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Abdul Majid Khan

India, Pakistan 6. X. 50

in world politics

a report by

JOSSLEYN HENNESSY

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THE DESTINIES of the British Commonwealth, the United States of America, and of the USSR are inescapably linked with those of India and Pakistan. This Report attempts to explain why this is so and to sketch in some permanent factors of history, geography, and economics, which must govern any estimate of the future course of events in India and Pakistan and the profound repercussions on the rest of the world that may be expected from them.

DATA ENTERED

FOR H. V. HODSON

Sine amicitia vitam esse nullam.

J.H.

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P R E F A C E

and acknowledgements

SINCE MY RETURN to India in August 1946 I have, as a foreign correspondent, published over half a million words on India and Pakistan. This Report is a new work, not a rehash of articles published elsewhere, but inevitably it reflects trains of thought that I have advanced from time to time, and in order to forestall some eagle-eyed reader who may suspect plagiarism from the columns of *The Economist* (of London), *The Eastern Economist* (of New Delhi), *Capital* (of Calcutta), or Kemsley Newspapers, I offer my thanks to their editors and proprietors for allowing me to echo an idea, steal a fact, or borrow a phrase from my contributions to those publications.

In *The Eastern Economist* and in *Capital*, India is fortunate in possessing two of the most ably edited economic weeklies in the world, and I am fortunate in that their respective editors, my good friends Eric da Costa and Geoffrey Tyson, have allowed me to pilfer their columns for economic facts.

As for the political data, I have been a witness of the events mentioned, so that my sources have been the *chose vue*, or notes made after conversations with innumerable political leaders, civil and military

officials, and men and women from all walks of life in both dominions.

This Report originated in a request from Commander Stephen King-Hall for "something that will give a busy person in an hour's reading as much as he needs to know in order to get an idea of the roles that India and Pakistan are likely to play on the international stage". This has naturally led to ruthless pruning and must be my excuse for many statements that would have been elaborated or qualified in a longer book.

J.H.—August 1949.

*India, Pakistan and
the world balance
of power*

THE BASIC FACT that conditions the foreign, economic, and even the internal social policies of most countries today is the emergence of two great power *blocs*—the Anglo-Americans, with their associated democracies, and the USSR, with its satellite states. There is an understandable tendency on the part of not a few leaders of Indian and Pakistani opinion to cry “‘A plague on both your houses’! We seek only to be left alone to develop our resources in peace. We will support neither of you. We are strictly neutral.” That such a policy is possible for Paraguay or Bolivia is conceivable; but to claim that it is possible for India and Pakistan is to shut one’s eyes to realities.

Which realities? The first is that no relationship between nations is static. Changes are taking place even as I write; they come about through an infinite variety of causes, the results of which can be summed up as an increase or decrease in power. History shows that nations assert themselves against their neighbours in proportion as they feel strong enough to do so. The power of a nation is made up of the strength of its numbers *plus* its control of superior resources. Numbers without resources, or resources without numbers, are not only unavailing but constitute an invitation to inter-

ference from outside. Such assertions may disturb some who may object that "human nature is not like that"; we may readily admit that stated so crudely the argument is incomplete. Those interested in an analysis of the motives affecting international conduct will find elaborated, with the qualifications due, in Professor E. H. Carr's authoritative *Twenty Years' Crisis, 1919-59* the propositions that I assume. I have only the space here to note the historical fact that the actions of a nation with a population *and* resources of war superior to those of its neighbours may be compared to mercury—which spreads freely until it meets a wall strong enough to contain it. Eventually a nation reaches a stage when its numbers and resources can expand no further without danger of weakening itself. It then becomes a "satisfied" power, endeavouring to preserve what it holds. Usually the decades of its satisfaction are roughly contemporaneous with the development of a high degree of idealism and of humane civilization; it is strong enough to afford liberal institutions at home and to become tolerant in its dealings with others abroad.

The United States of America and the British Commonwealth offer no threats to the future peaceful development of India and Pakistan because each has developed to the stage at which it is satisfied, conservative of its strength, and liberal in its attitude. This statement will probably be accepted without debate as far as the Commonwealth is concerned but may perhaps be challenged in regard to the United States. It is, however, an American authority, Mr Strausz-Hupé, who in his remarkable study, *The Balance of Tomorrow*, has estimated that whereas the numbers of those of military age between 20 and 34 in the USSR and in the USA respectively were already in 1940 as 123 to 100, in the

year 1970 they are likely to be as 155 to 100. Mr Strausz-Hupé also advances reasons to believe that in 1970 the industrial disparity between the USSR and the USA will have narrowed to the advantage of the Soviets.

A striking illustration of the different outlook that arises from consciousness of greater reserves in numbers is a conversation that General Eisenhower records having had with Marshal Zukov. The Soviet marshal told the American general that when "personnel" minefields were encountered the Russian infantry continued its advance because the losses inflicted were merely equal to those that would have been sustained from machine guns or artillery if the enemy had defended the area with troops instead of mines. "I had a vivid picture", writes General Eisenhower, "of what would happen to any American or British commander if he pursued such tactics. . . . *Americans assess the cost of war in terms of human lives; the Russians in the over-all drain on the nation.*"¹ Exactly. With more than double the manpower that Germany had in the age groups 20-34, the USSR could afford the cost.

That the USSR is not liberal in her conceptions of the rights of the individual, either political, legal, economic, or even artistic and intellectual, hardly needs discussion. That her population is increasing at a faster rate than either that of the whole of north America, and of Europe exclusive of the Slav races, is a fact. That she is not as yet a satisfied power is shown by contemporary history; since the war, the United States has added an infinitesimal 1,000 square miles of Pacific isles to her control; Britain has divested herself of an empire of 400,000,000 people in India and Burma. But the USSR, by direct annexation in Europe alone, acquired more than 250,000

¹ Italics mine.—J.H.

square miles and some 24,000,000 people, mostly unwilling. Three countries disappeared from the map of Europe. In the Far East, Russia controls southern Sakhalin, the Kuriles, Port Arthur, Darien, Manchuria, and half of Korea—a total of more than half a million square miles. Still unsatisfied, she later brought within her “orbit” another five European countries, covering 414,922 square miles. That satiety is not yet in sight is suggested by the USSR’s policies towards Italy, Yugoslavia, Greece, Turkey, Iran, Mongolia and China.

India and Pakistan are situated in one of the world’s vital strategic crossroads. The withdrawal of the British from India and Burma has left an area the size of Europe less Russia, without any successor power strong enough for the time being to do what Britain did for over a century: ensure that no Asiatic nation dare attempt to interfere with the affairs of the vast subcontinent. Equally, control of India protected Africa’s flank, stabilised southeast Asia, and safeguarded communications that built up the security of Australia and New Zealand; up to 1940, it threw a safety belt that stretched from the east coasts of Africa to the west coasts of Canada and the United States (nor, indeed, thereafter was the safety belt ever wholly broken). It is also relevant to recall that Pakistan opens up—or seals—the southern doors of Russia. It was a division dispatched from neighbouring India which foiled a Nazi attempt to seize control of the Iraqi and Iranian oilfields and which, by joining forces with Soviet troops coming from the north, enabled a new and vital supply-line to be built, with Indian locomotives and rails, at a time when the only other means of aiding the USSR lay through the Arctic seas.

What an India under hostile control could mean may be imagined if we consider what might have happened if Lord Louis (now Earl) Mountbatten's forces had failed to prevent the Japanese from overrunning the subcontinent. The Germans and the Japanese would have met in Egypt. The Axis would have been spared the costly north African and Italian campaigns; their war potential would have been enormously enhanced by control over the Iraki-Iranian oil fields; the supply route for the defence of Australia would have been confined to the Pacific; the United Nations would have lost access to India's superb fighting man-power, her useful industry and her extremely important raw materials. Ability to help Russia would have been limited to the Arctic. The strategically minded will be able to think of other dire repercussions but the point is perhaps clear enough.

The importance of India and Pakistan in the contemporary struggle for power between the democracies and the USSR is not a whit less than it was in the war between the United Nations and the Axis. If these two dominions threw in their lot with the USSR, the balance would be heavily—one is tempted to write even fatally—tilted against the democracies' powers of survival. The USSR would dominate the whole of Asia's colossal man-power, Asia's vast resources in strategic and commercial raw materials and be able to develop Asia's great industrial potentialities. Authoritative students estimate that when fully exploited, these resources, plus those of the USSR itself and of its other satellites, would surpass those of western Europe and north America. In other words, the USSR in solid control from Prague to Korea and from Archangel to Ceylon would bestride the world without a rival capable of resisting her behests.

We have been considering these possibilities from the viewpoint of the interests of what we may call the Anglo-American democracies. But India and Pakistan are independent and entitled to decide their policies for themselves. We must also look at the problem from their viewpoints.

Having just secured their independence, their first pre-occupation is not to lose it. They do not wish to see one political and economic domination replaced by another. Next, their leaders want to raise the deplorably low standard of living of their teeming masses. Their own capital resources are wholly insufficient to develop the vast irrigation, hydroelectric, and industrial projects needed; they cannot do without foreign capital and foreign capital goods.

Which group—the Anglo-Americans or the USSR—is more likely to help India and Pakistan to fulfil these aims?

The disparity in strength between India and Pakistan on the one hand and the Anglo-Americans on the other need arouse no fears that newly-won independence will be threatened, because the Anglo-Americans are satisfied, conservative, defensive powers. The prosperous independence of India and Pakistan is a source of vital strength to them; they have every interest in defending and none in undermining it. To the West, India's weakness is in itself a reason for extending a protecting hand.

On the other hand, the disparity in strength between India and Pakistan and the USSR is to the advantage of the dissatisfied, expanding Soviet power. The USSR has no interest in a strong, prosperous and independent subcontinent, shutting her off from access to the main ocean ways of the world.

On the economic side India and Pakistan can, at any

rate for a good many years to come, obtain only from the Anglo-American democracies the foreign capital needed for advance. The USSR is far too busy building up her own resources to have any to spare—as the experience of, for example, Czechoslovakia has shown. The existing economic interests of the two dominions also link them essentially with the Anglo-American sphere. The direction of their trade, the outlets for their exports, the sources of their imports are overwhelmingly in this sphere, for reasons partly historical but mainly geographico-economic. It is statistically verifiable that if India and Pakistan were withdrawn behind the Iron Curtain, their economies would be disrupted; the possibility of large-scale famine that would take its toll in millions could not be excluded.

This reasoning is, broadly speaking, accepted by the national leaders of both India and Pakistan. For example, when explaining to the New Delhi parliament the advantages to India of Commonwealth membership, Pandit Nehru made it clear that he saw a difference between India's independence in a democratic world and in a world controlled by "those individuals or groups who think in terms of other countries and not of India as the primary thing. That is a basic difference and with them it is exceedingly difficult to have any common approach about anything". In another speech, Pandit Nehru said that he had information that the Communists "deliberately" wanted to create "mass starvation, terror and dislocation in India's national life", and he asked: "Can anyone believe that those who . . . owe allegiance to a centre outside the country can do any good for the people?"

Granted that neither India nor Pakistan would willingly hear the Iron Curtain clang behind them, whether they

can retain their freedom depends on forces partly within and partly beyond their control. If the democracies (of which India and Pakistan are important members) are incapable of sufficient political and economic cooperation merely to hold the fort while time is gained to achieve what should be their fundamental aim—the creation of such conditions of material and spiritual well-being as offer an alternative more secure, more attractive, more inspiring than communism—then clearly no single democratic state anywhere in the world can hope to survive alone, even as a museum piece. The sole real internal aid to communism in India and Pakistan is, of course, the poverty of the masses. What the governments of the two dominions could themselves do in this sphere is outlined in the following pages; but even assuming that they follow counsels of economic perfection, the pace at which they can raise their standards of living by their own unaided efforts must be slow and halting. If the billions of dollars that the United States vainly poured into China had been made available to India and to Pakistan, to put their agricultures and industries on solid bases, not only these twain but all the democracies would today be in an economically far healthier, and politically far stronger, position. The American people should not draw the wrong lesson from China and conclude that because money has been lost on a speculation a sound investment will pay no dividends.

How India and Pakistan came to be

A BROAD PICTURE of the origins of India and Pakistan as independent states is obtained by taking an analogy with the caution that no analogy fits perfectly.

Let us therefore imagine that in the 17th and 18th centuries Indian traders found it profitable to set up trading posts in Europe. Without recalling European history too closely, we may suppose that throughout that period the many states into which Europe was divided were frequently at war and constantly intriguing against each other. Since Europe as a whole was under the vague suzerainty of the Holy Roman Emperor, the Indian traders duly sought his protection and secured from him licences to trade. They found the emperor's protection of little practical value and as their trade was frequently interrupted by local warfare, they were led to fortify their establishments, which they defended with Indian soldiers.

For about a century and a half the Indians were but one of several Asiatic nations trading in Europe. Their weapons and their fighting technique were far superior to those known in Europe, so that it was not long before various European states sought the help of these foreign troops in their quarrels. The reward for such help was usually a grant of land held in feudal tenancy. Among the foreign traders were the Japanese, who sought to oust

their active Indian competitors by lending their troops to enemies of the states of which the Indians were feudal tenants. Victory, they hoped, would see their own Japanese concessions extended and those of their Indian rivals liquidated. The Indians, however, proved better fighters and intriguers, and the Japanese, it was, who were driven from Europe. Thus the Indian traders were gradually embroiled in European politics and in time India became one of the European military powers—in the end the paramount power (this, by 1857).

