty-six. The appointment was thus a party one, and could have been cancelled by the Liberals who came into office before he sailed. Gladstone’s restraint in not following the precedent of the Melbourne Whigs in the case of Lord Heytesbury in 1835 confirmed the bipartisan nature of Indian government. Mayo’s appointment was a characteristic Disraelian leap in the dark to many but the greatness of the opportunity revealed the extent of his talents. His ability and industry were adorned with charm to make his government one of the most successful in the series.

Mayo had first to deal with the financial deficit left by Lawrence. This he achieved with the help of the Strachey brothers by increasing the salt duty and income tax and by enforcing economies. The changes culminated in the substitution of fixed block grants over a period of five years to the provincial governments for annual grants earmarked for special purposes. An incentive was thus provided for economy since savings in one department or year could be used in another instead of reverting to the central exchequer. As a result ‘he found a serious deficit and left a substantial surplus; he found estimates habitually untrustworthy, he left them thoroughly worthy of confidence’. He showed his imagination by increasing the powers of the-town committees permitted by the Act of 1850, and thus taking an important step in developing local self-government, and by founding the first college at Ajmir for the education of chiefs and nobles. It was the beginning of princely reforms by persuasion, and the logical
corollary of the recognition of the princes as an integral part of the empire.

Abroad Mayo continued the established policy of non-intervention. He exercised his charm in the friendly management of Sher Ali at the meeting at Ambala in 1869 and afterwards and in helping to secure Russian recognition of the Oxus as the northern Afghan frontier.

Mayo’s government promised to rise from distinction to brilliance when it was cut short by the dagger of a Pathan fanatic at the conclusion of a visit to the Andamans in February 1872. Gladstone appointed as his successor Lord Northbrook, the head of the banking Baring family and at the time Under-Secretary for War. Able, unexpressive and shrewd, he may be described as the business man in the viceregal chair. He had all the qualities needful save the personal magnetism of his predecessor, of which his régime was essentially a less inspired continuation. India was prosperous save for one year of famine and overseas trade was increasing with the opening of the Suez Canal. Though a Liberal he was no doctrinaire free trader and he resisted the reduction of tariff duties below a general level of 5 per cent. on the ground of the special circumstances of India. Though he lacked the imagination to encourage the setting up of rural municipalities in Bengal he realized the danger of allowing Lancashire trading interests to appear to override those of India. His careful measures prevented serious famine in Bengal and Bihar in 1873–4 and he dealt firmly though not dexterously with the Gaekwar of Baroda’s alleged attempt to poison his resident.

The return of the Conservatives to power under Disraeli in 1874 marked the beginning of a period when Indian affairs re-entered for a time the orbit of British party politics. The two parties had increasingly different conceptions of Indian policy and Viceroy’s were shuffled accordingly. They differed primarily on foreign affairs in relation to Afghanistan and Russia and secondarily on the question of the introduction of western institutions. New radicals wished to go further than old Whig relished or old Tory would allow. Northbrook was left undisturbed by the incoming Conservatives but rifts soon developed on the subject of further tariff reductions and Lord Salisbury’s proposals for sending an envoy to Kabul. Northbrook resigned a year before his time without waiting for recall. The new Viceroy, Lord Lytton, was the avowed agent of Disraeli and Salisbury. Talented and handsome, witty of speech and bohemian in habit, with something of the literary flair of his novelist father, he hid his fundamental seriousness beneath a cloak of nonchalance which many mistook for frivolity. He had the knack, by speech even more than by action, of arousing Gladstonian moral indignation and came to be regarded as an evil only less than that of his greater chief. He began under suspicion and ended under a cloud. For all that he accomplished much and succeeded in importing some refreshing imagination into Indian policy-making and some unconventionality into the social purlieus of Simla.
Lytton’s Afghan policy, which shadowed his name most deeply, will be dealt with separately, but it was in fact only one facet of an eventful government. His first problem was the prolonged famine of 1876–8 which cost the lives of more than 5 million people in British India alone. Some of his methods were criticized, but he showed his grasp and imagination by the appointment of the Famine Commission under Richard Strachey which proved the precursor of the great Famine Code. In finance he called Sir John Strachey from the north-west provinces and with his help evened out the salt duties, thus making the great customs cactus hedges unnecessary, and reduced other inland duties. In this field also he ran into controversy by abolishing, under direction from London, the customs duty on the coarser kinds of cotton cloth. This draught of the pure milk of free trade was thought by the nascent Indian opinion and many officials to be really Lancashire’s tit-for-tat against the rising Bombay cotton industry. Lytton’s imagination was shown in the establishment of the statutory civil service of nominated Indians to whom one-sixth of the posts hitherto reserved for the covenanted service were to be thrown open. This was the first serious attempt to fulfil the promise of the Charter Act of 1833 repeated by the Royal Proclamation of 1858. He also proposed an Indian peerage and privy council to match the queen’s assumption of the imperial title. Less imaginative but almost equally abortive was the Vernacular Press Act of 1878, which imposed restrictions on the vernacular press not applied to the English. Though some Indian papers were already published in English the hand of racial discrimination was detected by the rising and sensitive westernized class.

When Gladstone returned to power in 1880 Lytton resigned without waiting for recall. He must be accounted as a brilliant failure even apart from the Afghan policy, for though his imagination taught him the importance of sentiment, it failed to show him how to use it. His actions widened the gulf between British and Indian for they aroused distrust where they were meant to impress or to soothe. The severe but genuine paternalism of Lawrence, made genial and friendly by Mayo and remaining sincere though frigid under Northbrook, died away under Lytton to be replaced, in the ears of the Indian public, by the jingling of spurs and tramp of jack-boots. The paternalist had become an alien public authority. Lytton’s successor, Lord Ripon, was a man of entirely different stamp. Industrious and able, with a deep moral earnestness, he was staid and uninspiring; the impression he made was due to his moral rather than his personal qualities. Nevertheless he was the first man of major cabinet rank to be appointed since Canning and he came, like Lytton, with a mission. He was a convinced Liberal of the forward school and may be described as Gladstone’s agent in India as Lytton was Disraeli’s. But whereas Lytton outran his master’s wishes Ripon lacked the strength to keep pace with Glad-

1 It required both conviction and courage at that time for a public man to declare himself a Roman Catholic, as Ripon did in 1873.
a. The Residency, Delhi

b. Dilkusha, near Delhi
stone's. The fault of Lytton was that he insisted too much, of Ripon that he persisted too little.

Gladstone considered it to be 'our weakness and our calamity' that 'we have not been able to give to India the benefits and blessings of free institutions'. Ripon set out with the intention of making a beginning in that direction. In doing so he had to encounter the hostility of the commercial Europeans, the fears of officials 'who have strongly ingrained in their minds ... that no one but an Englishman can do anything'. It was the beginning of the change from paternalism to partnership and such changes are notoriously difficult. Ripon succeeded in creating representative local government boards in districts and tahsils and in largely extending municipal committees. But his attempt in the Ilbert Bill to enable Indian sessions judges to try Europeans,¹ a practice already permitted in the presidency towns, raised a storm of non-official European protest which received much covert sympathy within the services. After much ill feeling had been aroused Ripon bowed to the storm by agreeing that Europeans might claim a jury, half of whom would be Europeans. In trying to remove one racial distinction he thus succeeded in creating another one; neither party was satisfied and the racial cleavage he had come to close was wider at his departure than on his arrival. But if Ripon's conduct in this matter was not impressive, his general attitude was of the highest importance. The new Indian middle class felt that though the administration was against it, a tide of opinion in Britain was on their side, as they had not felt under Lytton. The dull resentment against Lytton was replaced by hope for the future as well as by admiration for Ripon himself. The fruit of this hope was the Indian National Congress. Ripon's real significance to India was that his failure even more than his successes caused the precipitation in political form of the new Indian westernizing movement. Indians would now oppose government but in the name of western principles; they would demand self-government, but in the forms of western institutions. To the British the new movement had given notice of its existence; it might be belittled, but its existence could no longer be denied.

