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INDIA AND IMPERIAL PREFERENCE

BY

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NOTE

This paper, now slightly altered and enlarged, was read before a meeting of the East India Association, held at Caxton Hall, on the 15th March, 1907, over which the Right Hon. Lord Reay, G.C.S.I. presided. Of it, in its original form, Sir James Mackay, G.C.M.G., K.C.I.E., wrote: "I have read the enclosed paper ('India and the New Fiscal Scheme') by Mr. S. M. Mitra. It is concise, unexaggerated, economically correct as far as my humble judgment goes, and I agree with every one of his statements. I have never seen India's case so well or so simply and truly put. It would have given me great pleasure to preside at his meeting, but my position on the India Council prevents me from doing so. If possible, I shall attend the meeting."

2nd April, 1907.

SECRETARY,
Cobden Club.
INDIA AND IMPERIAL REFORM.

In the Fiscal controversy the position of India has hardly received any attention. The so-called leaders of Indian thought have not even discussed it. There is not a word in the "Omnibus Resolutions" of the Indian Congress about this most important subject, which affects the economic condition of 300,000,000 of the Indian people. A retired Anglo-Indian official, indeed, Sir Roper Lethbridge, K.C.I.E., Chairman of Devonshire Tariff Reform League, has just published a book entitled "India and Imperial Preference"; but a perusal of it reminds one of the old saying "when you have a very weak case, the best thing to do is to abuse your opponent's attorney." The book abounds with such choice expressions as "suicidal Cobdenite folly" (page 22), "silly free-fooders" (page 41); it refers to Free Traders as "timorous souls" (page 44), to Free Trade as "silly, antiquated bigotry" (page 49), and to Lord Curzon's famous despatch on India and the Preferential Tariff scheme as an "impotent document" (page 40), a "slovenly document" (page 70), and "pitifully mean" (page 69). Strong and unjustifiable language, though pleasing to the gallery, can never appeal to the thoughtful section of the British public. It is a pity that Sir Roper Lethbridge forgot that, in trying to champion the cause of his "Tariff Reform" party, he practically questioned the intelligence of the British nation, when he asked his readers to accept vituperation for stern commercial facts.
Sir Roper Lethbridge claims (page 4) that his "arguments and conclusions, whether right or wrong, whether accurate or inaccurate, have, at any rate, been framed on strictly scientific lines that will be accepted as such by every trained and experienced economist." I confess I find it difficult to deal with "strictly scientific" inaccuracies! Sir Roper Lethbridge promises India everything except Old Age Pensions, which other Tariff Reformers promise for the United Kingdom. He says (page 3) "the idea of India imposing protection against Lancashire goods and other British-made commodities is an idle and mischievous dream" (page 61), "the Indians may rest assured that they will never get protection against Lancashire." Therefore he advises India to join in supporting the Imperial Preference scheme. This is how he translates his economic theories into practice. He suggests (page 68) Imperial Preference with regard to Indian wheat. He devotes several pages of his book to the question of Indian wheat supply; but he forgets that Indian wheat, without any preference whatsoever, has been very successful in the London market. In 1905 India exported to the United Kingdom wheat worth £7,882,978, or more than double that from Canada, viz., £3,065,941. In fact, India sends more wheat to the United Kingdom than all the self-governing Colonies put together. Surely Sir Roper Lethbridge, as an ardent Tariff Reformer, does not really mean that Indian wheat should altogether oust Canadian wheat from the United Kingdom! Leaving Sir Roper Lethbridge to his benevolent theories, let us try to face stern facts which stand in the way of so-called Tariff Reform.