What was 20th-century Europe like after 100 years of Indian rule?

There had, of course, been no Franco-Prussian war of 1870; no Balkan wars; no World Wars in 1914 or 1939. The Indians had formed a central administration which required a large civil service and, though for a long time the higher posts were reserved for themselves, from the beginning tens of thousands of secondary posts gave employment to the "Europeans" (as the Indians called their subjects). As the Indian administration was conducted in Hindustani, all Europeans desirous of government employment had to learn this language. Indian companies established businesses up and down the continent from Murmansk to Gibraltar. Since they conducted their affairs in Hindustani, this became the common language for virtually all educated Europeans. For the first time Finns in the north could converse freely with Sicilians in the south and the French in the west could traverse the breadth of Europe towards the east, buy newspapers or books in Hindustani at every stop of the train, and be able to discuss any point of business, economics, ethics or politics, with their Russian friends on arrival in Moscow.

As the years passed, the diverse peoples of Europe—

the Russians, Turks, Greeks, Portuguese, Swedes, Estonians, English, Germans or French—began to think of themselves less and less as Russians, Turks, Greeks &c and more and more as *Europeans*; they began for the first time to consider their affairs from the viewpoint of Europe as a whole. Once this idea began to establish itself widely, there simultaneously grew up a consciousness of the difference of their civilization from that of their foreign rulers. In looking back on their history, they tended to emphasize those periods when Europe, or large parts of it, had been united under one rule—as in the days of the Roman Empire or of Charlemagne. A movement, *European* and *nationalist*, was born. Agitation, at first merely for a greater share in the administration, culminated in demands for independence. The agitation lasted with growing impetus for many years. The Indians met the increasing strength of the nationalist movement by conceding various reforms and eventually committed themselves to dominion status for Europe in the Indian Commonwealth of Nations.

As soon as the Europeans realized that independence was not some distant ideal but was close at hand, some of their old differences began to revive. A struggle for power was let loose. The Germans were determined not to enter a European federation in which they would be permanently and hopelessly outvoted by their traditional foes the Russians; they refused to enter into any negotiation with the European nationalist party unless their demand for separate autonomy was first recognized.

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Something like that did happen in India. British traders who went there in the 17th century established posts under licence from the Mogul emperor or his local feudal deputy. In the disintegration that followed the

exhausting wars of Emperor Aurangzeb (1658-1705), some provincial governors threw off their allegiance and became autonomous in all but name; intrigues, quarrels, fighting were rife. The French tried to drive the British from India by training sepoys in European technique and by allying themselves with Indian princes. The British did it better and drove out the French. Gradually their control spread until, after the final flare-up of the mutiny in 1857, all India was consolidated. That English became the common language among educated Indians, that it is the language of Locke (philosopher of the Whig revolution of 1688), and of many other defenders of liberty, and that the British regarded themselves as having taught democracy to the world inevitably led Punjabis, Tamils, Maharattas, Bengalis and others, to ask themselves why the privileges of liberty were not for them also. The Congress party—an Indian nationalist movement—eventually emerged as the champion of independence for a united India.

It should be recorded that while most Muslims would accept the broad conclusions of this analogy, members of the Congress party would not. They would stress, first, that the differences between French, Germans, Italians &c were more real than those between Pathans, Bengalis and Maharattas. Since Europeans have in fact never been driven to sink their differences against a continent-wide ruler, this must remain a matter for speculation. The further case put forward for the unity of India, which is said to have existed under the Hindu King Asoka and under the Mogul emperors, equally seems to offer material for interesting debate rather than to permit of any definite conclusion—especially of one relevant to the troubled history of India since Aurangzeb's wars. Again, no Congress man would concede that the Muslims

are a separate race or a nation in the sense that the Germans are, for it is the Congress party's fundamental position that all the inhabitants of India are Indians and that the only difference between Muslims and Hindus is one of religion; that what ever hostility exists between them was fostered by a British policy of "divide and rule", and that it would disappear with the withdrawal of the British.

With equal strenuousness the Muslim leaders have proclaimed that their people constitute a separate nation with a totally different social structure, code of laws and civilization. Without, for the moment, being drawn into this controversy (which is discussed in the final chapter) we need note only one fact: for about a century, the British were strong enough to bring the whole Indian subcontinent under one administration. The partition of India on their departure suggests that there was no single successor group or power strong enough to do the same. The result of partition has been to weaken the subcontinent economically, politically and strategically; these are spheres in which two heads are not better than one.

It was important to go over this ground in some detail because it enables one cause of Indian resentment against Britain to be understood. For the leaders of the Congress party who had striven all their lives for the independence of a united India, the trumpets of freedom on 15 August 1947, sounded a sour note. Their hour of legitimate triumph was spoiled by a sense of frustration. Most regarded the creation of Pakistan as wholly avoidable, as evidence of a persisting desire on the part of the British to keep some kind of control on the affairs of the subcontinent by leaving behind a weak Muslim state which would always lean on the British for support to prevent the final achievement of Indian unity.

I am not concerned here either to justify or to criticize the attitude of the Congress party towards the creation of Pakistan but merely to record its importance as a source of friction and mistrust in Indo-British relations.

The circumstances of the partition served to reinforce the widespread belief that all Britons are naturally sympathetic to Pakistan and hostile to India. This belief created a difficult atmosphere for many British administrators in India after partition had been announced in May 1947 and before it became a fact on 15 August 1947. It was therefore natural that a majority resigned. That of these, in turn, a majority, who had families to educate and no certainty of work at home, opted for service in Pakistan confirmed India's worst suspicions.

The contrast in feelings on each side of the border could not have been greater. If to India's leaders, independence was to some extent disillusioning, to Pakistan's leaders it had all the exhilaration of a tremendous adventure; that up to almost the last moment its achievement was uncertain gave it an added touch of delightful wonder. Few who saw Mr Jinnah (besides whose coldness of intellect and austerity of manner Sir Stafford Cripps seemed almost an emotional character in a Verdi opera) can have suspected that he was capable of being carried away by any feeling save a just, unsmiling sense of the righteousness of his cause. Yet even he was affected by the enthusiasm around him. After giving some vital decision in those first critical days when the new state, which he had created of his own unyielding willpower, seemed about to founder in the prevailing chaos, he surprised Sir Francis Mudie, Governor of the Punjab, by exclaiming: "Isn't it all exciting!" And a quick, boyish smile lit for a moment his tightly drawn, ascetic features.

The Pakistanis welcomed as colleagues and equals the British civil servants and soldiers who opted for their service. For a variety of historical reasons (glanced at on page 79), the number of educated Muslims available for responsible administrative posts was smaller proportionately than the number of educated Hindus available in India. The Pakistanis did not hesitate to fill the gaps with British officers, and whereas the Englishman in India felt that he was not wanted the Englishman in Pakistan was made to feel that he had a constructive and rewarding job to do. Any elementary psychologist could have foretold that, in such an atmosphere, the British in Pakistan would quickly become more Pakistani than the Pakistanis; here, to Indian eyes, was the final evidence not only that the British wilfully weakened India by partition but that they gloried in their crime.

*Partition in anger;
origins of the Kashmiri war;
lessons of Hyderabad*

INDIA AND PAKISTAN were born in tragedy. For the hundreds of thousands who must have died and for the millions rendered homeless, Pakistanis and Indians blame each other and both blame the British. We may merely note that violence is never far when a struggle for power is let loose. As it became certain that the British meant to leave India the Congress party stepped up its campaign for a united India and the Muslim League for a divided India.

The killing started in Bengal when, in August 1946, the Muslim League proclaimed an "Independence Day". Uncounted thousands of Hindus were slaughtered. The Hindus replied by massacres of Muslims elsewhere. Reprisals for reprisals spread in various parts. At the time of partition I saw flames rising from many towns and scores of villages in northern India, especially in the areas where the new frontier was to run. Shri Prakasha, Indian High Commissioner in Pakistan, estimated the number of those killed in the Punjab at 150,000. Pandit Nehru put it at between 20,000 and 30,000.

Fear was abroad and there began the biggest two-way mass migration known to history. Afraid of persecution in India, millions of Muslims trudged hundreds of miles, with only what they could carry, into Pakistan. Afraid

of persecution in Pakistan millions of Hindus set out for India. In the breathless heat of the plains they staggered through fogs of parching dust. When the rains came, they sank in the mud. The river Beas burst its banks overnight between Amritsar and Jullundur and thousands encamped by the roadside floundered in the swirling waters. Many were drowned. The floods tore up and rendered impassable both the Grand Trunk Road and the adjoining railway for some distance. This halted something like half a million Hindu and Muslim refugees moving along the road in opposite directions and impeded their relief. Amid constant recriminations that each government succoured only its own community, help reached the marooned and the halted with the greatest difficulty. For many it came too late. I was a witness of these scenes.

It is officially stated that seven million from each country (or 14 million altogether) became refugees. Most arrived in their new motherlands starving, penniless; they brought with them tales of horror. For a time the administration broke down. All the Hindu officers of the government of the undivided Punjab had naturally opted for India and the successor government of Pakistani West Punjab was struggling to reorganize itself. The government of the newly-carved-out Indian East Punjab had to improvise itself overnight. After a special train carrying emigrating government officials and their families from one dominion to the other had been savagely attacked in the no-man's-land of the Punjab border, the difficulties of both governments were increased by the cessation of through railway traffic between the two dominions (nor had it been restored two years later).

The partition of India under the smoothest circumstances would have been a colossal task. In both

dominions, the army, the police forces, government departments, the post and telegraph services, the railways, business houses and factories, administrations of all kinds, were thrown into disorder, in varying degree for longer or shorter periods, by the sudden departure of locally experienced personnel and the irregular influx of locally inexperienced personnel, mostly strangers in the land of their adoption. Hundreds of thousands were involved. Totally unforeseen situations arose. In undivided Bengal, for example, most of the postal sorting clerks were Hindus and most of the delivery men Muslims; so Pakistani East Bengal suddenly found itself *plus* crowds of additional, unwanted delivery men and *minus* virtually all its sorters, while Indian West Bengal was plagued with the same situation in reverse.

The effort to straighten out these problems and to negotiate such headaches as the division of government equipment and military stores, to settle questions of customs, excise, tariffs, central banking, currency, and the proportionate allocation of the undivided Government of India's assets and public debt, began at a time when the plight of the homeless, with their tales of burnt villages, rape and slaughter, of lost fathers, mothers, sons, sisters or brothers, was inflaming each dominion against the other. Even two years later the refugee problem was by no means fully solved. Many refugees took up the vacated lands allotted to them, but many did not; unfamiliar crops, soils and surroundings created difficulties. In July 1949 over two millions were still in process of being rehabilitated in India; they were a drag on the nation's finances, and a source of social and political unrest.

As if the Fates considered these disasters insufficient to bedevil Indo-Pakistan relations, there came the clashes over Kashmir and Hyderabad.

ORIGINS OF THE KASHMIR QUARREL

Prior to partition, groups in both the Congress party and Muslim League were urging the Maharaja of Kashmir to accede. He procrastinated. Bounded by Pakistan along the greatest length of his frontier, with all his natural communications into Pakistan, the maharaja's position, as the Hindu ruler of a Muslim majority state, was unenviable.

The mutual slaughter that was going on in the adjacent Punjab spread across the border into Kashmir. Kashmir State forces, mostly composed of Dogras (Hindus), were sent into the disturbed areas. The air became thick with allegations of atrocities and counter-atrocities. The maharaja lent colour to the charge that he was persecuting his Muslim subjects by getting rid of Muslim officials and replacing them by Hindus. Whereas Jammu contains a mixed population of Hindus and Muslims, the adjoining Poonch district is purely Muslim; and for the second time within living memory, Poonch rose in revolt against the "Dogra tyrant". At about the same time a few thousand armed Pathan tribesmen from across the Northwest Frontier (men who had no connexion with Kashmir at all) were openly travelling in buses from Peshawar and massing on the Kashmir border at Abbotabad. Their avowed object was to invade by the Jhelum road and seize Srinagar, the capital. The maharaja hurriedly set off with a caravan of treasure to the safety of Hindu Jammu and appealed to the government of India for help.

Indignation in India against Pakistan was at its height on a score of different issues. The clamour was for justice, but in times of suffering and passion justice is sometimes difficult to distinguish from reprisal. Pandit Nehru, while doing all that was legitimate to protect India's interests, gave statesmanlike decisions. The

inevitable consequence was widespread muttering about his "weakness". "He yields to Jinnah all along the line." One who was close to the Cabinet told me at the time that were the maharaja's appeal for help rejected, the possibility that Pandit Nehru's government might not survive the shock to Indian public opinion had to be considered seriously. But for our purposes the several motives that led his government to accept the maharaja's accession to the Indian Union are less important than the fact and its consequences. Indian troops, flown in to Srinagar in the last days of October 1947, won the race for the capital by a few hours. The Indian army drove the tribal invaders from Srinagar but, up to the time when the UNO Commission secured a cease-fire on 1 January 1949, they did not succeed in clearing them out of Kashmir nor in subjugating Poonch. This was largely because the Pakistani authorities allowed tribal reinforcements to cross their territory into Kashmir and also furnished the Poonchi rebels with arms.