Other aspects of Ripon's rule have been obscured by the drama of the Ilbert controversy. Ripon behaved as an orthodox Liberal should. He reduced the salt tax and removed the last protective duties; he repealed Lytton's Vernacular Press Act and encouraged the development of primary and secondary schools; he restored Mysore to its raja on his coming of age in 1881 and he made a modest beginning with factory legislation. As an administrator he may be called a tepid Dalhousie as in politics he was a timid Gladstone. But whether timid or tepid, he should not be assessed merely on his shortcomings. By carrying the Liberal spirit to India he began the transition from paternalism to partnership which culminated in 1947. His rule must therefore rank in

¹ In 1873 it had been enacted that a British European subject could only be tried by a European magistrate or sessions judge.
importance with that of Canning, Dalhousie, Bentinck, and Wellesley, even though his personality may have been less arresting than theirs.

When Ripon retired in December 1884, amid unexampled expressions of Indian goodwill, Gladstone's second ministry was staggering towards its fall. It was a time for consolidation rather than forward moves. Ripon's successor Lord Dufferin, was a distinguished member of the regiment of imperial handymen, well fitted by his tact and suavity to assuage the bitter feelings aroused by the Ilbert controversy, and by diplomatic experience and personal distinction to head the Indian government. Few Viceroy's have so exactly fulfilled expectations and gone so little beyond them. A diplomatist rather than an administrator or politician his rule might be described as an imperial embassy rather than an orthodox government and in this sense it was highly successful. His main preoccupation was with external affairs where he dealt with the Panjdeh incident of 1885 in Afghanistan and annexed upper Burma in 1886. In India he gave a cautious countenance to the National Congress while not reopening the Ilbert question, and equally cautiously prepared for constitutional reform. He used the new confidence and loyalty of the princes to set up the Imperial Service Corps, state forces available for service overseas. Perhaps even more significant than this proof of princely contentment was the fact that the new corps were officered by Indians and only inspected by British commanders. In a sense they formed the cradle of the modern Indian army. Dufferin's liberalism was shown in three Tenancy Acts, affecting Bengal, Oudh, and the Panjeb, which carried previous attempts to protect tenants a stage further.

Lord Dufferin's term covered the home rule crisis in England and saw Lord Salisbury firmly in power at the head of a Unionist ministry. A new wind now began to blow in the British outlook on Indian affairs. The rift in principles of policy narrowed again to differences of expediency, a process helped by the spread of imperialism within the Liberal ranks and the moderation of successive Salisbury governments. Dufferin found no difficulty in working with the new government and on his retirement was given the embassy at Rome. His successor was another imperial handymen in the person of Lord Lansdowne, who had already been Governor-General of Canada and was to become a distinguished Foreign Secretary and deputy-leader of the Conservative party. He was one of the last of the great aristocratic Whigs to whom public duty was a natural vocation, reserve and discretion a second nature. So complete was the mask of quality that it is not easy to perceive the real man behind the veil of classic poise. Without the charm of Mayo or urbanity of Dufferin, the brittle brilliance of Lytton or the moral earnestness of Ripon he was as able but more agreeable than Northbrook and as influential as Ripon. A great gentleman presided over the land, treating men and things alike in the grand manner with courtesy, dignity, and detachment.

The restored continuity in Indian party policy was shown by the
completion, under Lansdowne, of a modest constitutional reform proposed by the Liberal Dufferin. It was Riponism in a minor key. Its details are described elsewhere but its significance lay in the introduction of virtual election for the return of certain Indian members to the Legislative Council and the enlargement of the council’s powers to include a discussion on the annual budget. It amounted to a careful revival of Dalhousie’s little Parliament on a broader basis. The value of the elective principle, hedged about as it was, lay in providing the first opportunity for the new India to take part in the central Indian government. This was the arena of G. K. Gokhale a few years later. Lansdowne’s other internal concern was the fall in the exchange value of the rupee, which fell from about 2s. in 1870 to its lowest point of 1s. 1d. in 1891. This occurred from 1873 owing to the demonetization of silver in Germany and the Latin union. The value of silver declined relative to gold and this hit India hard because she was indebted to a gold standard country in Britain. Exports were stimulated but the cost of imports was ruinous. Before the fall was finally checked in 1895 the income tax had been reimposed and the salt tax enhanced. The rest of Lansdowne’s attention was devoted to Afghan and frontier questions which are dealt with separately.

Lansdowne retired during Gladstone’s brief fourth ministry. The ministry was divided and no one was anxious to undertake an office with little chance of backing from home and no mandate to fulfil. Lord Cromer declined the Viceroyalty and Sir H. Norman retired after accepting, on grounds of age. Thus the mantle fell on Lord Elgin, who could claim that his father had been Viceroy before him. For two more years the calm induced by Lord Dufferin continued. Then India was struck by plague and famine. Large portions of south, central, and northern India were stricken with famine; but though the famine was on the largest scale the new methods limited deaths to three-quarters of a million, chiefly in areas like the Central Provinces where communications were still primitive. Bubonic plague, which devastated Europe as the Black Death in the fourteenth century and London in 1665 as the Plague, spread across China in the nineties and came from Hong Kong to Bombay in 1896. Jahangir accurately described the symptoms in 1616, but since then there had been no large outbreak. The efforts to prevent the spread of the disease disturbed orthodox sentiment and lead to rioting. It was at this time that B. G. Tilak became prominent. Since that time the disease has been endemic in India but has not again attained such alarming proportions.

In the thirty-six years from 1862 to 1898 we can see the government of India passing through the phase of paternalism, incipient imperialism, and dictatorship, and tentative moves towards partnership. The dominant thread is the paternal one; at the end of the period the government could be described as paternalism tempered by consultation. In the economic field India was subjected to the whole free trade

1 The Indian Councils Act of 1892.
gospel and experienced the evil as well as the good effects of her entry into world markets. Unobtrusively but steadily she was building up modern industries. Above all, beneath the imposing façade of imperial rule the ferment within Indian society was developing apace, and had reached the point when it had assumed a visible political shape.

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CHAPTER 3

Foreign and Frontier Policy 1862–98

The North-West. The post-Mutiny period saw certain changes in the general geopolitical situation which were the determining causes of both the second Afghan and third Burman wars. After 1857, as before, two of the three prerequisites of Indian security were satisfied. Britain continued to control the sea and the East Indies continued to be controlled by the virtual British auxiliaries, the Dutch. They were, indeed, extending their direct control over the outer East Indian islands, and to that extent making security more secure. But both East and West a change was creeping over the general situation. The eastern change was brought about by the appearance of France. The western change was the more important and will be dealt with first. To the north-west of India security has been historically best achieved by a balance between a strong Indian and a strong Iranian power. India has never in fact controlled the whole Iranian plateau; a strong power there has therefore proved a source of security because it held in check the potential power of central Asia. The traditional cradle of empires may be described as a reservoir of power whose human springs have periodically gushed forth floods, unpredictable in their appearance and uncertain in their force. It was clearly to the interest of India, provided that she herself possessed a strong centre of power, to have as a north-western neighbour a power capable of stemming any ordinary overflow from the central Asian reservoir. With the fall of the Safavids and the death of Nadir Shah in Iran and the collapse of the Mughuls in India this condition ceased to be fulfilled; and when the British re-integrated the Indian empire by 1818 they found confronting them beyond the Indus a distracted Afghanistan and a still weak Persia under the Kajar dynasty. Beyond lay Russia. But her time was not yet. In the twenties and thirties she turned south-west towards Turkey and Constantinople and was sufficiently met by Palmerstonian diplomacy. Between her and the Afghans lay the central Asian Khanates. They were the reason that Auckland’s failure to control Afghanistan had no untoward results on the security of India. There was no one as yet to take advantage of it. Russia’s eyes were still set on Constantinople. In 1844 she agreed with Britain to regard the central Asian Khanates as a neutral zone between the two empires, thus leaving the Indian government free ‘to repair the wire’ to Dost Muhammad with the Dost inclined to assist in the process. In these circumstances Persia was in no position to be aggressive while Britain had neither the will nor power (with the Afghans in between) to subjugate Persia. When Persia
seized Herat from its local ruler in 1856 she was quickly induced to retire by Outram's expedition to the Persian Gulf. During these years the Iranian power problem was not solved, but remained in abeyance.