Mr. Chamberlain's Preferential Tariff scheme
suggested no definite measures. The resolution passed at the Colonial Conference of 1902 was of an extremely general and indefinite character, hedged round, as Lord Curzon observed, with qualifications and provisos calculated to admit of almost any limitation, variation, or exception when applied in practice to the conditions of any particular colony. The proposed scheme can hardly be discussed until it is further developed. The Indian Tariff, with one or two unimportant exceptions, imposes duties purely for revenue purposes. The Indian Fiscal system is almost free from any protective intention. Only the countervailing sugar duties may be regarded as protective in a way. Sometimes India is forced to shape her policy, not in accordance with her interests, but according to the demands of other constituents of the Empire. But a line should be drawn somewhere. India is not quite fairly treated. The United Kingdom levies duties on India's tea, coffee, tobacco, and unrefined sugar. Her duty on Indian coffee is about 19 per cent. *ad valorem*, while on Indian tea it is as much as 90 per cent. ! Her duty on Indian tobaccos is not *ad valorem*, but, being imposed according to weight, it operates severely on her tobacco, which is all of the cheaper varieties. If, in accordance with the general foreign system of tariffs, the United Kingdom were to impose a reasonable duty on synthetic indigo, as a chemical compound, while admitting natural indigo free, as a raw material, it would benefit India enormously. But it is a great pity that the British fiscal system, instead of being altered to benefit India, is in danger of being altered with the result of causing harm to poor India for the sake of the self-governing Colonies. Is it fair to sacrifice the interests of
300,000,000 loyal subjects in order to further the supposed interests of only 11,000,000 belonging to the self-governing Colonies? The people of these Colonies are, no doubt, of English extraction; at the same time, the 300,000,000 in India are not of savage tribes, but, as Lord Curzon said in his Guildhall speech in July, 1904, "of races with traditions and civilisations much older than that of England, with a history not inferior to England in dignity or romance." The Premiers who meet at the Colonial Conferences are, no doubt, men of great talents; yet they work—most naturally—only within their own limits. None of these Conferences have so far faced the subject of India in their Empire arrangement. Without India the Colonial Conferences, instead of being Imperial, were only Departmental organisations. Perhaps it was as inexpedient to ask those who had a prejudice against British Indian labour to concern themselves with the interests of India, as it would be unfair to compel India to give a preference to countries that have introduced legislation against their British Indian fellow subjects. Anyhow, poor India had no representative—official or non-official—in these Conferences, though their deliberations would indirectly, nevertheless enormously, affect the economic position of the 300,000,000 people belonging to the Empire. All India must, therefore, be grateful to the Liberal Government for appointing a representative to watch India's interest in the forthcoming Conference next month. The two Agenda papers of the forthcoming Colonial Conference have, unfortunately, not a word about India.

Unlike the self-governing Colonies, India does not say "Daughter am I in my mother's house, but mistress in my own." India is not a colony
clinging to the parent stem only till it reaches maturity and is capable of separate growth, but is like one of those dependent roots of the mighty banyan tree, which, as it grows and develops, adds to the strength and widens out the circumference of the parent tree. In other words, India is irrevocably bound up with Great Britain. India is her civic as well as economic asset. India’s martial races serve in the Indian Army, her citizens pay their share of the cost of the Empire. They were soldiers of the Indian Army who recently, when India herself was distracted and weighed down by famine and plague, saved the colony of Natal from being overrun by Boers at the beginning of the South African campaign, rescued the Legations at Pekin, and recovered Somaliland from the Mullah. But, as Lord Curzon observed in his Guildhall speech already mentioned, in the happiness of England’s insular detachment, or in the pride of racial expansion, the average Englishman forgets that the greatest constituents of the Empire in scale and in importance lie neither in these islands nor in the colonies, but in the Asiatic Dependency. Not only in population India represents three-fourths of the Empire, but she purchases nearly one-third of the total cotton goods produced by Lancashire. She federates with England on England’s terms. While Great Britain receives no contribution in aid of Imperial defence from Canada, and very little from other self-governing Colonies, India pays over £100,000 per annum for the British Navy, and pays her share of the military expenditure of an Imperial character. India is very useful to the Empire in various ways. During the recent troubles in Africa and China, India supplied 21,000,000 rounds of ammunition and 114,000 projectiles and shells, 11,000
tents, 11,000 sets of saddlery, 315,000 helmets, 169,000 blankets, 290,000 pairs of boots, 42,000 tons of fodder and rations, and 940,000 garments of various descriptions, in addition to 11,600 horses, 6,700 mules and ponies, and 2,700 bullocks. Last, though not least, in 1902 India undertook to raise, for the Colonial Office, five native regiments for service in the Asiatic Colonies or possessions of Great Britain. Thus the union of Great Britain with India is so intimate that their relations with one another must necessarily leave their marks on both countries. India, therefore, cannot be overlooked as a factor in the solution of the fiscal problem. In consideration of the part played by India in the Imperial system, and the services rendered by India in time of England’s trouble, it is only natural for India to expect England to hold the scales even between her colonies and her great Dependency.