Kashmir's accession to India was itself the subject of keen legal dispute. India argued that the maharaja was free to accede to either dominion and that by accession to India, Kashmir became constitutionally Indian territory, in which case it followed that it was the Indian Government's responsibility to drive out the invaders and to restore law and order. Against this, Pakistan maintained that Kashmir's accession to India was a breach of the stand-still agreement previously signed in August which prolonged the existing economic and other connexions between Kashmir and Pakistan. Those interested in the opposing legal cases can study them in the official publications that both governments will gladly send any inquirer; they are not elaborated here because the legal issues seem far transcended by the political realities.

There is reason to believe that the tribal invasion of Kashmir was instigated by Muslim League zealots in the Northwest Frontier Province. At the time of partition, the Pakistani army hardly existed even on paper. It was formed by extracting the Muslim companies from the mixed battalions of the old Indian Army and was as yet only in the process of assembling itself; sorting out and reorganization had not begun. As a result the turbulent frontier was guarded only by unsupported auxiliary levies. The Muslim Leaguers in the Frontier Province seem to have feared that the tribes would seize the occasion of the government's momentary weakness to indulge their fondness for raiding the plains. The news of the revolt of Muslim Poonch against the "Dogra tyrant" seemed an answer to prayer. By encouraging a Holy War against the Kashmiri infidel, not only would superfluous tribal energies be diverted but a new territory won for Pakistan.

There is evidence that the plot was hatched without reference to the Pakistan federal government and that the Governor-General, Mr Jinnah, and the Prime Minister, Mr Liaquat Ali Khan, were aghast when they learnt of it. No government in its senses would wish to give free passage across its settled districts to bands of trigger-happy free-booters, above all when the authority of the new state had not yet been consolidated. Orders were in fact telephoned to the brigade at Abbotabad to disarm the tribesmen and this was actually done to the first few hundreds. But as the numbers increased, the situation became untenable and the brigade discreetly withdrew out of harm's way inside its quarters. The state of the Pakistani army rendered it incapable of driving the tribes back across the border.

Even had the Pakistani army been strong enough to turn the tribes back, such a policy would have been in-

comprehensible to public opinion in Pakistan. As the average Pakistani saw it, Muslims were defending themselves against massacre in Poonch; how could a Pakistani government wish to prevent Muslims from going to aid Muslims? The Pakistani government adopted the only attitude possible for them: officially they took no part in aiding the Poonch rebels and they shut their eyes to what zealous volunteers might do. It is a fact that large quantities of arms and ammunition found their way from Pakistani arsenals to the Azad (free) Government which had now been formed in Poonch, and that this government operated from Rawalpindi in Pakistan. But it is equally a fact that no Pakistani government could have enforced its neutrality by arms without risking the disintegration of its authority.

There were other and even more important considerations that alarmed Pakistani opinion. Pakistan and its leaders were (and remain) extremely conscious of the Congress party's conception of a united India, and it must be reported as a fact, irrespective of its truth or falsity, that no Pakistani believes that India sincerely accepts partition, except as a temporary evil. All are convinced that the moment that India feels strong enough the attempt will be made to absorb Pakistan. India's acceptance of Kashmir's accession is regarded as complete evidence of this. A glance at the map will show why.

Pakistan is at the mercy of any hostile power that occupies Kashmir. The plains of the Punjab end and the foothills of the Himalayas begin on the Kashmiri boundary, which runs the whole length of northeast Pakistan. An enemy attacking from mountains has the advantage of an army defending a flat country. The Grand Trunk Road, which runs 180 miles of its length from Lahore to Rawalpindi, is at one point less than ten miles from the

Kashmiri border and never more than 25. Cut that road and you strike at one of Pakistan's main arteries. What is more, the West Punjab in a certain sense *is* Pakistan; it contains its richest agricultural lands, its industry, its oil wells and its military headquarters. In addition, three of the Punjab's important rivers, on which depend vast irrigation works, flow in from Kashmir; a hostile engineer in control of their sources could inflict mortal damage over wide areas of Pakistan. Kashmir is therefore a natural bastion for Pakistan's defence.

It was for these reasons that when, in May 1948, it seemed possible that the Indian army might reach positions in Poonch that would have placed it on the West Punjab frontier, the Pakistan government decided that its army should deny them to the Indian army by crossing the Poonch border and occupying them first. Means were found to indicate to the Indian authorities that the Pakistani army intended no invasion and would only fight if the Indian army attacked the key areas that it was holding defensively. It is a tribute to the statesmanship of both dominions that in fact there was only one minor clash between the two armies (this occurred at the beginning of the Pakistani preventive occupation when, in the Jhelum area, it was felt necessary to drive Indian outposts from certain commanding local positions). Pakistanis argue that if Kashmir, held by India, is a potential threat to Pakistan's existence, Kashmir held by Pakistan offers no corresponding threat to India because, whereas Pakistan is outflanked in the one case, India is not outflanked in the other.

Important contributory arguments are that the majority of the Kashmiri population is Muslim and that its economy and all its natural outlets are linked with Pakistan.

It was therefore felt in Pakistan that as long as India

maintained her claim to Kashmir, Pakistan must assume India's fundamental hostility to her existence and her economic and foreign policies must take into account that war with India is one day inevitable. In other words, the Kashmiri problem was not so much one of determining legal rights but of finding a tolerable adjustment in international relations.

I have attempted to state the broad essentials of the Indian and Pakistan viewpoints and of the issues involved, but, since one who is not a party to a dispute rarely appreciates where the shoe pinches as keenly as the disputants, it is likely that both Indians and Pakistanis may find much to criticize in this presentation. On the other hand, however lacking in justice to either it may be, what remains true is that until the Kashmir deadlock is removed real cooperation between the two dominions is impossible. Other pages of this Report will submit that this must profoundly and adversely affect the futures of both, so that it seems reasonable to urge that it is less important to prove who is right and who wrong in Kashmir than to find a solution, imperfect perhaps, but at least tolerable. To seek justice in this world is to be satisfied rarely; success favours those who strive to build out of the wreckage of their hopes.

HYDERABAD'S FATE—A STORY WITH A MORAL

The story of Hyderabad may be outlined as an interesting example of an essentially political, non-judicial, problem for which a political solution was found.

The act that gave India and Pakistan independence stated in effect that the paramountcy exercised by the King over the Indian states through his advisers in the old Government of India would lapse and revert to the states. The successor governments would not inherit it.

At the same time provision was made to enable the states to accede to the Indian or Pakistani Unions, but while there was a strong implication that they should there was no clause which said that they must.

The Muslim Nizam of Hyderabad, whose state is the last surviving fragment of the Mogul Empire, felt no desire to merge his identity in the predominantly Hindu Union of India. In this, he showed himself incapable of distinguishing between legal rights and practical politics.

Consider. Equal to England, Scotland and Wales in area, Hyderabad lies in the heart of India. Of its population of 16 million, 20% are Muslims. Government officials, the army and police force were Muslim. The army of 7,000 was laughably inadequate in numbers and equipment to uphold Hyderabad's independence; nor had the state the industrial power to support a modern army. In the event of war with India 80% of Hyderabad's population could be regarded as potential fifth-columnists. With access to the sea, Hyderabad might have looked around for foreign allies; but she is landlocked by India. Moreover, the pre-partition relations between the Muslim League and the Congress party made it clear to all the world that relations between India and Pakistan in their initial years would be difficult.

It should thus have been obvious to the Nizam that his one chance of survival was to convince the Indian government of his complete and wholehearted cooperation. The only convincing evidence of this would have been instant accession to the Indian Union without waiting for an invitation. Had he done so, he would have ensured the continuance of his regime with the minimum of changes for an indefinite period. Instead, the Nizam did everything that he could to arouse and increase the Indian government's natural misgivings. He refused to accede.

He asserted his claim to sovereign independence. At a moment when Pakistan was short of money and engaged in a quarrel with India about the division of funds he surreptitiously gave Pakistan a large loan. He allowed a hitherto unheard-of individual named Razvi to start an ultra-patriotic, Hyderabad nationalist party and to make speeches against India of a gangster-like aggressiveness that Mussolini or Hitler could not have embellished. He began buying arms abroad in large quantities. Aeroplanes, taking off from Pakistan (a provocation in itself) laden with military stores, violated India's rights by crossing her territory to land in Hyderabad without due observance of international usages.

The evasive course of his endless negotiations with the Indian government over accession, and over alleged breaches of the standstill agreement, finally convinced New Delhi that their sole object was to gain time for the Nizam to complete his daily more obvious preparations for war.

Many Hyderabad Hindu, afraid of Hyderabad-Muslim persecution were fleeing the state and the Nizam was encouraging Muslims to come in from India. Since there seemed no reason to suppose that Indo-Hyderabad relations would improve, it could be expected that eventually the state would, by this exchange of frightened populations, attain a Muslim majority; given Hyderabad's size, industrial potential and Pakistani help, she could consolidate herself into a formidable power in the heart of India. Inevitably the existence of an independent Hyderabad would have continuously poisoned Indo-Pakistani relations.

That the Nizam persisted in his claim to independence—and, be it noted in passing, this was not a claim to a status which he had previously enjoyed and of which India was now seeking to deprive him—suggests that he

thought that he had prospects of success. What can his reasoning have been? Success was possible on one condition alone—that India and Pakistan should continue so hopelessly at loggerheads that, looking for allies, Pakistan would see one in Hyderabad, conveniently situated as a focus from which to stir up internal disorder in India, as a potential threat that would divert several Indian divisions from Pakistan's frontiers, and as a base from which India could be attacked in the rear. Hyderabad's power to survive would depend on the weakness either of India or of Pakistan and therefore on the Nizam's ability to preserve a balance of power by lending his weight now to this dominion, now to that. His appeal to the British government for aid suggests that inevitably Britain would have been urged to add her weight to the uneasy scales.

The Nizam, *in extremis*, appealed to the United Nations. He failed to appreciate that the UNO is a court not of law but of political arbitration. If the UNO had so far misunderstood its role as to give a legal judgment in the Nizam's favour, the Hyderabad problem would still have remained unsolved. The Indian government could not have accepted such a verdict, since to do so would have been to abdicate their *raison d'être* as a government: namely, to ensure the safety of their people. It seems important that such cases should be recognized for what they are and that it should be realized that they are solved by war, or by a political compromise that enables both parties to readjust their relations in a manner tolerable to both. From the announcement of partition onwards, the Nizam's policy itself furnishes the evidence that India was justified in concluding that the emergence of Hyderabad as an independent state would be a threat to the peace of the subcontinent. An intolerable situation was

ended when the Indian army entered Hyderabad in September 1948.

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I am conscious that this view of the Hyderabad story may shock some British and Pakistani readers. They will point out that, in return for very real concessions, Britain was by solemn treaties bound to protect the Nizam (as, indeed, all the other Indian rulers), and that these treaties were hastily abrogated, not by mutual consent, but by Britain's unilateral action. What is a treaty worth if it can be torn up at will ?

Those interested in the legal and moral issues will find suggestions for further study on page 87. My terms of reference allow me no more space than to observe that if Britain had felt bound to uphold the right of the Indian states to preserve their independence from India and Pakistan, she would have had to launch a major war against the two dominions on the day after she had created them. The Commonwealth and the United States would have brought every possible sanction to bear against Britain since it seems reasonably certain that they would have considered that the evil done by the absorption of the Indian states into two solidly established dominions would have been a better guarantee of world peace than the good achieved by creating two weak dominions, broken up by a milky way of independent princes, each of whose 562 separate courts would have been a potential centre of inter-dominion intrigue.

In the unlikely event that the British electorate would have allowed such a war to be carried on till victory, Britain would in fact have accomplished the feat of re-subjugating the whole of the subcontinent to whose independence she was pledged. It would have been fun to have heard Mr Vyshinsky's speech on the subject at UNO.

*India—for and against
the Commonwealth*

IN INDIA, real understanding of the advantages that accrue, both to the Commonwealth and to India, by India's continued membership, was, in the first years of independence, found among responsible ministers of the cabinet, top-level civil servants, senior army, navy and air-force officers, and business leaders—*i.e.*, among all who had experience of men and affairs, or first-hand knowledge of the Commonwealth's vast pool of strategic, diplomatic, consular, commercial, financial, technical, scientific and educational resources. This important and influential, but numerically infinitesimal, section of Indian opinion was relieved and heartened by the outcome of the London conference of dominions' premiers, which in 1949 enabled India to remain within the fold.

But the bulk of Indian opinion on political matters consists of the Congress party. The average Congress man's outlook on life does not differ, allowance being made for national idiosyncrasies, from that of any untravelled man of small means and modest education in any country of the world. His dogmatism is as wide as his experience of life is narrow. One has met the same type of zealous political worker in Poona, Oklahoma, Islington and Dieppe. Among characteristics in common is a deep suspicion of foreigners. In newly independent India, this characteristic was particularly developed, since one of the party worker's best qualifications for office,

political patronage and influence over his fellows, was the extent to which he had suffered for the cause, *i.e.*, the number and length of prison sentences that the departed foreigner had inflicted upon him. It was the outlook and feelings of such people that India's political leaders and press thought it important to conciliate when expounding major developments of policy.