Such a situation could not last and was in fact ended by the Crimean war of 1854–6. The Russian advance towards Constantinople was again checked, but at the same time the understanding over the Khanates was broken. This is the beginning of the second phase of Indian north-western policy during the nineteenth century. In surveying this period there are two considerations which should be borne in mind. The first is that the control of Indian foreign policy was far closer than in the earlier period. From the time that the Red Sea cable was laid in 1870 there was little independent action by Calcutta save for a short period under Lytton and to some extent by Curzon, until Hardinge could write in 1907, 'recently we have left the Government of India entirely out of our account'. The second is that the London cabinet had always in mind, in dealing with Russia, the situation in Europe and the Near East as well as in the Middle East and in central Asia.

Russia could give no help to Persia in 1856 because of her recent defeat in the Crimea. But the Mutiny suggested that Britain was not so strong in India as she had been supposed to be. Thereafter Russia returned to her traditional policy of moving in a direction where resistance was not likely to be great when baulked in her designs elsewhere. The sixties, which were years of recovery, internal reform, and diplomatic quiescence in Europe, saw the beginning of her advance in Asia. In short, she began to move into the central Asian reservoir. The internal springs of that reservoir were drying up, not so much from internal rottenness as from poverty and depopulation induced by the physical desiccation of the region. The Khanates, without modern sources of knowledge or power, were suffering from a creeping paralysis for which there was no remedy. That is why the Tartar Khans, who had once overspread Russia itself, fell easy victims in their turn in the latter part of the nineteenth century. In 1866 Bokhara became a dependent ally; in 1868 Samarkand was acquired and in 1873 Khiva followed. A new province of Russian Turkistan was formed and the Russian base moved a thousand miles from Orenburg to Tashkend. Only Merv now remained between north-eastern Afghanistan with Herat and the Russian empire.

It is now time to turn to Afghan affairs. In the absence of Russian interference the policy of non-intervention begun by Lord Ellenborough had borne good fruit. Dost Muhammad, not yet master of Herat, was glad to have British neutrality and hoped for British support against Persia. Dalhousie concluded a treaty of friendship in 1855 and help was given in the Herat incident. The Dost refrained from taking Peshawar during the Mutiny; he finally captured Herat in 1863 and died a few days later at the age of eighty. There followed a war of succession in the Mughul style but complicated by the fact that the
Dost had sixteen sons instead of the Mughul's usual three or four. John Lawrence resolutely refused to interfere; his policy was described with equal warmth by friends and critics as 'masterly inactivity', but it was in fact only a rather frigid continuation of the existing policy of non-interference. Lawrence saw in each claimant a turbulent sardar and found it difficult to disguise his general disapproval of all chiefs. When in 1868 Sher Ali finally defeated his rivals, he was duly recognized as Amir. He had already been provided with a subsidy as soon as his rivals appealed to Persia and Russia for help. Lord Mayo added warmth to Lawrence's correctitude and so wrought on Sher Ali at his Ambala interview in 1869 that the Amir passed on to him the letters that began to arrive from 1870 onwards from the Russian Governor-General Kauffmann. The complement of the non-interference policy was in Lawrence's eyes an understanding with Russia about the integrity of Afghanistan. The Russian advance in Turkistan and the concern which it gave the Amir provided a fresh opportunity. The first Gladstone ministry secured Russian recognition of Sher Ali's possessions south of the Oxus in 1869 and acceptance of his control over Badakshan in 1873.

If the European situation had remained stable this understanding might have settled the Afghan question for many years. But affairs in Europe did not remain static and soon gave to the Russian advance and usual policy of pinpricks a deeper significance. Sher Ali, alarmed by the steady Russian approach, sent an envoy to Simla on the morrow of the fall of Khiva in 1873 to ask for a closer alliance. But Northbrook could offer no more than Mayo's vague promises and henceforth Sher Ali thought it politic to be less frigid towards Russian advances and assurances. Events now moved rapidly. In 1874 Disraeli became prime minister with Lord Salisbury as Secretary of State. In 1875 revolt broke out in the European provinces of Turkey. In 1876 Russia took up the cause of the rebels and moved forward once more. At the beginning of 1878 she was at the gates of Constantinople dictating a peace which would have made her mistress of the Balkans through an inflated but puppet Bulgaria. Britain insisted on revision at the risk of war, succeeding, through Bismarck's intervention, at the Congress of Berlin. The Conservative leaders were deeply suspicious of Russian intentions and therefore viewed her central Asian proceedings with critical eyes. They had in mind both the protection of Afghanistan from Russian attack and a threat through Afghanistan on Russian central Asia as a means of pressure on Russia in Europe. From 1876 they had as their agent in India Lord Lytton, who possessed a schoolboy zest and was to prove 'plus royaliste que le roi'.

The method adopted to further these ends was to put pressure on Sher Ali rather than on Russia direct. Salisbury suggested in early 1875 the dispatch of a British envoy to Kabul with a simultaneous strengthening of Indian forces on the frontier. Northbrook demurred and on the proposal being repeated as an instruction, retired early in the next
year. With Lytton’s arrival the proposal was made to the Amir and the occupation of Quetta was secured by treaty with the Khan of Kalat in 1876. On his side the Amir was determined to accept no British resident. The unhappy precedent of his father’s time was before him, and in any case it was the general belief in the East that the advent of a British resident at a durbar commonly foreshadowed the end of its independence. He feared the British in refusing and his own subjects in accepting. He was between two fires. Early in 1877 he finally declined the British embassy. But as the crisis in Europe deepened the Russians became more pressing and in July 1878 the Russian General Stolieloff arrived without resistance in Kabul, just as the Congress of Berlin ended. With the Berlin settlement just concluded the proper reply would have been to demand the withdrawal of Stolieloff directly from St. Petersburg. Instead Lytton was allowed to announce the dispatch of a British envoy. From this point control of events virtually passed from London to their impetuous Indian agent because his restraint would have involved a cabinet crisis which the government could not afford to face.

The repulse of the envoy (Sir Neville Chamberlain) at Ali Masjid was followed by invasion. The usual successes brought about the flight of Sher Ali in ominous repetition of the events of 1839. Too late he discovered that the Russians had no help to give. Sher Ali died early in the following year and peace was made by the treaty of Gandamak with his son Yakub in May 1879. Once more brilliant success proved but the descent to the valley of disappointment. By the treaty Kurram, Pishin, and Sibi were assigned to British control, a resident was established at Kabul with agents elsewhere, and the Amir undertook to conduct his foreign relations in accordance with British advice. In return the British engaged to support Yakub against aggression and pay an annual subsidy of 6 lakhs of rupees. It seemed that Afghanistan had now at last become an Indian protected state. But the treaty had thought of everything except the people with whom it was concerned. Within six weeks of his arrival in July the new envoy, Cavagnari, was murdered with his escort in a popular rising. This brought Generals Roberts to Kabul and Stewart to Kandahar while Yakub Khan joined the British camp and became a state prisoner in India. During the winter Roberts was besieged at Sherpur to be joined by Stewart at Kabul in the spring. Lytton’s policy was in ruins. The web of policy, he wrote, ‘so carefully and so patiently woven, has been rudely shattered’. He had now no resource but to recognize such chiefs as could be found. In Kandahar Sher Ali Khan, as representative of the old Sadazai house, was recognized, while at Herat, Ayub Khan, a son of the Amir Sher Ali, had established himself. There remained Kabul. At the beginning of 1880 there appeared in Balkh, Abdur Rahman, son of Sher Ali’s brother and former rival Afzal Khan. He had long been in Russian Turkistan and used by the Russians as a potential

1 He died at Dehra Dun in 1923.  
2 Afzal reigned in Kabul in 1866–7.
threat to exercise pressure on Sher Ali. Abdur Rahman was a man of forty, 'short and stoutly built, with bluff but pleasant manners and an easy smile, self-possessed and clear-minded'. A master of statecraft had appeared. Lytton clutched at this 'ram caught in a thicket' (which he had not caught); there was now a man to deal with and the arrival of Ripon enabled the tangled skein of Afghan politics to be unravelled at last.