**Trade with Colonies and India.**

Indians—the majority of them—are, no doubt, poor individually, but collectively their importance as a constituent element of the British Empire can hardly be disregarded. Though politically India, as a Dependency, occupies an inferior position to the self-governing Colonies, yet, from an economic point of view, Great Britain cannot make a change in her own fiscal policy without watching its effects, however indirect, upon India. Economically, India cannot be considered a negligible quantity, when the value of Great Britain’s export to India is remembered. In 1903 it amounted to £37,359,016, including the value of stores shipped for the Indian Government (vide Annual Statement of the Trade of the United Kingdom, 1905. Cd. 3,022, page 368), which
is actually more than her exports to the self-governing Colonies of Canada, Australia, and New Zealand, put together. In that year Great Britain exported, in value:—

To Canada ... ... ... ... ... £11,112,577
To Australia (including Tasmania)... ... 16,144,438
To New Zealand ... ... ... ... ... 6,361,390

£33,618,405

Every year Great Britain is gaining more in her exports to India than in her exports to the self-governing Colonies. Let us take the last three years:—

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<th>1903</th>
<th>1904</th>
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<tr>
<td>To Canada</td>
<td>£11,112,577</td>
<td>£10,624,221</td>
<td>£11,999,244</td>
<td>£3,375,073</td>
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<tr>
<td>To Australia*</td>
<td>16,144,438</td>
<td>17,336,470</td>
<td>16,991,099</td>
<td>846,571</td>
</tr>
<tr>
<td>To New Zealand</td>
<td>6,361,390</td>
<td>6,315,090</td>
<td>6,425,793</td>
<td>64,403</td>
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<tr>
<td>Total</td>
<td>£1,707,641</td>
<td>£1,707,641</td>
<td>£1,707,641</td>
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To India†... ... £37,359,016 £43,821,615 £47,373,677 £10,014,661

* Including Tasmania.
† Including the value of stores for the Indian Government.

These figures, which are taken from the latest Blue-book already referred to, clearly show that, while Great Britain's exports to India in the last three years have increased by no less than £10,014,661, her exports to the three important self-governing Colonies put together have increased by only £1,707,641; or, in other words, Great Britain's export to India, in the last three years, has increased about six times her combined exports to the self-governing Colonies of Canada, Australia, and New Zealand. And what is more important, Great Britain's trade with India, as the Blue-book figures conclusively prove, unlike that with some of the important Colonies, has expanded steadily, continuously, and
satisfactorily. In the British Empire India, therefore, offers the best market for British goods.

Moreover the figures already quoted leave no room for doubt that India is dowered with immeasurable possibilities for the future expansion of Great Britain's trade. Besides, unless the teeming millions in India had implicit faith in the pure and lofty motives of Great Britain, and were thoroughly convinced that she continued to safeguard their interests, the 76,000 British troops garrisoned in India—a tiny speck of white foam upon a dark and thunderous ocean—would be utterly inadequate to keep India tranquil. If by any act of omission Great Britain unwittingly shakes the faith of her Indian subjects in her bona fides she would irretrievably damage the stupendous and stately edifice of the Indian Empire which British statesmanship has taken generations to build up. Mr. Morley, in his last Indian Budget speech in July, 1906, said, “India holds one of the three or four master keys of the strength of Great Britain. . . . Of all the subjects which engage our attention—for example, in this Session, education, taxation, foreign relations, the Army, the Fleet, North Africa and South Africa—not one of them exceeds in moment and importance to this country the wisdom or unwisdom of the policy that is pursued in India.” British policy, whether pursued in India or towards India at home or in the Colonies, must be far-sighted, statesmanlike, and impartial. As Mr. Winston Churchill pointed out in his speech at Manchester on the 19th of February, 1904, “the condition of India is of vast importance to Lancashire. That her markets should be free and her people prosperous and contented is absolutely vital to Lancashire trade.” The poverty of the Indian