Opinions on India's membership of the Commonwealth ranged from approval to downright hostility. Among those who approved—and one or two, such as the influential *Hindusthan Times* of New Delhi, had the courage to do so in the most generously friendly terms—the reasons given for satisfaction were as instructive as the omission of virtually all reference to certain basic factors in the Commonwealth association was significant. Broadly speaking, the Commonwealth's friends felt it necessary to be on the defensive. They took refuge in vague generalities about peace, progress and, occasionally, common ideals. They emphasized that no allegiance was involved in admitting that the King was the Commonwealth's symbolic head. They stressed the extreme fluidity of the association, the right to secede at will, and the absence of any policy commitments of any kind. The clear desire of the Commonwealth premiers to retain India's membership was underlined as flattering evidence of India's importance—to them. Such references as there were to the importance of the Commonwealth to India's ability to survive, and to develop her rich potentialities in the midst of a predatory world, were few and so discreetly worded as to convey little to all but an exceptionally percipient and thoughtful reader.

Approving views shaded into those of a larger section whose moderately expressed satisfaction was sobered by a "Let's wait to see what we've let ourselves in for"

attitude. Thus the *Indian News Chronicle* of New Delhi, which belongs to a powerful chain of newspapers, observed:

The Prime Minister has repeatedly assured the country that Commonwealth membership does not mean alignment with any power *bloc* in any sense, and will not involve political, diplomatic or economic commitments which might compromise India's independence of judgment or action in peace or in war. The Deputy Prime Minister has assured us that Commonwealth membership involves no obligations apart from those of peace and goodwill. These assurances are welcome as far as they go . . . but an association has some unity of aims, partnership in common enterprise and sharing of some common ideals. Where is the unity of aims here?

The editorial then instanced racial discrimination in South Africa and "imperialism" in south-east Asia as evidence of the Commonwealth's lack of common ideals.

As one proceeded further to the Left, one encountered ever greater suspicion that India's "freedom from entanglements" had been compromised, that she would no longer be able to rally opposition to racialism and colonialism wherever they existed, until one reached the denunciation of the Commonwealth agreement by the Socialists as "a great betrayal". The impression gained from the comments of political leaders outside the cabinet and from the bulk of the press was that, to the Commonwealth, India's adhesion was all-important, while to India, the benefits at best were doubtful. India's "leadership of Asia" would be weakened. Unassociated with the Anglo-Americans, India could act as a "powerful mediator". (Her relations with Pakistan prompted some, however, to misquote an old song: "Who mediates for the mediator when the mediator is busy mediating?")

Informed Indian opinion urged in private that the

British public now had another opportunity for a rewarding display of the tolerance on which it prided itself. It was pointed out that the hostility towards Britain that persisted in the United States from 1776 broke no bones and had only been modified to any extent since the Battle of Britain in 1940; that despite this, the logic of geography, economics and ideologies, brought America into two wars by the side of the Commonwealth and had since continued to outweigh prejudice and emotion. So, it was reasonably argued, would it be with India. Even if, by a swing of the pendulum, the Socialists were brought into office and Pandit Nehru's "great betrayal" were rectified, neither her economic nor her foreign policies could be changed in essentials because they are dictated by her circumstances (*see pages 5-12*) as much as are those of the United States.

There was much truth and wisdom in these representations and it was to be hoped that they would be given the fullest weight throughout America and the Commonwealth. At the same time, many neutral observers in India felt that India's leaders, who had so convincingly shown their belief in the practical advantages to India of Commonwealth membership, would place themselves in a false position if they did not increasingly seek to educate their followers in the reasons for their belief. If they confined themselves to negative generalities and to stressing the absence of any obligations corresponding to the rights accorded, they might find themselves confronted with an uncomprehending and hostile public opinion which, should an international emergency arise, would render their task almost impossible.

India's claim to Asiatic leadership appeared to need closer definition because: (1) the vast colossus of the USSR straddled half the continent and seemed about to

spread its shadow over the whole of China; (2) those who cared to examine the proceedings of post-war international conferences found that the Middle Eastern states looked to Pakistan as their natural leader; (3) Burma leant reluctantly towards India only because she feared Chinese infiltration a degree more than Indian; (4) Ceylon, with its considerable Indian minority, was extremely sensitive to any suggestion that her place was in the Indian Union.

So far, in practice, India's leadership had meant no more than giving moral support to the Indonesians and Indo-Chinese, whose future presented India with a dilemma. Her sympathies were understandably with their struggle for independence; but her interests lay in promoting stability and avoiding the further spread of the chaos that overtook Burma after the departure of the British. Since it was out of the question that India should support French and Dutch colonial rule, it behoved those powers to reach an agreement as quickly as possible with their peoples that would enable India to cooperate with France, Holland, America and the Commonwealth in showing a united front to outside interference. Without this it was merely a question of time before the Sino-Soviets divided and ruled over an area which, it is not always realized, is equivalent to five times the size of France, or one-third the size of Canada, and is populated by half a dozen races totalling 90 million. Occupation by the Communist powers would render the Malayan bastion untenable and the absorption of Siam and Burma the immediately following step.

*FOOD:
India's fundamental problem*

ANY ECONOMIC POLICY for India must be dominated and any foreign policy profoundly modified by the consequences that follow from the inadequacy of her home-grown food supplies; for decades to come her population is likely to live at subsistence level. The lack of any real margin between her food needs and her own supplies must be a constant source of uncertainty and of anxiety to an Indian finance-minister, who may be called upon to incur expenditure, and to forgo revenue, on a large scale for famine relief, and to endanger a narrow balance of payments by *ad hoc* imports. Nor, as long as her economy is so precarious, will India be strong enough to pursue any vigorous foreign policy, unless of course, she is prepared to solve the problem by allowing millions to die. Such a decision, which would alter India's international status overnight, might well be taken if Communist leaders came into power, for they would be only following precedents set by the USSR, but it is unlikely to commend itself to the Congress or Socialist parties.

Here are the facts of India's population:

YEAR	POPULATION
1600	... 100,000,000 (estimate)
1750	... 130,000,000 (est.)
1850	... 150,000,000 (est.)
1931	... 353,000,000 (census)
1941	... 389,000,000 (census)
1949	... 429,000,000 (India and Pakistan est.)

In 1949 the estimated population of India was 355 million; that of Pakistan 74 million.

In an average year, India grows 52 million tons of food grains and has to import up to four million tons. These imports are usually called the "annual food-deficit". It is, however, necessary to be clear that the food imported is the amount that India can afford to buy abroad (known to economists as the "effective demand") but that this does not represent the amount additional to her home-grown supplies that would be required to enable the population to achieve ideal health and efficiency. Experts state that the average Indian needs 2,800 calories a day, whereas in 1935 food supplies, including imports, were short of that by 41.1 billion calories; so if full calories had been given to each individual until the supply was exhausted, 13%, or 48 million out of India's 1935 population of 377 million, would have gone without food and died. In fact, of course, what happens in such circumstances is that the whole population gets some food but is undernourished. This accounts in part for the brevity of the average expectation of life in India (which is only 27 years), for the high infant mortality, high susceptibility to disease and low productivity of output.

It has been calculated that if India's 1944 population of 403 million had received its proper cereal requirements, allowing for seeds and waste, 90 million tons would have been needed, as against the actual 52 million tons grown—a deficit of 38 million tons. This calculation assumed that other non-cereal items of food were available but, in the more realistic supposition that they were not, the deficit was many million tons higher. It should be noted that the number of calories required varies with the individual and his occupation, and that the figure of 2,800 calories on which these calculations are based is itself a matter of opinion.

No country, however, eats what it ideally should; it eats the amount and qualities that it can afford to buy. In all countries a few people can afford to eat more than is good for them. In a few countries, such as those of north America, most people probably can afford something under the ideal amount but still enough for reasonable efficiency; but over the greater part of the world, it is certain that most people can only afford food in quantities that leave them chronically undernourished, with the result that health and efficiency are seriously below par.

The first question that India's leaders therefore needed to ask on assuming responsibility for the future of their 355 million people was: How much food can we afford to import?

The answer would have been: None at all, because India's international balance of payments showed only a narrow margin in hand. Moreover, the terms on which India could buy food abroad were turning against her. In 1938-9 one ton of imported food was paid for by exporting a quarter of a ton of jute or 100 lbs of tea; by 1949, a ton of food was costing her a third of a ton of jute or 300 lbs of tea. If therefore India attempted to remedy her food situation by importing, the strain on her resources would grow at a rate that no country in the world could stand; since the population of India (without Pakistan) is estimated to be increasing by over four million a year, while her food production does not increase proportionately, because as demand rises, poorer land, yielding less both in volume and in quality, is forced into cultivation. To import food would therefore not only lead to bankruptcy in the fewest of years but by absorbing all India's financial resources would put a stop to the vast schemes of agricultural, industrial and educational development to which she was committed.

The facts suggest that the first economic objective that independent India should have adopted in 1947 was self-sufficiency in food. If the term "self-sufficiency" is defined to mean the attainment of freedom from reliance on imports, together with an improvement over current standards, such an objective is practical. If, on the other hand, "self-sufficiency" is defined as the ideal number of daily calories for all, it seems that, in the present state of scientific knowledge, this is attainable by the masses of no country in the world.

The rapidity with which practical self-sufficiency could be attained would depend on India's resources. These in 1947 were encouraging. The first independent government of India found a substantial cash balance in the Reserve Bank of Rs376 crores,¹ the equivalent of over a year's budget expenditure. India's net public debt was a negligible Rs500 crores and her assets included the huge sum of Rs1,135 crores in sterling balances owed by the British government for wartime goods and services bought in India. The budget revenues were buoyant.

How could these resources have been applied?

The immediate objective should have been to tone up the existing machinery of food growth and supply. One of the worst causes of India's falling postwar production, industrial as well as agricultural, was the exhaustion of the transport system after six years of war with no new equipment. To have put India's railways quickly back to normal with new rolling stock and locomotives would have greatly reduced the magnitude of the difficulties that were to come.

A short-term attack on the food problem would have included the more intensive use of existing cultivation—more manure, better seeds, better procurement from the

¹ For an explanation of Indian currency see note on p. 85.

countryside to the towns, more energy in promoting cooperative credit and marketing societies. A long-term plan would have launched great irrigation works and land reclamation schemes, which might take between five and ten years to yield full results.

Some part of the capital resources available would have gone into selected industries—such as steel and cement—which would reduce the amount of capital equipment to be imported from abroad and leave Indian industry usefully expanded. Such vast development schemes will absorb money without limit—if they are allowed to. But a prudent government would have reflected that the war had left India, like other countries, a legacy of inflation.

In 1939-40, the note circulation index figure was 113; in 1947-8—it had risen to 704.

Against this, the index of industrial production in 1939-40 stood at 110; it reached its peak at 127 in 1943-4, and began thereafter to decline; in 1947-8 it was 105.

The price index, with 1939 as 100, averaged 297 in 1947, was to reach 329 in January 1948 and to rise steadily thereafter.

Prudence would therefore have suggested that the government should at least confine its schemes within the limits of its available resources, should cut all other public expenditure to the bone, and should maintain taxation at the existing level. Some inflation was probably inevitable but the degree which in fact subsequently occurred could have been avoided.

But, above all, what was needed was to create a sense of urgency, and this India's leaders, in the first flush of the enthusiasm kindled by independence, were in a wonderful position to arouse. One of the most bitter reproaches against the British was their alleged failure to raise the living standard of the masses. If the leaders had explained

in simple language the program sketched in above and launched it with a stirring appeal to patriotism, now able to express itself for the first time, they would not only have done much to ensure the success of their food self-sufficiency drive but the mobilization of the people in a sacred cause would have been a powerful counter to the divisive tendencies of language groups and of provincialism.

It is easy to be wise after the event, but when the circumstances in which India became independent and the personal history of her leaders is remembered I suggest that they can be acquitted of all charges except that of failing to be supermen.

This chapter has attempted to state the facts of India's fundamental problem and to suggest a policy that might have at least rendered it manageable. The next chapter will outline the policies the Indian government actually pursued and what the consequences were.

Capitalism, socialism and/or the welfare state in India

THE LEADERS of India (as of Pakistan) did not take over the ship of state in a quiet harbour anchorage. It was on the high seas, in a rising gale, that they boarded a ship that was following a course set by others. Mere survival had to be the first objective. It was only after they had ridden out the storm that they began to have time to spare for the problems of equipment and food that were pressing upon them, or even to decide what new course they wished to map out. It was natural that the leaders of a struggle for independence should be pre-occupied with its political aspects. Their intellectual background was that of the British revolution of 1688, of the American declaration of independence, of the French revolution. A professional student of politics salutes the work of professionals as he examines the document embodying the draft constitution of the Indian Republic. The men who drew it up had a first-class knowledge of the constitutions of Britain, the United States, Canada, Australia, New Zealand, South Africa, and achieved an *alpha plus* study of those of Eire and Northern Ireland. On the other hand, India's leaders were brought up against the necessity to grapple at first hand with economic problems late in life amid extraordinary difficulties.

To economic and social affairs the Congress party

brought a socialist-radical outlook; theirs was the party of the have-not, the oppressed and the underdog. The blame for India's low standard of living, relative industrial backwardness and 88% illiteracy, was placed on the British. With an enthusiasm, as laudable as it was natural, the first independent government of India determined to launch five-, ten- or 15-year plans for rapid industrialization, for increased food production and for the promotion of education. I am not aware that any overall statement of the cost of the development schemes was issued but, from the scattered information available, it is clear that they were vast and that the cost would run into millions. Plans drawn up for irrigation schemes alone envisaged the expenditure of Rs1,280 crores in a few years, *i.e.* the equivalent of Rs145 crores *more* than the entire opening sterling balances. There seemed, however, no reason to worry about finances. The ease with which loans had been floated and taxes made to yield ever increasing revenue in the conditions of wartime inflation, and what appeared the enormous liquid resources available, seemed to spell untold wealth. No real attempt was made to draw up a carefully thought-out economic policy; rather it seemed as though the millennium had arrived. Each ministry embarked on its own schemes without coordination—irrigation, transport, capital imports, food imports, food rationing and subsidies, an Industrial Reconstruction Corporation, jet-propelled planes for the air force, cruisers for the navy. One is reminded of Stephen Leacock's knight who leaped on to his horse and rode off in all directions at once.