Abdur Rahman was recognized in July 1880 as Amir of Kabul on the sole conditions of having 'no political relations with any foreign power except the English', and confirming the cession of Kurram, Sibi, and Pishin. In return the British promised an annual subsidy and abandoned the claim to post a resident at Kabul. Next Ayub Khan's eruption from Herat and defeat of the Kandahar force in June was countered by Roberts's classic march of 313 miles from Kabul in twenty days and victory at Kandahar. British troops now withdrew from Kabul and the next year from Kandahar, taking Sher Ali Khan with them. In September 1881 the defeat and flight of Ayub Khan completed the consolidation of the new Amir's power which he retained until his death in 1901.

On the whole the second Afghan war must be adjudged an unnecessary one. If Lawrence's attitude to Afghan chiefs savoured too much of his distaste for Sikh sardars his policy of non-interference was yet sound in principle when read with its corollary of a direct understanding with Russia. The policy of making Afghanistan a forward bastion of British power in Asia neglected too many fundamentals to have any hope of success. The country was too arid to support an army and too hostile to dispense with one. The distances which precluded large Russian concentrations in Afghanistan equally forbade large British movements beyond the Hindu Kush. Above all, it went against the known Afghan passion for independence which made the position of every force and the life of every envoy precarious. British control of Afghanistan would have meant Russian concentrations on the Oxus followed by the building up of British armies at Kabul and Herat. The policy would have been financially ruinous in any case; it was fortunate for India that the Afghan rising demonstrated its unsoundness before it exacted the penalty of bankruptcy. The only gain from the whole episode was the substitution of Abdur Rahman for Sher Ali. The case with which a settlement was made with a refugee from Russian territory threw into sharp relief the unwisdom of supposing that every Afghan chief was a secret friend of Russia. They were no more friends of Russia than of Britain; they were friends of Afghan independence.

A final diplomatic brush completed the Afghan settlement. The Russian defeat of the Turkomans in 1881 and the capture of Merv led to fresh fears in Britain or 'nervousness' as the Duke of Argyll called it. Both powers agreed to a joint commission to demarcate the frontier, but an acute situation arose when the Russian General Komaroff drove the Afghans from Panjdeh and threatened the Zulfiqar Pass. Fortunately at the moment Abdur Rahman was visiting Dufferin at Rawal-
pindi. The cool nerve of the one and the tact of the other backed up by
the resolute attitude of the second Gladstone ministry prevented war.
Abdur Rahman was willing to barter Panjdeh for the vital Zulfiqar
while the Russians had no mind to risk a general war. Negotiations
were resumed and the boundary agreement, which still holds good,
was concluded in 1887.

The Frontier. Something must now be said of the frontier created
by the annexation of Sind and the collapse of the Sikh kingdom to
which the Afghan wars added prominence as well as importance. In
dealing with the frontier the distinction must always be remembered
between the Baluchis and the Pathans, peoples very different in custom
and situation, who required separate treatment. The first problem
in Sind was defence against marauding Baluch bands. Sir Charles
Napier's military system relied upon a system of fortified posts. But
the posts were too few and the commanders not enterprising enough to
deal with a mobile foe. From 1848 John Jacob devised a system of
mobile, defence by patrols which provided the security needed for
increasing the cultivated area. In the Panjab the problem was far
more difficult because of the greater length of the line involved, the
variety of tribes, the number of tribesmen, and the long tradition of
conflict. It is important to remember that the problem was not new.
The British inherited from the Sikhs who in turn succeeded the
Mughuls. The Mughul method had been to keep open the passes by
subsidies; it was indeed the withdrawal of these which made easy
Nadir Shah's march into India after his capture of Kabul in 1738. The
British were unfortunate in their predecessors. There was a natural
antipathy between Sikh and Pathan, the sturdy plainsman and wiry
hillman, which was increased by the religious feud. Generals Avitabile
and Hari Singh ruled Peshawar and Hazara by terror and controlled
their areas just so far as their bullets would carry. The British therefore
found resentment and defiance added to the natural turbulence of the
tribesmen. Until the seventies non-interference was tried; the remis-
ion of the old capitation tax, free trade, and the offer of military service
to tribesmen was tempered by punitive expeditions, blockades, and
fines. Thus the tribal belt of 25,000 square miles continued in uneasy
and perplexing proximity to the British power.

The second Afghan crisis led to the next development of policy. In
1876 the treaty of Jacobabad with the Khan of Kalat extended the
treaty of 1854 and secured Quetta as a military base. Thereafter Sir
Robert Sandeman developed a system of subsidies in return for duties
performed and based on close personal relations with the chiefs and
jirgas or tribal gatherings, which proved highly successful. It was not,
however, suitable for export and failed when applied to the more
democratic Mahsuds, whose chiefs could not answer for their people.

There remained the frontier proper stretching from the Hindu Kush
to the district of Dera Ismail Khan where the various Pathan tribes
held sway. There were four possible lines of defence. The first was the
river Indus itself, favoured by Lawrence. This has never in fact been an historical boundary in accordance with the maxim that mountains are better barriers than rivers. In addition the east bank of the Indus is for the most part overlooked by the west. The second line was the 'scientific frontier running from Kabul through Ghazni to Kandahar'. This was in fact the Mughul frontier until Kandahar was lost in the reign of Shahjahan. This line covered the western or upper ends of the passes themselves but was subject to attack from the rear by the tribes and was made impracticable by the attitude of the Afghans. There remained two intermediate lines. The first was the old Sikh line which was approximately that of the administrative frontier, and the actual frontier in the post-Sikh years. This left the whole tribal area uncontrolled. The second, eventually called the Durand line, roughly divided the tribal area equally between Afghans and British. Neither of these lines was militarily defensible, but the second had the advantage of reducing the danger of tribal incursions and threats to defence against regular invasion. The military defects of either were, however, mitigated by the firm possession of Quetta, from which any army passing through the western passes could be threatened on its flank and rear.

The radical forward school had its day under Lord Lytton and was then set aside as visionary. The moderate forward school, which looked to the future Durand line, had Lord Roberts as its most distinguished exponent and came into its own under Lansdowne. In 1893, after various hitches, Sir Mortimer Durand persuaded the Amir to agree to a line of demarcation which was henceforth known as the Durand line, in return for an increase of his subsidy from 12 to 18 lakhs. The Afghans did little on their side of the line. The British side included the Afridis of the Khyber region, the Mahsuds, the Waziris, the Swat tribes, and the chiefships of Chitral and Gilgit. Over these tribes the British proceeded to assert their authority at the cost of a series of tribal campaigns. Here Elgin reaped what Lansdowne had sown. The Chitral campaign of 1895 led on to the general Pathan rising of 1897 which it needed a force of 35,000 men under Sir Bruce Lockhart to quell. But the problem of controlling the tribal areas was by no means solved and awaited the coming of Lord Curzon before entering its next phase.

The East. The third Burman war of 1885, which heralded the annexation of Upper Burma, has already been touched upon in Chapter 2 above. Here it is placed in its international setting. The French had had connexions with Indo-China as early as the reign of Louis XIV, but it was not until the nineteenth century that they began to interfere actively. Napoleon III, in his search for glory without undue risk or effort, turned his attention eastwards, using the protection of missionaries as a pretext. The Third Republic continued the policy as part of its search for 'compensation' for the loss of Alsace-

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1 Abdur Rahman found that ill health and other preoccupations prevented him from receiving Roberts before he left India.
Lorraine and its former position in Europe. The French empire of Indo-China was thus built up. The French proceedings were narrowly watched by Britain who saw in them a possible threat to the eastern flank of the Indian empire. Unlike Holland, France was in no way dependent upon Britain, but in many respects her rival, while her fleet was next in importance to the British itself. It was French action which hastened the annexation of Upper Burma. In January 1885 the French concluded a public treaty, and followed it up by appointing a consul. A few months later a secret letter, signed by the French foreign minister at the same time as the treaty, and promising the import of arms from Tonkin, was discovered. These proceedings, in which Britain detected a threat to her position in Burma, rather than the grievances of the Bombay-Burma Trading Corporation, were the real cause of Dufferin's action. A final flutter occurred with the French ultimatum to Siam in June 1893. Lord Rosebery, who was then Foreign Secretary, while urging the Siamese government to accede to the French demands, refused to submit to a French blockade of Bangkok, which was accordingly raised. For a few hours, according to Rosebery, the issue of peace or war hung in the balance. Siam for the future came to be accepted as a buffer state between the British and French spheres of influence. If French action precipitated the end of Burman independence it at the same time secured that of Siam by bringing into operation the British balance as a counter to further aggression.

Indians overseas. No survey of India's external relations would be complete without paying some attention to the movement of Indians overseas during the Victorian period and the problems to which it gave rise. The record of Indians overseas has a long and honourable history stretching back beyond the beginning of the Christian era. There were undoubtedly commercial contacts with the Near East, overland to Persia and central Asia, by sea to the Persian Gulf and the Arab ports. The first millennium of the Christian era was the great age of Indian expansion in all its forms and this has been dealt with in greater detail in Part I. There were active commercial contacts with the Graeco-Roman world; there was a commercial colony in Alexandria as the Romans had theirs at Muziris and Arikime in south India; and 'Indian gymnosophists' or yogis were known to the Christian Fathers of the second century. Overland Indian traders and Buddhist priests penetrated into central Asia and along the silk route to China, carrying their wares, their art, and their religion with them. The desiccated cities and monasteries of central Asia bear witness to Indian artistic activity and the art and cults of China to their religious influence. Indian influence was also extensive in Tibet though there was little colonization there. But the major Indian external activity was overseas in south-east Asia. Here India sent representatives of commerce, the arts, and cults and established political kingdoms, as well as cultural spheres of influence. It was overseas that Buddhist art reached its zenith at Borobudur and Hindu art its culmination at Angkor.
With the slackening of the outward thrust from India these cultural outposts lost their positive vigour. The combined result of the Hun and Muslim incursions dried up the stream of Indian intercourse and Hindu ideas, but Indian influence continued in its own right and has persisted in some degree to the present day. In the medieval period there was little of either physical or cultural export, for India was not overpopulated and Indian society was too preoccupied in resisting external pressure at home to think of renewing it abroad. Little remained of former movements but commercial activity in the Near and Middle East and in East Africa. Hindu society in general so lost the habit of foreign adventure that overseas travel came to be regarded as inconsistent with caste.

The situation continued virtually unchanged until the late eighteenth century when close contacts with Europeans revived the desire to proceed overseas. Mirza Abu Talib Khan was one of the first to proceed to England in 1785, while the Brahman Ram Mohan Roy effectively challenged the orthodox taboo on overseas travel by his visit to England in 1830. Even so at the end of the century Surendranath Bannerjee and Mahatma Gandhi both encountered orthodox resistance to their student voyages. So far the movement was one of re-establishment of contact by individual Indians with the outside world. It continues today in the steady stream of students, officials, and business men who proceed overseas to all the countries of the world.

But contacts do not amount to colonization. The larger movement, which has led to the establishment of Indian settlements all over the world began (apart from a slight movement to Burma in the eighteenth century) in the thirties of the nineteenth century. It was prompted by a social and economic revolution in the western world, and helped by certain supporting factors in the Indian situation. The revolution was the abolition of slavery within the British colonial empire and the economic repercussions which followed. Formerly slaves had worked the sugar plantations but now they showed reluctance to work as free labourers, so that only a few years of apprenticeship lay between the planters and apparent ruin. There therefore began an urgent search for an alternative labour supply in the West Indian islands of Jamaica and Trinidad, in British Guiana in South America, and in Mauritius in the south Indian Ocean. In India there were factors making for a response. The decline of the handicraft industry caused by the introduction of machine-made cotton goods had caused unemployment both in Bengal and Madras. From time to time from the thirties onwards to the end of the century, famines created temporary distress which encouraged thoughts of overseas work. And from about 1870 the growth of population, with its consequent fragmentation of holdings and increase of landless labourers, began to press upon the means of subsistence. The first departures to Mauritius were privately arranged but both the Indian and home governments soon found that intervention and regulation were necessary. Thus grew up the indenture system, the main
principle of which was that the labourer bound himself to serve on a plantation for a term of years (usually five or seven), at the end of which time he was entitled to a free passage home or to remain in the colony as a free labourer. There were many variations of this general plan, depending upon the regulations for recruitment, conditions during the indenture period, for return and for settlement. In all there was supposed to be free contract to start with and free labour, return or settlement to end with, but in all there was the basic fact of ignorance and need on the one hand dealing with knowledge and interest on the other. Abuses were almost inevitable and did not fail frequently to occur. But the early records show on the whole that the Indian and home governments were honourably anxious to protect the interests of the labourer against planter and contractor exploitation. The colonial governments also desired fair play but they were subject to local pressure far more severe than that experienced by the Colonial Office in London. A variant of the indenture system was the kangan system, by which a foreman or ‘boss’ recruited his own gang of twenty-five or thirty men and was responsible for their general supervision and control.

By these means a series of Indian settlements grew up from Mauritius and Fiji in the south Indian and Pacific Oceans, through Malaya and Burma in East Asia, Ceylon (where the old established Jaffna Tamils were reinforced by fresh arrivals), to Kenya, Tanganyika, Uganda, and South Africa (mainly in Natal), in Africa, and on to Trinidad and Jamaica in the Caribbean basin and British Guiana in South America. The settlements arose because the labourers on the whole found the status of a free labourer or trader more attractive than a return to India where they had only known poverty and with which they had lost their links. These settlements created fresh problems both for the colonies concerned and the settlers themselves. They found themselves members of new plural societies, and subject to all the tensions experienced by groups of different racial origin, cultural backgrounds and levels, and economic capacity. In some areas planters endeavoured to compel labourers to stay on because of the labour shortage; in others, as in Natal, they later tried to induce them to leave as economic competitors. In the upshot the settlements grew; the labourers in many cases developed into small traders, from whom grew by degrees a professional and commercial class. The indenture system was transmuted into ‘assisted emigration’ which ended altogether after the first World War. These communities, which now number about 3½ millions in all, have in the units mentioned acquired self-consciousness and a recognized place in local corporate life. In British Guiana Indians are the strongest group; in Trinidad, Mauritius, Fiji, and

1 The dates for the ending of indenture are as follows: Mauritius, 1915; Fiji, 1920; Br. Guiana, 1917; Trinidad, Natal, 1917; Malaya, 1878. In Burma, Malaya (after 1878), and Ceylon the kangan system or its variant, the maistry system, prevailed.
Malaya they are very influential. Their stake in the country is recognized in Kenya and Tanganyika; only in South Africa, in spite of the efforts of Mahatma Gandhi, Lord Hardinge, and General Smuts, have their disabilities increased rather than declined and are they clearly unwelcome to the settlers who first asked for their services.

To these ‘settlements of labour’ there should be added the settlements of trade and commerce, which have been smaller, more long lived, and more stable. The leading case of this type of settlement is to be found in East Africa where enterprising western India traders, many of them followers of the Agha Khan, have long been active.