Becoming aware of inflation, they tried to meet it by removing import restrictions to open a flow of goods, without considering the possible effect on the balance of payments. It occurred to no one that the largest single,

and constantly increasing, spender in the country was the government. Added strains were imposed by the expenditure incurred for the relief and rehabilitation of seven million refugees¹ and on the Kashmir war.² If it is but fair to state that this expenditure was unforeseeable, one should also add that once undertaken, reductions elsewhere should have been enforced.

India's leaders, moreover, were naturally influenced by the example of the Western nations. In Britain they saw a government, broadly of their own political complexion, mobilizing the national resources with apparent ease to launch comprehensive welfare schemes—guaranteed wages, full employment, universal education, social insurance &c. They had proved that liberty was their right; why not also the welfare state?

Ministers began making speeches in which they declared that the day was gone in which industry could be dominated by the profit motive. There was much loose talk of socialism, nationalization, profit-sharing and fair wages. Income tax was actually raised to a level comparable with that of Britain. During the British regime, evasion of taxes had been patriotic sabotage. It was said of many businesses that they kept one set of books for the tax collector, a second for the shareholders,

¹ Rs25 crores were spent in relief, and loans granted to the value of Rs23 crores, between September 1947 and March 1949.

² The scale of the Kashmir war was scarcely realized by the Indian public. In 15 months' fighting the Indian army lost 1,795 killed and suffered 4,109 casualties, according to official sources; for the type of warfare involved these are high figures. Neither the numbers of troops mobilized for the operations, nor the cost, was officially revealed. Unofficial sources gave the numbers as four combat divisions or more, and the direct cost of the campaign around Rs100 crores. "Aid" to Kashmir was stated in the legislature to have amounted to Rs2,36,30,000; in addition the Kashmir government had been granted up to February 1949, loans totalling Rs320,00,000. So that the global cost to India up to January 1949, was Rs105,56,30,000, exclusive of the cost of the road built over the mountains from Pathankot to Jammu.

and a third to enable the directors to know how much they could pocket. Enormous fortunes were believed to have been made by wartime contractors. Accordingly the Indian government launched an Income Tax Inquiry Commission, which proceeded with depressing procrastinations to investigate the affairs of many hundreds on their "black list". The tax collectors began a ruthless drive; all bank accounts were thrown open to their inspection. The hostile attitude towards employers of the industrial tribunals, set up to mediate disputes and to decide wage awards, undermined industrial discipline and was among the causes of the serious decline in productivity that followed. Wage awards took no account of a factory's earning capacity.

The net result of disconcerting ministerial declarations, of talk of nationalization, of the industrial tribunals' awards and of the inquisitorial and arbitrary methods of the tax collectors, was to drive money into hiding. All transactions involving a record, such as payment into a bank, or investment in stocks and shares, were shunned as far as possible. Businessmen frequently found that some of their customers were prepared to place orders only if payment was accepted in notes. The broad effect of these crores of hidden rupees¹ was (a) to increase inflationary pressure, since it was easier to spend over the counter in cash on untraceable consumer goods than in commerce, and (b) to deprive the already anaemic capital market of substantial investment money of which the government, for its development schemes, and industry, for renovation and expansion, were in the greatest need. In 1949 values on the stock exchange had declined by an average of no less than 60%, and it had become virtually impossible either for the government to raise a loan or for

¹ Some estimates placed the total at Rs600 crores.

industry to start a new venture. The high rate of taxation, plus the high cost of living, rendered life so difficult for the middle classes that India not only ceased to save but was, on the contrary, estimated to be dissipating its capital at the rate of about 1% per annum. Higher rural and labouring incomes contributed to the fall in production because, after peasants and workers had satisfied their customary needs, they had little incentive to further effort; this phenomenon is not peculiar to India but has been observed in all inflated economies, including that of Britain.

Three other important sources of capital dried up after partition. A certain amount of British money left the country, while the considerations that we are now examining discouraged the entry of fresh foreign capital. The division of the Punjab, the disasters of the civil war that overtook it, and the dislocations caused by the mass migrations, impoverished one of the most productive sources of savings. Finally the amalgamation of India's princely states and the pensioning-off of their rulers stopped an outstanding stream of investment money.

Nothing effective was done to reverse the inflationary trend begun during the war. From the figures given on page 42, the note circulation index rose to around 740 in 1948-9. The index of industrial production by improving in 1948-9 to 114 reflected recovery from the abnormally low levels of 1946-7, caused by widespread disorders and by partition, but it was still 12 points below the 1943-4 peak; steel, pig iron and cement, significantly, did not share in the improvement. The price index persisted obstinately around 375, with a tendency to rise.

A striking, but typical example of the high wages, high costs and production difficulties that were paralysing India is seen in the following table taken from the report

of the great Tata Iron & Steel Works of Jamshedpur:

AVERAGE ANNUAL INCOME PER EMPLOYEE

1939—40	...	...	Rs 768.41
1948—49	...	...	Rs 1,512.82

AVERAGE OUTPUT OF FINISHED STEEL PER EMPLOYEE

1939—40	...	...	24.36 tons
1948—49	...	...	16.30 tons

AVERAGE LABOUR COST PER TON OF FINISHED STEEL

1939—40	...	...	Rs 31.54 per ton
1948—49	...	...	Rs 92.80 per ton

These figures show that a Tata employee in 1949 was earning roughly twice what he got in 1939 but was producing a third less. To enable him to do this, the consumer had to pay three times more for his steel. The Tata employee's 1949 income was, however, buying him about 30% less than his 1939 income.

If the partition of the country in 1947 could have taken place in friendship a joint Indo-Pakistan economic board might have been set up to report on the economic implications. Among the facts that such a board would have brought home to public opinion (which, for the most part, remained unaware of them) would have been these:

The deficitary food areas of undivided India were largely, though by no means entirely, the towns and industrial centres. After partition all the big towns save five and virtually all the industrial centres would be in India, while Pakistan would be a surplus-food-producing area. Much the greater part of the raw jute and raw cotton needed by India's two leading industries, and substantial percentages of her requirements in food grains, rock salt, potassium nitrate, raw hides and skins would have to be bought from Pakistan. On the other hand, Pakistan needs, *inter alia*, India's cloth and yarn, jute

manufactures, steel, iron, coal, tyres, paper, paints, enamels, vegetable oils, tobacco and soap.

The report would have found that each dominion provided the other with the cheapest, nearest, most convenient, obvious and mutually advantageous of markets; it would have recalled that undivided India's exports of cotton and jute manufactures paid in 1938-9 for 49% in value of her imports and would have stressed the grave results to both dominions that must ensue if Pakistan were to set up jute and cotton mills in competition with India and if India were to increase her acreage of cotton and jute in competition with Pakistan; the terms of trade were already against prewar India and if supply were increased in a haphazard manner, prices would fall steeply and both dominions would kill their greatest export assets. The board would have gone on to cover innumerable other points bringing out that the economies of the two dominions were each the complement of the other.

But partition took place in anger and no such report was drawn up. Instead each dominion soon applied its full customs tariffs against the other, and, in some notable cases such as jute and cotton, excise and export duties were piled additionally on goods crossing the common border. Rebates of the duties on excisable commodities were refused between dominions while granted to other countries. In 1949 a position had been reached in which India was running an adverse balance of payments with Pakistan in the region of Rs50 crores; there followed the phenomena with which adverse balances have made the postwar world only too familiar—attempts to reduce imports, to stimulate domestic production of raw jute and cotton, to “step up” exports. Whether or not such efforts may be unavoidable between dollar and

sterling areas, that these two dominions found it necessary to adopt them against each other was as fantastic as it would be for England to congratulate herself on increased coal output from Durham in order to reduce her adverse balance with Wales.

The tariff war that raged between the two dominions in the first two years of their existence wrought great harm to both. At a time when it was more necessary than anything else to reduce the inflated price level and costs of production, trade barriers sent them higher than ever. Owing to her dependence on Pakistan for raw materials and food, India suffered the more immediate harm, but in the long run Pakistan stood to lose a great part of the value to her of these same raw materials if India persisted in increasing her acreage and if Pakistan persisted in setting up competing looms. The world demand for cotton and jute goods has its limits. Fortunately there were signs in 1949 that common sense was gaining ground; an Indo-Pakistani trade agreement was signed, which mitigated the more glaring anomalies. There was, however, no suggestion that either dominion was as yet ready to give up competitive growing and manufacturing in favour of cooperation; nor could there be as long as the Kashmir problem blackened the whole horizon.

By the middle of 1949 virtually *all* currencies had become hard for India. Officially her adverse balance of seaborne trade in 1948-9 was Rs95.25 crores, but authoritative unofficial estimates put her overall adverse balance of payments between Rs170 and Rs230 crores, of which expenditure of food imports accounted for no less than Rs130 crores (about half in dollars). Of the £160 million allocated out of the sterling balances for the three years ending July 1951, India had already drawn about £120 million in less than one year. The statistics

of India's exports, as of her production, did indeed suggest that in many cases they had recovered and overtaken the highest peaks attained during the war; but this was to look at inflated monetary values only. The physical volume of production and of exports not only failed to reach totals once attained but the slow upward trend visible in 1948 was later arrested.

The restriction of imports imposed in the effort to reduce adverse balances, the fall in exports caused by the change in 1949 from a world seller's to a world buyer's market, and by India's rigid and uncompetitive costs of production, and the decreasing *tempo* of her internal industry and commerce, were all combining to reduce the yield from customs, excise and income taxes. The 1949-50 budget was balanced on current account by the purely nominal sum of Rs49 lakhs, but the capital (or development scheme) account showed a deficit of Rs134 crores. It was therefore certain that if expenditure were maintained at the then existing level there would be serious deficits in the budgets to come.

The conclusions that one reached as, in August 1949, one tried to piece out the facts and to weigh the possibilities of India's economic situation were these:

1. The policies adopted in 1947 were drawn up without sufficient study of the economic data and it could now be seen that they were too ambitious in relation to India's available resources, substantial enough though these were at that time.
2. In the interval the Indian government's cash balances had fallen from Rs376 crores in August 1947 to the dangerously low level of around Rs100 crores. The sterling balances, which represent India's foreign exchange reserves, had dwindled from Rs1,135 crores to around Rs635 crores.

3. India's balance of payments were dangerously adverse and her ability to meet it by borrowing from the International Monetary Fund, by drawing on the sterling balances and by dissipating capital, was running out.
4. High taxation and high costs were strangling savings and slowing down the whole economy.

From 1948 onwards, the Indian Government became increasingly concerned over the rising burden of food imports, loss of business confidence, the stagnation of the capital market and the all-round fall in production. They had the alternatives of proclaiming that complete socialism was the cure or of attempting to reverse their policies in hopes of creating an atmosphere in which confidence would be restored to private enterprise. From what one knows of Pandit Nehru's ideological outlook, one presumes that the socialist cure enlisted his natural sympathies. In fact, however, he decided to call a halt to socialism and to promote a policy in which the government would assume broad responsibilities for welfare by means of legislation but would leave India's economy essentially one of free enterprise.

For this decision the reader will, according to his ideology, praise or blame Pandit Nehru; but he may also allow that a politician who modifies his course in the light of experience and of debate is no "doctrinaire" and shows the courage of a true leader.

It seems at least arguable that, in the interests of India's immediate material progress, Pandit Nehru was wise in recoiling from complete socialism. Whether the "Welfare state" will succeed in Britain remains to be seen but at least it was possible to introduce it here with relative smoothness. The emphasis in socialism has hitherto been on the redistribution, by means of taxation, subsidies and controls, of *existing* wealth. In Britain, the socialist

government inherited substantial taxable wealth that had been accumulated by private enterprise over many decades. There was something to distribute; innumerable existing school buildings, for example, could be put to wider use; so could the services of thousands of already trained doctors. How long the cake will last, and whether cakes in ever increasing numbers can be baked, are interesting and relevant questions for Britain, but in India, where the average annual income per head was in 1948-9 estimated at Rs186¹, the accumulation of cake to share out is negligible.

Nationalization and control over all economic activities require vast numbers of experienced civil servants of complete integrity. An official, given the authority to issue valuable permits, is in any country subject to temptations. There are without question many officials of the highest integrity in India, but that there are not enough to fulfil all the tasks of nationalization was publicly recognized in 1949 by that unbending realist, Sardar Vallabhai Patel, the Deputy Premier. Moreover, to have imposed socialism in India at a time when the whole administration was already taxed to its limit in the effort merely to survive the stresses and strains of partition and of newly-won independence, would have risked a complete breakdown; it would have meant the imposition of a social revolution in the midst of a political upheaval.

Such views were likely to have been urged on Pandit Nehru by his hard-headed deputy, Sardar Patel; by Dr John Matthai, his Finance Minister, solid of appearance, shrewd of intellect and gentle of manner; by his friend, Mr G. D. Birla, India's foremost captain of

¹ Though this was thrice the pre-war figure, most authorities held that in 1949 buying power was below pre-war. Estimates for various sections of the community suggested decreases ranging from 2½% up to as much as 30%.

industry, able, enlightened, and a lifelong supporter of the Congress party; and by others.