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CHAPTER 4

Economic Policy and Development, 1858–1939

The hey-day of the British power in India was also the high noon of laissez-faire economic doctrine. Indian policy inevitably felt the influence of this climate of opinion. To interfere as little as possible with economic processes was considered to be the highest wisdom. Yet even the purists admitted that in certain circumstances positive action might be necessary. In fact such circumstances were never altogether lacking in India as elsewhere. The financial emergency of the Mutiny left the government with a pressing problem of ways and means. There was the need for developing India along modern lines for which there was no one but the government to take the initiative. The periodical famines were becoming a reproach to a government equipped with the resources of the new scientific age. The progress made in dealing with these matters in turn tended to end the old practical economic isolation of the Indian sub-continent. A peasant subsistence economy supplemented by cottage industries and a modicum of foreign trade was increasingly modified by the conditions of world trade. Food crops were replaced by cash crops; production for home consumption by production for foreign factories; and the old decayed cottage industries by new power-driven factories. These exigencies and developments compelled government action to a steadily increasing degree. But the laissez-faire principle held in general up to the outbreak of the first World War, just as it did in Britain, though with increasing misgivings and doubts.

The first financial problem facing the post-Mutiny government was that of ways and means. Before the crisis the mainstay of the revenue had been the traditional land tax. This was now reduced, and even when restored could not readily be expanded. There remained the duties on opium, salt and stamps, excise, customs, and provincial charges. But the only large increases possible here would fly in the face of economic doctrine as in the case of customs or of public policy as in the case of salt. Between 1859 and 1862 Wilson and Laing restored equilibrium by enforcing drastic economies, by increasing the salt tax, by imposing a uniform import tariff of 10 per cent., and instituting an income tax on non-agricultural incomes. There followed a period of expanding trade which enabled the great public works programme to be financed out of revenue. But Lawrence found that there was a strict limit to this process, and deficits recurred. In 1867 he secured sanction for the financing of productive works by means of loans. This measure, under improved rules drawn up by Lord Mayo, became a
recognized feature of financial policy. It enabled the great irrigation programme to be pushed on and also helped in the construction of railways. The same ruler improved the administration of provincial finance by modifying the system of central grants. Hitherto grants had been made to the provincial governments for each item of estimated expenditure. Underspending on any particular item brought no benefit to the provincial government because the grant lapsed at the end of the financial year; overspending on the other hand incurred no penalty since the Centre was virtually compelled to make up the deficit. In 1870 this plan was replaced by a system devised by the brothers Richard and John Strachey. A fixed yearly grant was now made to each provincial government subject to revision every five years. Within each quinquennium, therefore, the provincial governments had a certain amount of elbow room, though the system did not allow for sudden emergencies or fluctuations in cost. It also led to the beginnings of real provincial finance by the addition of local cesses\(^1\) to increase local resources. This was extended in 1877 by Sir John Strachey who gave provincial governments a share in the revenues instead of a fixed grant from the central treasury.

The free-trade wind still blew strongly. The government of India was soon under pressure to reduce its customs. They were first lowered to 5 per cent. In 1879, on the insistence of Lancashire, the cotton duties were abolished. This aroused strong opposition in India, both official and popular, and was only carried by the exercise of the Governor-General’s power of overriding his council. It was thought to be a surrender of Indian to British interests and was the first overt instance of an economic clash of interest between the two countries. At the same time the wholly beneficial measure of abolishing the inland customs cactus line was completed.\(^2\) This was made possible by agreements with the states whereby they gave up the manufacture of salt in return for compensation. It was then possible so to equalize the salt duty that it was no longer profitable to move salt from province to province. This was followed by further remissions until a state of virtual free trade was achieved in 1882. Low export duties were levied for revenue on a few articles only while the few import duties were counterbalanced by excise duties on the same articles. Free trade lasted unimpaired until 1894 when the rupee currency crisis (dealt with in Chapter 2) made the raising of further revenue imperative. This revived the controversy over the cotton duties. At first cotton was left on the free list but at the end of the year an import duty of 5 per cent. was imposed on cotton piece goods and yarn. An outcry from Lancashire led to the imposition of the ‘countervailing cotton excise’ of 5 per cent. which was regarded

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\(^{1}\) These were mainly the ‘Provincial Rates’, which were additional cesses on land introduced in 1878 to provide revenue for the Famine Insurance Scheme.

\(^{2}\) This line consisted of a cactus hedge 2,500 miles long designed to prevent the free transit of bulk articles from province to province. Twelve thousand men were needed to watch it. The first 1,000 miles were abandoned by Northbrook and the remainder by Lytton.
by the Indian mill-owners as naked discrimination in favour of foreign goods. In 1896 both duties were reduced to 3½ per cent. There the matter rested until the middle of the first World War when extra revenue was again required. Then the import or customs duty was raised to 7 per cent., the excise remaining at 3½. This marked the loosening of the Lancashire grip which was further relaxed by the raising of the customs duty to 11 per cent. in 1921. Finally in 1925 the excise was first suspended and then abolished. This episode did much harm to Indo-British relations, for public opinion was firmly convinced that Indian interests had been sacrificed to those of Lancashire.

The major examples of governmental economic initiative during this period were the Famine Code and irrigation works (already dealt with) and the construction of railways. So much of modern Indian development depends upon the railways that their construction merits a closer examination. We have seen that though railways were talked of from the time of Lord Hardinge, the real initiative came from Dalhousie. His minute of 1853 proposed a system for the whole country and laid down general principles of management, finance, and construction. The 200 miles of lines in use in 1857 amply proved their value; in 1859 the construction of 5,000 miles of track by eight companies was sanctioned. Dalhousie planned to have a uniform gauge which was rather oddly fixed at 5 ft. 6 in., between the standard British gauge of 4 ft. 8½ in. and the Great Western broad gauge of 7 feet. Since the government at that time had no power to raise loans for productive purposes, money had to be found elsewhere. This was sought in Britain through the medium of private companies. But the companies were to be carefully controlled. In order to attract capital (hitherto distinctly shy of Indian operations) the contracts with the companies guaranteed rates of interest around 5 per cent.; any profit above that figure would be shared between government and company. In return for this the government had the right to control expenditure and operation, and to purchase at the expiry of each twenty-five year period, while the companies carried mails free and troops at reduced rates.

This system was not free from defects, as will be seen, but it was nevertheless one of great comprehension and foresight, which set in motion on broad lines the whole mechanical transport project of India and looked forward to a national network of railways owned and operated by the government. Not all the later modifications in this plan were for the better. The plan was successful in securing capital to build the railways, though the necessity for the guarantee system in order to attract capital is still disputed. Once committed to this, however, the government could not draw back; attempts to raise money on other terms failed. But the scheme did not encourage economy because the first profits went to government and losses were met by them. It also proved difficult to control the working engineers. The lines in operation in 1868 cost £18,000 a mile instead of the £8,000 planned by
Dalhousie. Against these defects must be set the fact that the actual construction was of high quality, challenging comparison with that of any other system in the world.

In the seventies policy was revised. The new permission to borrow for productive work enabled the government to take up construction itself. But for economy's sake the metre gauge was adopted for most of the new lines, some of which had later to be changed to the broad gauge because they proved to be too light for the traffic which developed. The fall in the value of the rupee further retarded construction until the Famine Report's demand for more lines in 1880 made it clear that some further revision of policy was needed. After 1880 there was a return to the guaranteed system of construction by private companies but on terms much improved as the result of experience. Thereafter, as leases fell in the government regularly purchased the lines, operating some itself and allowing the companies to continue to operate the remainder. Thus the Great Indian Peninsula and the
North Western Railways were state enterprises while the Bombay, Baroda, and Central India Railway remained in private hands. At the same time railways were built in the states, sometimes operated by the state itself, as in the case of Hyderabad, sometimes by private companies or the government of India. Thus by 1900 the major part of the Indian railway system was completed, some 25,000 miles of track being open. By 1914 another 10,000 miles was added. Diversity had replaced the striking uniformity and simplicity of the original plan; three gauges\(^1\) had grown out of one; there were three kinds of ownership and operation and various combinations between them. But the original design of overall government control of planning, ownership, and operation had been maintained. There were no competitive lines such as had sprung up in Britain and no sacrifice of essential needs for the sake of greater returns in more profitable areas. The system was a national one so arranged as to become easily and by almost imperceptible stages a nationalized one. All this was done while individualism was dominant in Britain and high capitalism considered the idea of nationalization a kind of economic lèse-majesté. On the whole India’s railway planners served her well and saved her from many of the mistakes committed and much of the expense incurred elsewhere. The fruits of this work began to be reaped in a series of annual profits on the working of government-controlled lines. In 1899–1900 a net profit of 11 lakhs of rupees was earned for the first time. From then until 1914 there was only one deficit year while the war years with its heavy demands for goods brought in large profits.