Against them were the Socialist leader, Jai Prakash Narain, probably a majority of rank-and-file Congress men, and the Pandit's own sympathies. They argued that, after all, the USSR had launched a social in the midst of a political, revolution and, with virtually no foreign help, had subsequently pulled herself up by her own bootstraps. What prevented Pandit Nehru from accepting these views was probably that in economics, his socialism springs from the Englishman, Robert Owen, rather than from the German, Karl Marx, and that, in politics, he shares with most of his educated fellow countrymen the intellectual outlook of British 19-century Liberalism. The degree of economic success attained by the USSR was achieved at the sacrifice of all political liberties and of millions of lives lost in great famines. The unyielding Communist may consider that Russia's results were worth all this human suffering; if so, that is the measure of the difference between him and India's Prime Minister.

The Indian government therefore began to retrace its steps. On 28 January, 1949, Pandit Nehru, in a speech at Lucknow, said that prior to the development of the capitalist system, the world was poor. Production was limited. Industrial capitalism sought to increase wealth by new means of production. Capitalism had been one of the greatest successes of the past. It had solved the problem of production. "If you shout slogans without understanding that a certain phase is good for one age, while it may be an evil for a second age, you are not solving the problem", Pandit Nehru asserted. In the context one presumed that the Prime Minister considered that India had not yet reached the second phase, and that capitalism, whatever its weakness, still had a contribution

to make to her material progress. India, he said, needed production and greater wealth.

The new policy adopted by Pandit Nehru, which may perhaps be called the controlled free enterprise of Lloyd George liberalism, is, like all middle roads, a difficult one to pursue. Indian industry was apt to carp at its social regulation as unadulterated socialism, while the Left decried it as undiluted capitalism. When industrialists found that the new policy meant modification, rather than abandonment, of the government's earlier pronouncements on industrial control and development, profit-sharing, fair wages and so on, they were disappointed. However, as gradually they realized that the government was ready to listen to and to act upon their representations they began to take heart, and by August 1949 there were some signs of an incipient return of confidence.

But, above all, the government, at long last, gave top priority to the food problem; they evolved a short- and long-term plan on the lines of that sketched on page 41. They set 1951 as the target year by which all food imports were to cease. They appointed a Special Food Commissioner to enforce an all-India program. His pronouncements, and those of the Prime Minister, inspired hopes that the problem had finally been seen in its true perspective, as overriding all others, and that it would be tackled with determination. It cannot be too strongly emphasized that if self-sufficiency in food (in the limited sense previously defined) is attained, three-quarters of the battle to put India's economy on an even keel will have been won. Instead of sinking ever deeper into international debt, with all the widespread distortions, burdens and impediments that that involves to her external and internal earning capacities, India's balance of payments could break even reasonably soon, and could gradually

secure modestly increasing favourable balances. Her exports, instead of having to pay for food, would be able to buy capital equipment. Cheaper internal food prices should slowly have their effect throughout her economy and help to bring down the excessive costs that impede her trade at home and abroad. A vicious circle will have been broken.

But if the food campaign gave ground for cautious optimism, it would be wrong to convey the impression that all India's problems were solved. In the first place, the hopes raised had yet to be realized; secondly, the scanty resources that remained to India out of her opening balances had been so reduced that some lean years were undoubtedly ahead. India could not go on spending either at home or abroad at the pace set in the first two years of independence.

A steep reduction in imports of all kinds was inevitable;¹ food would have to be progressively reduced; luxury goods, private automobiles, radios, alcohol, toilet preparations, films &c. must be deleted, even though they count for little in the grand total of India's imports.

The largest item in India's foreign buying that would have to be slashed, if she were to restore her balance of payments to manageable proportions, was capital goods. But, it will be objected, since the aim of such imports is to raise the standard of living, this would condemn India to continue indefinitely on her deplorably low standard of poverty. To this, a reply that fitted the facts of 1949 would be, first, that to postpone the capital imports would eventually lead to higher standard of living than to persist in buying at a moment when prices were still near their peak but would be certain to fall as the world seller's

¹ Cuts totalling Rs 129 crores were announced in September 1949 (before devaluation).

market became saturated. To buy expensive new machinery which a depression may then condemn to months or years of idleness lowers rather than raises national income.

Next, a pause in capital imports would give the government time to reconsider its whole network of development schemes. That a detailed, overall statement, listing the varieties, volumes and costs of the raw materials, imported or home produced, was greatly needed was suggested by criticism in the Indian press that the amount of steel and cement required year by year for the government's irrigation projects *alone* would seriously set back all other construction work.

If one of India's post-independence problems was the reduction of production costs, undoubtedly the greatest single burden on agriculture, trade and commerce, was the cost of government. The budget expenditures on all accounts of the federal government and of the nine old-established provinces, were about Rs800 crores, and if to these were added the expenditures of the score or so of states and new state-unions, the total would probably be around Rs1,000 crores, which was about 25% of India's national income, according to post-war estimates. Figures on this scale give ample margin for substantial reductions if there is a real will to it. Provincial taxation became particularly burdensome because while the governments launched out into large-scale social expenditure, they simultaneously deprived themselves of crores of rupees of tax revenue, by measures of moral reform, such as prohibition,¹ and the abolition of racecourses (which yielded much income from betting taxes). To make up for this added expenditure and decreased revenue, the provinces imposed indirect taxes which sent up the cost of

¹ Prohibition cost Bombay Province Rs9 crores in lost revenues.

living and of production; these included taxes on such essential commodities as food grains, coconuts, sugar cane, coffee, potatoes, chillies, plantains, tea, bus fares, electricity, restaurants, hotels and boarding-houses.

What cuts in government expenditure would a realist policy have introduced ?

The first is one that applies to all governments throughout the world and which is not, alas, likely to appeal to any of them. A government by its nature is not a profit-making concern; if it wants to spend more money, it merely slaps on more taxes; that vague abstraction "the public interest" provides no incentive to rationalize methods and to raise productivity. Some time in 1947 the Indian government appointed an Economy Committee. This body reported two years later with recommendations involving a saving of Rs3 crores on total expenditure of Rs579 crores! Such a result was only to be expected from a committee of civil servants who, admirable administrators though they may be, know nothing of scientific rationalization. There exist, however, rationalizing firms in India, as in most countries, which for a fee will set muddled houses in order. If the great Indian firm of Tata's sees no shame to call them to reorganize its works, why should the government of India? The governments of India—federal and provincial—pullulated with employees working hard on a system that had never been scientifically organized.¹

A realist policy would have abolished India's food subsidies, which in 1949 cost Rs32 crores. The *Eastern*

¹ The government of India is not the only expensive and inefficient machine. The Commission on Organization of the Executive Branch of the United States Government reported in 1949: "Neither the President nor the Congress can exercise effective supervision and direction over such a chaos of establishments; nor can overlapping, duplication, and contradictory policies be avoided. . . ."

Economist pointed out that this sum represents an amount paid to foreign growers of Rs100 per ton more than Indian cultivators would receive for the same product. This subsidized food was at that time¹ sold to less than 5% of India's population; the removal of the subsidy would have added about Rs6-8 per head per annum to the costs of the town dwellers who benefited by it. Would it not have been more economical in the short run, and definitely more beneficial in the long run, to sell the food for its real cost and use the Rs32 crores to expand food production in India?

But the outstanding item of expenditure in the budget of independent India was on defence. The consequences were thus forcibly summed up by the authoritative Indian-owned-and-edited *Eastern Economist*, in its editorial of 4 March 1949:

It will be seen that while India spent, in 1948/49, 48% of her Central Budget on military expenditure—and in 1949/50 proposes to spend nearly 50%, the Big Three spent far less; the United States 25%; the USSR 17%, and the United Kingdom 13%. With the exception of China—whose conditions are quite exceptional—military expenditure, reckoned as a percentage of national expenditure, is in no country of the world as high as in India and Pakistan. . . .

The *Eastern Economist* then pointed out that one major fact had been ignored in the preparation of the budget:

And that major fact is that while our defence expenditure remains at this level, India will not be able to form capital at a level which will maintain her standard of living. The Cabinet as a whole must face this issue and so must the country at large. Does it profit us much to feel secure behind an expensive fighting force when the

¹ The numbers of the rationed population, and the amount of their rations, varied considerably at different periods as policy changed. Normally 47 million urban and industrial workers were fully rationed, while up to another 96 million in deficit rural areas were partially rationed.

economic base on which it, like everything else, rests is being slowly undermined? That is the challenge which the Defence Budget raises. . . .

We believe the Defence Budget of India, judged by this test, cannot emerge unscathed. It purports to assert that our defence requirements make it necessary that India's standard of life must be imperilled, because of dangers of attack from without. What are those dangers? Surely it would be logical to require that, before expenditure is allocated for a specific purpose on this scale, that purpose should be defined. . . .

Who are these enemies for which these preparations are being made? Clearly they do not include the USA or the USSR, the leading military powers of our time. There is evidence enough that India—like every other lesser power and possibly group of lesser powers—would not be able to fight anything more than a delaying action in either case. Fortunately the USSR and the USA are now set in conflicting ideologies in a manner which makes it virtually certain that we would not be attacked by either party without the other coming to our aid. This does not point the way to no defence but it does indicate that the main burden of the defence of India from either of the two greatest military powers will fall not on us. . . . Nor, indeed, is there an early prospect of possible aggression by any lesser power. Our relations with the British Commonwealth are more cordial than they have ever been and the war has deprived the old Colonial Powers, no less than the defeated Axis countries, of almost all capacity to wage a major war. There is in fact no major enemy which we need to fear.

And yet fear lives both in India and in Pakistan. And it is a fear which comes only from ourselves. . . . We think it, therefore, a supreme tragedy that when every other nation of the world should be excluded from the range of defence, our mutual defences should arise on this possibility of war between two brothers. Is it wise that each should prepare itself by inflicting injury more upon itself than upon an enemy that it fears?

We think it possible for India and Pakistan both to

reduce their military expenditure immediately by considerable figures. It would be a gesture of each to the other that it was not contemplating aggression. But even more it would be a recognition by both of the paramount need of devoting their resources to productive ends.

In addition, it may be recalled that under the British regime, the Indian army, whose responsibilities for external defence and for internal security then covered the entire subcontinent, did not amount to more than 170,000, whereas today it is estimated that the forces at the India government's disposal (which include troops hired from Nepal) total well over 300,000. Before the Kashmir war broke out in 1947, army headquarters in New Delhi were planning for an army of 160,000; this total was considered sufficient for current security needs and adequate to form a highly trained nucleus capable of rapid expansion in wartime, on the model of the post-Versailles (but pre-Nazi) German army.

As far as external protection is concerned, what India needs first and foremost is to build up the powerful and varied industry for which she has most of the resources. Until this is done, the Indian army will remain, apart from small arms and light equipment, dependent on imports for all the weapons and heavy equipment that convert mere defenceless numbers into a modern fighting force. In the event of war, this dependence on foreign supplies places the Indian army at the mercy of its foreign suppliers. If India remains neutral her overseas sources may decide that they require all their output for their own needs. If India is an ally they are able to dictate what priorities she shall receive.

SURVIVAL: Pakistan's fundamental problem

IF THE READER will now be good enough to remind himself of the contents of pages 20-28, and particularly of pages 26-28, he may appreciate that Pakistan's every thought was coloured by fear of India's intentions, and must be for at least as long as India maintained any claim to Kashmir. In other words, all Pakistan's energies were being devoted to building up strength to survive.

It was natural that, believing herself threatened by a powerful neighbour, Pakistan should have clung to her membership of the Commonwealth as a valuable source of support and strength. In addition the circumstances of partition described on pages 18-19 had brought Briton and Pakistani closely together. Within two years, however, Pakistan's enthusiasm had greatly cooled.

As early as September 1947, when Pakistan was struggling against anarchy and disaster, the government feared that the huge influx of refugees from India would overwhelm the already exhausted Punjab administration; Pakistan's colonizable land is limited and the government suspected that India was deliberately driving these millions across the border in order to collapse the hated neighbour. Mr Jinnah issued an appeal through diplomatic channels to all the dominions for aid. I believe that I am right in saying that he received no reply, save from Australia, which candidly told him that he must compose his differences with India by himself. This apparent in-

difference to Pakistan's plight was a surprise to Karachi. One surmises that the appeal was launched because Mr Jinnah had forgotten that he was no longer leader of a minority, for whose safety Britain was responsible, but the head of an autonomous state. There was a considerable outcry in Pakistan over this episode that there was no machinery to deal with inter-dominion disputes (as there was also later in India over other differences with Pakistan and with South Africa). This was true, and it served to demonstrate that, with the emergence of India and Pakistan as dominions, a profound change had taken place in the Commonwealth in that for the first time it had become necessary to think of arbitral machinery between members.

It was also a cause of resentment that the outside world paid more attention to India than to Pakistan. This was because India had the advantages of (1) inheriting the name "India" with which most people still associated all that went on in the subcontinent; (2) British and American commercial interests were greater in India than in comparatively less developed Pakistan; (3) in Mahatma Gandhi and Pandit Nehru, India had two figures whose personalities and writings had long ago seized the world's imagination. One could disagree with Nehru or with Gandhi, but one could not help liking them. One respected Mr Jinnah as one respects the grandeurs of the Arctic, but they do not warm the heart, and neither did he. In Mr Jinnah's lifetime, prior to independence, Mr Liaquat Ali Khan played the part of a loyal and self-effacing lieutenant. His very real gifts became apparent after independence brought him the responsibilities of the Prime Minister's office, but they were little known outside his own country, partly because he had written no best-selling philosopho-autobiographical epic of struggle against persecution, partly because he had not

learnt the statesman's necessary art of using the press as a medium for projecting a personality or for promoting a cause, partly because the numerous admirers of Nehru and Gandhi in Britain and, still more in America, naturally viewed Pakistan's leaders with critical eyes as the men who had disrupted India.