The diversity of control, however, caused serious inconvenience. The first step in remedy was the setting up of a railway board in 1905. After the first World War, as a result of the Acworth Committee’s report, the railway board was reorganized, the state management of lines was hastened, and a railway budget was separately prepared from 1925–6. By the end of the inter-war period three-quarters of the railways were owned by the state and nearly a half operated by it. The mileage had reached its maximum of about 43,000 miles.

The economic effects of railway construction were very great. Railways, as has already been remarked, transformed the famine problem and made the Famine Code a working proposition. The north Indian famine of 1896 had been called the first ‘famine of work’ rather than of food. Trade was revolutionized by making possible production for a market and the opening up of the interior to large-scale operations. Plantation and factory industries were made possible because coal could be supplied for power at the points of production, and the finished goods could then be distributed. Finally, all India was brought within the orbit of world economy and the range of world prices. For example cotton manufacture could be carried on in the interior as well as near the coast and the development of the sugar industry was made possible. Not all the effects were good; for example the collapse of the

\(^1\) Including the narrow gauge of the mountain railways and a few lines elsewhere.
Indian handicrafts, the rise in the general price-level, and the upset of the internal economic balance by excessive exports have been charged to their account. But the handicrafts were in decay long before railways were thought of, beginning with the Bengal weavers in the late eighteenth century; the railways only administered the coup de grâce. The railways did in India what they did elsewhere; they hastened the transition from handicraft to mechanical industry by transforming the transport situation. They were an essential preliminary to an industrialized India. In fact it can be said of them, and not in an economic context only, no railways, no modern India.

We can now turn to the new industries which were made possible or whose development was assured by the railways. The first of these was the cotton mill industry. The new industry did not so much replace the old handicraft weavers as grow up in the face of a practical monopoly. The old industry was ruined in Bengal and the Carnatic partly by the high-handed methods of the Company after Plassey and the French wars, partly by the collapse of the export trade to Europe, and partly by the lack of any protection against the machine goods of Lancashire. In the early eighteenth century the sale of Indian piece goods was forbidden in England as a measure of protection for the Lancashire handicraft industry. But re-exports to Europe continued until the American War of Independence followed by the revolutionary wars virtually ended them. By that time Lancashire's own handicraft industry had been replaced by the new mechanical production. These goods were imported to India by the Company where they could undersell any Indian goods within reach of the navigable rivers. On its side the Company took to exporting from India raw cotton instead of finished articles. It was not until 1853 that the first successful Indian cotton mill was started in Bombay. The American Civil War caused a set-back by sending up the price of raw cotton with a consequent slump when American cotton came back on the market. Real progress began with the opening of the Empress Mill at Nagpur by the Parsi J. N. Tata in 1887. From that time there has been no going back. Bombay, with more than eighty mills, led the industry, followed by Sholapur, Ahmedabad in Gujarat, Madras, and other lesser centres. By 1914 India was reckoned to be fourth in the world list of cotton manufacturing countries. The industry survived the depression, Gandhian disapproval, and Japanese competition in the thirties. It virtually controls Indian consumption, except for a few "counts" and the handloom industry which still produces the coarsest cloth or khaddar and certain costly luxury lines.

The jute industry was originally a handicraft of Bengal with a small export market. Its value was first realized in 1838 when export started

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1 The average annual value of cotton goods exported from England between 1786 and 1790 was £1,200,000; in 1809 it was £18,400,000.

2 V. Anstey, Economic Development of India (1949), p. 262; see note 2. This was calculated on the percentage of the world's mill consumption by weight.
to Dundee in Scotland. But Bengal jute could only be used for the coarsest goods owing to the lack of standards in cultivation, and local manufacture was impossible owing to the lack of means of power. The Crimean War of 1854 proved a turning-point by cutting off the supply of Russian raw flax and hemp. Improved methods of cultivation enabled Indian jute permanently to supplant Russian materials in the Dundee market. At the same time the development of Indian coal by the new East Indian Railway made jute manufacture in Bengal possible. The first jute-spinning machine was set up near Serampore in 1855 and the first power loom in 1859. At first the cloths produced were inferior to those of Dundee and commanded a local market only. But success came in the seventies and with it rapid expansion which continued almost without a break until the great depression of the thirties. By 1908 Indian output exceeded that of Dundee. Throughout our period India enjoyed a virtual monopoly of jute production. Jute made Calcutta as cotton made Bombay, Madras, and Ahmedabad industrial cities.

The development of the jute and other Indian industries is closely connected with the means of power as well as with railways as the means of transport. Modern industries could not have grown without railways and railways could not have been worked without coal. The first attempt to exploit coal was made by the British magistrate of Chota Nagpur who obtained the right to mine from Warren Hastings. The coal was poor in quality, the demand was small, and the Company found it cheaper to send out coal by ship. In 1814 a fresh venture was made at Raniganj with more success. Bentinck encouraged development and in 1843 the famous Bengal Coal Company was formed from a union of several firms. In 1846 the output was 91,000 tons. The railways came to increase demand and ease supply. The railways themselves, as they developed, took one-third of the total production. The field in Bengal, Bihar, and Orissa was found to contain a plentiful supply of average quality.\(^1\) Henceforth progress was steady. In 1868 \(\frac{1}{4}\) million tons were produced. Production passed the million mark in 1880, exceeded 6 millions in 1900, 12 millions in 1912, and 21 millions in 1917. In 1938 it was over 28 million tons. India was virtually self-supporting in one of the essentials of heavy industry.

Associated with the new coalfields came the iron and steel industry. Iron of high quality had been smelted from a very early date, as is shown by the iron pillar near Delhi which dates from the fifth century. Various attempts were made in the early nineteenth century to start an iron industry but they failed for want of both fuel and experience. It was not until coal was used for smelting from 1875 that any progress was made and even then technical difficulties made it chequered and halting. The industry was finally established by the efforts of Jamshed Tata who had seen the possibilities of the iron industry when managing his Empress Mill at Nagpur. Tata died in 1903 just after Curzon had

widen ed the rules for prospecting and mining. But his sons founded in 1907 the Tata Iron and Steel Company at a site in Bihar which they named Jamshedpur. Production of iron began in 1911 and of steel in 1913. By the end of the period this plant was the largest single steel works in the world, producing about a million tons annually; India ranked sixth in the list of steel-producing countries. The whole steel industry is a monument of Indian enterprise and skill built up entirely on Indian capital.

Around or connected with these two major industries grew up a number of other industrial activities. Important among them were the chemical industries among which may be mentioned the manufacture of industrial acids and soda, vegetable oils, and of disinfectants. Engineering developed mainly in connexion with the railways. Miscellaneous industries included rice and flour mills, woollen and silk manufacture, cement (from 1914) and shellac, paper and matches, and sugar refining. By 1933 India was practically self-supporting in cement while the progress of the sugar refining industry was phenomenal after the imposition of a protective tariff in 1932. From 1860 onwards the industrial current was spreading across Indian life like a flooding tide filling the creeks and channels of salt marshes.

It remains to mention the plantation industries. The first of these was tea. During the eighteenth century the East India Company obtained its tea from China, which came to form, indeed, the mainstay of its profits. In the late eighteenth century wild tea plants were found in Assam, but it was at first doubted whether they were genuine tea plants at all, much less consumable. But they suggested that Chinese plants might be acclimatized and Lord William Bentinck accordingly in 1834 sent to China for seed and labour. A government garden was started but was sold in 1839 to the Assam Tea Company. The Indian tea plant would not be ousted by the Chinese. It was the difficulty of clearing the Indian plant to make way for the Chinese which suggested the idea of putting the Indian leaf on the market. The experiment succeeded and from 1850 the industry rapidly expanded. Tea is now grown in Assam, Bengal, the northern hills,¹ and southern India. The expansion of the Indian tea industry can be judged from the fact that until 1850 Britain took the whole of her tea from China; in 1869 she obtained 10 million pounds from India as against 100 million from China; while in 1900 she took 24 million pounds from China and 137 million from India.² Compared to tea coffee was of less importance. The plant was introduced in the sixteenth century but systematic cultivation only began in Mysore and south India in the eighteen-thirties. It then developed until 1862 when the borer beetle and leaf blight produced a collapse by 1885. There has been a recovery since, but much of the coffee land has since been planted with tea, cinchona, and rubber. But the second World War revealed that neither of these

¹ Around Darjeeling, Naini Tal, and in the Kangra valley.
² In 1929–30 Indian tea exports were 377 million pounds.
last had reached large or even adequate proportions. Indigo remained
an important plantation industry (though of a different type to the tea
and coffee gardens) until 1897 when the competition of German aniline
dyes started a rapid decline.

A major problem of Indian industrial and commercial development
was the supply of capital. Until 1850, as we have seen, British capital
was shy of Indian adventure. The risks and unknown factors were too
great, and prospects in other directions too bright. The working capital
of the agency houses after 1813 at first consisted mainly of the savings
of the Company’s servants. Their cries of woe when these houses fell
as in the crisis of 1831 were loud and poignant. Indian capital was also
shy for different reasons. It needed to acquire confidence in the new
régime, and outside the presidency towns, to acquire the habit of
investment. Investment for large-scale production for ‘enabling’ works
like railways was an unfamiliar and suspected practice. Thus the first
big developments came when European capital was coaxed into the
country by government guarantees or went of its own free will to
develop industries with which it was already familiar as in the case of
jute or coal. Indian capital followed where it was in touch with Euro-
pean practice as in Bombay and dealing with familiar products like
cotton. These considerations throw into all the greater relief the
achievement of the Tatas in developing iron and steel. Thus the major
part of the capital provided was British with a steadily increasing
Indian proportion from 1900. As late as 1931–2 the capital of companies
registered abroad was nearly four times that of companies registered in
India.1 But this is not an exact guide because it leaves out of account
the stock in British companies held by Indians, as well as government
stocks. Speaking generally it may be said that the capital of the cotton
industry was mainly Indian, that of the iron and steel industry entirely
so, that of the jute industry about half and half, while the coal and
plantation industries were mainly British, together with that used for
the building of railways, irrigation, and other public works. Manage-
ment in the cotton and steel industries was mainly Indian though
European technicians were freely employed, that of the jute, coal, and
the plantation industries being European, the jute men in particular
being Scotch. Their capital, apart of course from government enter-
prise, operated through joint-stock companies and managing agencies.
The latter arose through the convenience found by bodies of capitalists
seeking to develop some new activity and lacking any Indian experi-
ence, of operating through local agents. It arose in the period after 1813
when private merchants took over the trade formerly monopolized by
the Company. The money would be found in Britain to promote a tea
garden, a coal mine, or a jute mill, but the management would be
confided to a firm already on the spot. The managing agency was the
hyphen connecting capital with experience and local knowledge.

Until 1914 the policy of the government continued in the main to

1 V. Anstey, op. cit., p. 110.
be one of ‘enabling’ private capital and enterprise to develop the
country. Direct promotion was confined to public utilities like canals
and railways. The line between enabling and interfering action became
distinctly blurred, however, in the case of the cotton industry and there
was a tendency for enabling action to pass over into the positive pro-
omotion of particular projects. This was most noticeable in the time of
Lord Curzon with his establishment of an imperial department of agri-
culture with a research station at Pusa and a department of commerce
and industry presided over by a sixth member of the Viceroy’s Council.
The first World War began the transition to a new period of active
promotion and positive support. As the conflict lengthened there arose
a demand for Indian manufactured goods. India failed to take full
advantage of this opportunity, partly because of uncertainty as to the
future and partly because the means for sudden expansion were lacking.
So Japan reaped where India had failed to sow. The outcome of this
situation was the appointment of an industrial commission in 1916
under pressure from London. The commission criticized the unequal
development of Indian industry which had led to the missing of
her war opportunity. A much closer co-operation with industry was
planned through provincial departments of industry. Increased tech-
nical training and technical assistance to industry was proposed while it
was suggested that the central government should set up a stores
department which should aim at making India self-sufficing in this
respect. The commission’s report was only partially implemented, but
a stores department and provincial industrial departments were created
and something was done towards promoting technical assistance. The
importance of the report and its aftermath was that it marked the
transition from the conception of Indian economy in broadly colonial
terms with freedom for private enterprise to the conception of India
as an autonomous economic unit.

In the wake of the war came a boom and a slump followed by the
Inchcape Retrenchment Committee of 1922–3. The war also brought
the Montford reforms with their new political outlook. Economic
autonomy went hand-in-hand with political self-determination and
mutually reacted upon each other. A result of this interaction was the
acceptance of the principle of fiscal autonomy for India in 1921. The
Fiscal Commission followed to work out the new policy in detail. One
result of the new attitude was the suspension and final abolition of the
cotton excise in 1926. Another and most important one was a new tariff
policy. Customs were regarded as a means of revenue to give a new
flexibility to Indian finance. Raw materials and semi-manufactured
goods were to be admitted at low rates, while protective duties could
be imposed to help promising industries find their feet or to protect
established ones from unfair competition. The instrument of this con-
sidered protectionism was the Tariff Board which was set up in 1923.
By its action the steel industry was able to meet foreign competition
and survive the depression of the thirties, the cotton industry was
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saved from Japanese undercutting, and new industries like sugar refining enabled to establish themselves. It can thus be said that from 1921 Indian industry was no longer regarded as an 'extra', even if a desirable one, but as an integral part of the Indian economy whose care and nurture was a primary duty of government.

A result of these developments which is too often overlooked was an immense increase of population. In Akbar's reign it was estimated at 100 millions. By Aurangzeb's accession it must have been much greater, but from 1700 there was a decline through famine and wars. By inference from incomplete estimates a figure of about 130 millions may be suggested for all India in 1800. The first census in 1872 gave a total of 206 millions which was, however, probably an underestimate. In 1901 the total was 294 millions, in 1921 318 millions, and in 1941, without Burma, 388 millions. What had the British done for these people? We can say in the first place that they brought them into existence by providing security, by overcoming famine, by increasing the means of subsistence through irrigation, by health measures which reduced the death-rate, by land settlement, and by developing commerce and industry. Whether the average person had more to eat and lived better than in Akbar's day is a question on which economists differ widely. Undoubtedly much of the new wealth served to feed more mouths rather than to enable people to live better. The main beneficiaries in living standards were probably the new middle class whose position materially as well as morally improved beyond comparison with Mughul times. Yet all, or nearly all, shared in the new amenities brought by the new age. Railways promoted movement as never before whether for commerce or conference or pilgrimage. Motor transport opened up the countryside still further. Health measures lengthened life and education gave it more content. New crops and new industries gave new opportunities of betterment. Fear of famine was largely banished and fear of disease reduced. For the middle classes a new world of opportunity dawned and for all life was a little fuller than it had been before. If rural India was not yet awake before 1920, it was at least stirring in its sleep.

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