But the dominions' conference of 1949 administered the biggest shock to Pakistani opinion. The Pakistani delegation went to London conscious of their friendly feelings towards the Commonwealth. Had they not shown their trust and confidence by appointing Britons as governors of three out of their four provinces, and by retaining Britons in many key posts? They were prepared to accept, without modification—as they knew that India was not—allegiance to the Crown as the tie that bound the free peoples of the Commonwealth together. Above all, they were conscious of the “threat to Pakistan's existence that lay in India's Kashmiri policy”. They would not have been human had they not hoped that the assembled dominions would receive “loyal and cooperative Pakistan” with open arms and chasten India with a few straight words for her “fouling of the common nest”. They would not have wept if the “Indian cuckoo” had been turned out altogether.

What happened instead? In Pakistan's eyes this: Pandit Nehru, the man who led the armed rebellion against the Commonwealth in 1942 when the Japanese were at the gates of India, the man who flew India's troops into Muslim Kashmir against a sister dominion, the man who would not acknowledge the Crown—this is the man who emerges as the hero of the conference! He is hailed by the British press as the Commonwealth's greatest statesman, destined to inherit the mantle of Field-Marshal Smuts! A new formula, apparently making allegiance to

the Crown optional and allowing India to acknowledge the King as some vague kind of symbolic "head of the Commonwealth" is found. Pandit Nehru's triumph in London is topped, first, by an invitation to address a special session of the UNO, in which, as some elder statesman, ripe with the wisdom of the ages, he is to exhort all mankind to peace and cooperation (!!), and, secondly, by another to visit Washington and Ottawa.

Pakistan's bewilderment must, once again, be seen against the background of the Kashmir war. Pakistan's leaders were convinced that India was determined to postpone a plebiscite until the growth of vested interests through lapse of time might consolidate her position as the occupying power; they felt that it would be as much in India's interests that an end should be put to the deadlock, for even if India were awarded Kashmir by the UNO, or even if she managed to drive Pakistan's troops from their strong points on the border, she could only hold it at the cost of remaining a nation in arms. The maintenance of such large forces at the end of such long lines of communication was a drain on India, whose economy was in any case in such difficulties that Pakistan considered that Britain and America, to whom India must look for aid, were in a position to bring effective pressure, moral and economic, to bear in the interests of all.

It is relevant to note that were India to secure Kashmir, Pakistan anticipated the arrival in her already densely populated territory of vast numbers of penniless refugees; the effects of this influx on her economy and general stability would be the equivalent of the loss of a war. Pakistan was unlikely to accept any such disaster without first resorting to an all-out war effort, since the outcome could not be worse and she would at least thus give herself the fighting chance that it would be better.

The dominions' conference seemed to make it clear that Pakistan could expect no help from the Commonwealth in so far as India was concerned. A first step towards attempting to restore a truer perspective in Washington and in the dominions' capitals was, therefore, to arrange for an invitation for Liaquat Ali Khan to meet Stalin in Moscow. As a jolt to Nehru, whose relations with the USSR had not been smooth, and as a warning to the Nehru-bewitched Anglo-Americans, this was immensely popular with the Pakistani-in-the-street, who chortled at the delicious idea that all these Hindu-loving foreigners were being properly scored off and put in their places. There was a revulsion of feeling against the British in Pakistan.

Many Britons, who were working loyally and wholeheartedly in Pakistan's civil and military services, were now made to feel that they were wanted no longer. The incident illustrated how the poisoned relations between India and Pakistan strained their relations with innocent onlookers. Their appreciation of the foreign and economic policies of other countries was constantly distorted by being examined under the conviction that if it were not openly pro- or anti- Indian, or pro- or anti-Pakistani, then it must be covertly so; it follows that after the dominions' London conference and the Washington invitation to Nehru, Anglo-American relations were strained with Pakistan and cordial with India—a result foreseen neither in London nor in Washington, and brought about by considerations that were irrelevant to the problems discussed.

It is important to remember that, just as Pakistan and India are complementary to each other in the economic, so also are they in the international and strategic, spheres. In the first two years of Pakistan's existence, the leader-

ship of the Arab and Middle Eastern states (with the exception of Afghanistan) fell unsought into her lap, so that with India's affinities with southeast Asia, the two dominions should be able to aid in the promotion of stability from Egypt to Indo-China—if they cooperate.

Relations between Pakistan and Afghanistan in 1947-9 could not, short of war, have been worse. Afghanistan's rulers, having brought her economy to the verge of ruin, were increasingly afraid of a revolt and were raising the bogey of an external danger from Pakistan as a diversion. When I visited Kabul in 1948 I was assured by responsible foreign observers that the anti-Pakistani press and radio campaign was not inspired by the Soviets. Nevertheless, no country, save the USSR, benefited by it, least of all India, whose physical northwest frontier remains unchanged by the new political border across the Punjab plains. Afghan-Pakistani tension had opened a back door to the Soviets; yet the declarations of India's statesmen and of her press contained no hint that India viewed Afghanistan's attitude with disapproval, and would regard any violation of Pakistan's territory as a violation of her own.

History has shown that for some problems, such as the relations between Rome and Carthage, war provided the only solution. But war between India and Pakistan would solve nothing, because while one side or the other might secure a military victory, neither dominion is strong enough to hold down and to absorb the other, *without foreign aid*. That India should hold Pakistan down, or that Pakistan should hold India down, with British or American aid, is unthinkable. Remains the USSR, of whom Virgil seems to have been thinking prophetically when he almost wrote: *Timeo Sovieles et dona ferentes*.

Pakistan's budget during these three years was in credit; she had large export surpluses of a number of agricultural products, such as raw jute, cotton, hides and skins, wool, tea, tobacco, cotton seed, and dried fruits, for which there is in normal times a strong world demand. She had a dollar surplus and her overall balance of payments was so favourable that she was able to import capital goods freely and to glut her markets with imported consumer goods.

Pakistan's two greatest exports were raw cotton and jute. In 1948-9, the value of her cotton exports was Rs37 crores, of which India took half, while the value of her jute exports was Rs109 crores of which India bought Rs84 crores worth. Unless, therefore, there was cooperation between the growers of Pakistan and the manufacturers of India, Pakistan's substantial income from these commodities would be jeopardized. This point was elaborated on page 50.

Here are Pakistan's budget figures:

		GROSS REVENUE ESTIMATES	
		in lakhs of rupees	
		1948-9	1949-50
Principal heads of revenue	... ..	47	55.43
Net contribution of railways, posts and telegraphs	... ..	.76	1.15
Other heads	... ..	10.99	13.71
Total revenue	... ..	58.75	70.29
Gross expenditure estimates:			
Defence services	... ..	40.28	47.22
Other expenditure	... ..	18.04	22.08
Total expenditure	... ..	58.32	69.30

These figures show an expenditure of no less than 67% on defence in 1948-9 and of 60% in 1949-50. Pakistan

thus imposed on herself an even greater impediment to her economic progress than did India, and with as great illusions of safety. The comments of the *Eastern Economist* on the futility of India's defence expenditure (*page 60*) and my submission that her defence would be served best by promoting her industrial development (*page 62*) apply with equal force to Pakistan.

Following the inter-dominion financial settlement, whereby India assumed immediate responsibility for payment of the total debt of undivided India, Pakistan was due to pay, apart from amortisation, Rs9 crores in interest for her share from 1952 onwards. On the 1949-50 budget figures, payments on interest alone would thus have meant that defence and debt would together absorb 80% of Pakistan's expenditure!

In the sphere of foreign trade, Pakistan's position was healthy in that she had no need to import raw materials and only negligible amounts of food for East Bengal for which she could easily afford to pay from her several export surpluses. True that her first two prosperous years of independence were secured in part by the high yield from import and export duties arising from the prices obtainable in a world seller's market, which was an exceptional post-war phase, but there was no reason to suppose that she could not maintain the volume of her trade at a level profitable enough to build herself eventually into a powerful and wealthy state—*providing* that she cooperated with India in commercial policy, and *providing* that she transferred substantial sums from defence to constructive expenditure. But if these two essential provisos were not observed, her position was, in the long run, just as precarious as that of India—a point which was by no means grasped by Pakistani public opinion.

Devaluation—hopes and fears¹

THE devaluation that overtook the £ and the Indian rupee after this Report had started on its way to the press did not change the economic problems that we have discussed; it intensified them. The immediate cause of the rupee's devaluation was that of the £, but there was little to choose between the rigid, high-cost economies of India and Britain. Both countries must have devalued sooner or later. Neither was in a position to read moral lessons to the other.

Devaluation is only another way of saying that the list of goods or services that a country has to sell are not attractive enough in quality, quantity, or price, to enable it to buy as much abroad as it wants, and that it is either unable or unwilling to do what is necessary to improve quality, increase quantity or reduce costs.

India (like the sterling area as a whole) had been buying more from, than she had been selling to, the hard currency countries. Typical example of the cause of this was the uncompetitive price of India's most representative export: jute manufactures. The price index of these had risen from 100 in 1937, to 524 in 1949, whereas the index of internationally traded commodities in America had risen only to 175, and in Europe to 210. In other words, the purchasing power of the Indian rupee was far below the purchasing power of the 30 American cents demanded in exchange for it. Devaluation brought the two back into

¹ This chapter was written after the rest of the Report manuscript had gone to press.—*J.H.*

line for the moment, and allowed India to start trading again with a clean slate, *providing* that simultaneously she were to eliminate those factors in her economy (see pages 46-62) which were still pushing up her internal prices. This meant (1) the exclusion of all imports in excess of those not earned by her current exports, and (2) the diversion of still greater quantities from her home consumption to her foreign customers, *i.e.*, a sharp reduction in her standard of living. India could, if this were done, gradually build up an export surplus and eventually raise her standard of living.

This immediate reduction in home consumption was in pre-welfare-state days effected automatically. As Country A's goods became too expensive, her foreign customers in Country B bought less. Unemployment rose in Country A, whose people, with less money to spend, bought (1) fewer imports and (2) fewer home-produced goods, thereby releasing more for export. In this way, Country A's internal price level was brought down until it became attractive again to buyers in Country B. Country A's abstention from buying abroad naturally tended also to make Country B readier to bring its own selling prices within the range of Country A's buying power. Thus eventually a new cycle of prosperity was induced.

But this was just what those in charge of the welfare state rejected. Even if the prices of its exports were higher than foreigners could afford to pay, the welfare state strove to import as much as before, reduced internal consumption to divert goods abroad only when driven to it, and refused to allow any considerable number to become unemployed.

By ensuring automatically that the average man did not consume more than he earned, the non-welfare state

admittedly inflicted widespread hardship and suffering, but at least the cycle was working itself out; one could hope for better days with confidence. So far, the post-war welfare state, by failing to find a refined version of the crude old solution, would seem merely to have been staving off the evil hour, so that when inevitably it did arrive, unemployment threatened to be on a catastrophic scale and of revolutionary duration. To say this is not to challenge the aims of the welfare state; it is but to point out that in order to achieve them, it must keep its welfare expenditure within the nation's current earning capacity and offer effective incentives to increase production; otherwise with no automatic brake coming into play, the nation speeds towards disasters greater and more terrible than any that its callous, non-welfare predecessors inflicted.

In a world in which so much of the economic news strikes dismay into the heart, it is cheering to record that the Indian Government's reactions to devaluation were energetic and full of promise. They publicly recognized that they had made mistakes in the past. The value of this lay not so much in the confessional purification of the politician's soul as in the educative effect that it could be hoped to have on Indian opinion; if errors are never admitted the citizen cannot be blamed if he votes with the alternate guileless folly and vindictive disillusionment of one who has been allowed to preserve his intellectual virginity.

"We have arrived at a stage when we cannot have all the good things of life simultaneously", Pandit Nehru admitted in the course of the New Delhi devaluation debate. "There are so many schemes. . . . Every Ministry, every Provincial government has one which is good in itself, but we simply cannot have all of them because we

have not got the resources in money, materials or trained personnel.”

“For many years now, we have been living beyond our means, both internally and externally”, Dr Matthai warned the House. “Now that devaluation is an accomplished fact, we would do well to take it as a powerful check on the pace at which we have been living, and on the extent to which we have been overdrawing our exchange resources.”

Dr Matthai then announced a reasonable eight-point policy intended to bring about the disinflation necessary if the benefits of devaluation were to be reaped, not frittered. Expenditure of foreign exchange was to be brought within foreign exchange earnings. The national savings drive was to be intensified. Revenue and capital expenditure in the 1949-50 budget was to be reduced immediately from Rs562 to Rs522 crores (a cut of 7.1%), while not less than twice that amount was to be slashed from the 1950-1 budget. A 10% cut in the retail prices of essential commodities, including cloth and food, was to be enforced at once.

The citizen in all countries has learnt to be slow to throw his hat in the air on the mere reading of a governmental declaration of good intentions, but it did seem that Pandit Nehru, Sardar Patel and Dr Matthai had been “shocked” (Pandit Nehru’s own expression in the debate) by the crisis into a realistic frame of mind. Certainly the forthright manner with which the three leaders tackled the tasks to hand sent their prestige soaring to the heights attained on the morrow of independence. Opposition to their policies was, for the time being, virtually silenced as “unpatriotic”. In the foreign field, Pandit Nehru’s tour of the United States kindled American interest in India at an opportune moment. At home, Dr

Matthai was handling the technicalities of the situation with renewed confidence, while Sardar Patel, in charge as Deputy Premier, broadcast an appeal to the nation that was hailed by many as the mobilization of patriotic fervour for which the people had been waiting. The response was encouraging. Leaders of industry and of labour assured the government of their support. The veteran Sardar set a national example by the rugged determination with which he worked all hours in characteristic defiance of his doctors' orders. The sober *Eastern Economist* believed that the country had not been so united since 15 August, 1947, and its assertion that "in the positive direction of economic policy there has been no time when the immediate tasks have been so clearly conceived" raised one's hopes.

Into such a confident atmosphere of national re-organization, it seems ungracious to thrust a warning. Let its friendly intent be its excuse. To induce an immediate disinflation by the enforced cutting of the retail prices of food and cloth was sound tactics, but without a simultaneous strategy to increase production it could lead nowhere. Prices will not fall in India, nor in any other country, until production is about to equal or to exceed demand. The problem, whose solution India had to initiate in 1949, was that which faced welfare states everywhere: How to restore the *incentive* to produce more that workers, enjoying newly-bestowed social amenities or higher wages (that in conditions of inflation bought less), and entrepreneurs, deprived of former amenities and bowed down by taxation, had everywhere lost.

The chief considerations that decided Pakistan not to devalue her rupee were that, unlike India or Britain, she was selling more abroad than she was buying; that if she did not devalue, capital equipment imported from the

hard currency countries would cost her no more, while that from the sterling area would cost her 44% less. Moreover, since she was already selling abroad as much as she could, the decrease in hard-currency earnings brought about by devaluation could not be compensated by a proportionate increase in quantities exported.

If Pakistan stuck to her rupee's old parity, she could hardly escape a steep deflation, for which there was indeed much to be said, but one wondered if her ministers had plunged into it with their eyes open to the internal social difficulties that were likely to follow, and whether there was not a method less costly to her great agricultural exporting industries of achieving an object in itself by no means undesirable in Pakistan's circumstances.

Detailed figures of Pakistan's total trade, especially across the long land frontiers with India, were not available, but it was estimated that about 80% was with the sterling area, of which about half was with India, so that the case against devaluation rested on the very considerable assumption that the sterling countries wanted Pakistan's exports so badly that they were ready to deprive themselves of imports from other countries in order to be able to afford to pay 44% more for Pakistan's goods.

At first sight the retention of the Pakistani rupee's old parity seemed to deal a staggering blow at India's economy. Certainly it created grave immediate difficulties. Jute, the raw material of India's biggest export and biggest dollar earner, would cost her 44% more and thus lose her the benefits of devaluation in this commodity. But reflection suggested that for a good many years to come, until Pakistan could build her own jute mills, India would continue to be the only possible customer for something like 70% of Pakistan's jute crop. The

powers of absorption of Dundee's mills were infinitesimal in relation to the total output and, in any case, Scotland was also a sterling country which would pay the extra premium with reluctance and might find it more profitable to hasten the existing movement for converting her jute mills to other uses.

It is impossible to offer statistical proof of the further reflection that if India were to close the majority of her mills, she would find it less difficult to survive the ensuing crisis than would Pakistan, burdened with a million starving peasant jute-growers plus the standstill of all her trade with India, but one hazards that this was a possibility that Karachi needed to ponder. What is more, the jute-growing area is concentrated in Pakistani East Bengal, while all the mills are next door in Indian West Bengal. East Bengal, 1,300 miles away from West Pakistan, felt that her problems were not always appreciated in Karachi; the threat of mass starvation that would accompany an economic jute war might lead East Bengal to break away politically from Pakistan and enter into direct and amicable negotiations with India for the exploitation to mutual benefit of their common interest. There were those in both East and West Bengal who were ready to promote such a solution, which would profoundly modify the relative economic positions of the two countries. To be complete, one must add that such an event, if it did not lead immediately to a real war, would, by creating a Pakistani "Alsace-Lorraine", postpone indefinitely all hope of cooperation between the dominions. The Kremlin would be delighted.

The future: can Hindus and Muslims cooperate?

WILL HINDUS AND MUSLIMS ever be able to cooperate with each other ?

Will the memory of a century of foreign rule always impede understanding between Britain and the new Asiatic dominions ?

Many with some claim to be experts on India would assert that whether the Kashmir deadlock were removed or not, Pakistan and India would always be at daggers drawn because Hindu and Muslim can never agree. This, I suggest, is a view supported neither by history nor by psychology. Enmity is a state of mind induced by experience and by circumstances in which interests clash; it is not an eternal verity like the sun, moon and stars; it may diminish (or increase) as circumstances change or experience is modified.

There was in 1949 no more inherent reason for Hindus and Muslims to fight than there was for British and French, or British and Americans. For some three centuries until King Edward VII sealed the *entente cordiale* France, not Germany, was Britain's arch foe. British and Americans have fought together in four wars—twice as enemies, twice as allies. Yet for the post-1914 generations to recapture the hatreds that existed in the past between French and British, and British and Americans, requires some study of history and much imagination.

The origins of Hindu-Muslim antagonism lie not in

religious differences but in the urge towards expansion that sent the Muslims into India as conquerors. It is true that after the conquest, the differences between the religious and social structures of the two peoples served to impede in India the complete assimilation that in Britain in the course of three centuries fused Norman and Saxon into a new people—the English. Hindu caste restrictions reduced social intercourse and intermarriage to the minimum. Islam's warlike attitude towards infidels helped to maintain the division. Had British traders not carried the flag there, it is probable that, just as many kingdoms preceded the Mogul Empire, so out of its collapse would have emerged a new mosaic of states engaged, as in every other continent, in the slow rises, falls and disappearances of history's kaleidoscope. But the divisions would not necessarily have been between Hindu and Muslim, for while religion would have been one of the factors at work, others, personal, political, economic, would have been at least as powerful as they have proved in other parts of Asia and of the world.

British intervention led to a new economic rivalry between Hindus and Muslims. When in the early 19th century, the British opened western education to India, the higher castes of Hindus, some with a tradition of learning, others attracted by the possibilities of commerce, embraced it eagerly. On the other hand, the new learning made little appeal to the Muslims; the comparatively small percentage who were descendants of the original invaders had been military chiefs and had become landowners. The majority of Muslims throughout India were converts from Hinduism. As is usual in the impact of a new religion, converts came from those who had little to lose and much to gain. In Islam, Hindu outcastes found a social structure which gave them an honourable

status; they were converted in vast numbers. But neither the well-to-do Muslims of Mogul descent, nor the outcaste converts, who were mostly peasants, or in occupations at the bottom of the economic scale, had a tradition of learning or experience of business. Moreover, the *maulvis*, or religious teachers, saw in the new education a rival to their influence and successfully opposed it on religious grounds. It was not until the end of the 19th century that intelligent Muslim leaders, like Sir Syed Ahmad, realized that their boycott of western education had resulted in filling key positions in business and in government service with Hindus and had thus largely rendered the Muslims a "backward" people. They were depriving themselves of power in the economic, as in the developing political, life of the country. Thereafter the great Muslim university of Aligarh was opened, but the Muslims' self-confidence had been undermined and their sense of injustice sharpened by the century's start gained at their expense by the Hindus.

The facts do not square with the assertion that the British created Hindu-Muslim enmity. There is pre-British documentary evidence of its existence. The British were not, for example, responsible for the persecutions that the Mogul emperor, Aurangzeb, inflicted on his Hindu subjects. Nevertheless British rule served to foster the existing ill-feeling. In the course of the centuries, a minority either succeeds in imposing itself on the majority, or it is eventually fused into the majority to produce a new people. A nation that is both racially and culturally pure is so rare a phenomenon as to be an ethnological curiosity. On the other hand, the process of absorption, like all processes of which Nature takes charge, is harsh and no responsible government willingly presides over it. But, of course, to protect the Muslims

meant to perpetuate the separate identity of the minority which included nearly a quarter of the total population (93 million out of 389 million in the 1941 census), and this powerful division in the people was naturally a source of strength to the foreign ruler. The duty of the British to ensure justice between all citizens thus coincided so happily with their interest that it put them in a false position; either they callously watched the absorption of the Muslims or they selfishly divided and ruled.

But the creation of Pakistan released some 60 million Muslims from fear of Hindu domination, and the departure of the British left the 30 million or so who remained in India with no alternative but to submit as unobtrusively as possible to changed conditions. This Report will have failed of its purpose if it does not suggest that the interests of India and Pakistan do not clash but are complementary. The hostility that prevailed in the first years of their independence was due to the persistence of habits of mind that had grown up in other circumstances.

Britain, too, had to rid herself of outdated attitudes of mind if her relations with India and Pakistan were to improve. The average Briton had nothing but friendly feelings towards the new dominions, but his ideas were coloured by the views of retired officials and businessmen who constituted a body of expert opinion on India. These experts often held that Indians might possibly in some distant future be able to govern themselves but that for years to come the presence of British officers would be necessary to prevent Hindus and Muslims from slaughtering each other, to ensure honesty and avoid corruption and to secure efficiency in government and business. What some of them failed to grasp was that their observations originated in days when India's affairs

were a British responsibility; consequently, they ceased to apply from 15 August 1947. And, in fact, the evidence of the first two years of independence did not support their contentions.

By 1949 India and Pakistan had overcome administrative difficulties of a kind and on a scale that no government in Britain had fortunately yet had to face. There was without question sounder administration of law and order than in any other country in Asia, and certainly the average of justice—political and economic—could stand comparison with any country in the world. The holocaust of 1947, for which the British could not escape some responsibility for their part in forming modern India, arose from wholly exceptional circumstances and was ended within a period of weeks. Nor, after order had been consolidated, was any Hindu-Muslim riot reported. Such police *lathi* charges as occurred were due to labour unrest. As to corruption, what country can boast that it is free of it? Have you ever tried to secure a municipal contract in Britain, France or America? Have you never slipped a policeman *baksheesh* in any of these countries? Have you never heard of the Teapot Dome, Stavisky and other “scandals”? One hears murmurs of inefficiency in Whitehall, but one has yet to hear any Englishman urge that foreigners (such as the Americans) asserting their own superior efficiency, should be called in to govern our country for us. Apart from the fact that there are non-American, as well as American appreciations of American efficiency, we would rather muddle through in our own way than be subject to the most perfect foreign rule—a viewpoint that is shared by Indians and Pakistanis who could, moreover, tell us what the actual experience, that we have hitherto avoided, is like.

But if none of these arguments appeal, the non-expert

may still ask: "What business of ours, anyway, are the internal affairs, manners and customs of Indians and Pakistanis? Do we seek their friendship, or don't we?" Those who don't will have wasted their time on this Report. As Sardar Patel once remarked to me: "Why don't British publicists advise Canadians on their internal affairs with the readiness thought suitable by some for India?" To which I did not reply because I only thought of it afterwards: "We did once, but we have learnt better; so much so, that both British and Canadians have forgotten all about those days."

Tolerance springs from self-confidence. A man lacking in self-confidence tries to put the blame for his difficulties on others. The various experiences of their histories, culminating in a century of foreign rule, did much to undermine Muslim and Hindu self-confidence, so that there was in Pakistan a natural tendency to blame Indians and British, and in India, to blame Pakistanis and British, for all disasters and difficulties. But the attainment of independence should create profound diversions in the streams of Hindu and Muslim national consciousness. Self-confidence is won by achievement and by the exercise of responsibility. Independence was a tremendous achievement which brought with it corresponding responsibilities, so that gradual modifications in the national psychologies were to be expected.

Given enough time, any nation can adapt itself to new circumstances, but one of the tests of a nation's power of survival is the speed with which it can do so.

This is a matter for leadership in the education of public opinion. There is no official more aware than the American of the need to prepare the way for a new policy by such education, and it was an American diplomat who pointed out to me that the absence of any public discussion

of the Kashmiri problem, as of Indo-Pakistani relations generally, save in terms of the two official nationalist cases, was an important factor that prevented the development of an informed public opinion that could be led to accept unorthodox solutions. In the innumerable talks that I have had with political leaders, civil servants, senior staff officers, economists and business leaders from both dominions, I have never found anyone in a responsible position who did not agree that, if they were to survive, India and Pakistan must cooperate with each other and with the Commonwealth. On the contrary, I owe to such informed Indians and Pakistanis many of the views on the Kashmiri problem and on commercial relations that I have here submitted. But my friends hesitated to air these views in public lest they be accused of being anti-patriotic. This was natural because it is too often overlooked that from their births the two dominions had been engaged in a cold war; consequently, any public criticism, or even discussion, of the government's policy that did not follow the official line rendered the speaker or writer open to suspicion as pro-enemy or fifth-columnist.

Most democratic politicians seem to think that the public assertion of their real convictions must lead to their speedy dismissal from public life. But the chances of losing office from giving the people what it is believed that they want, or from giving the people what it is sincerely held that they should want, seem about equal. George Washington was one who understood this. After the War of independence, all the American states' politicians, carefully cherishing the prejudices of the voters whose favours they sought, told him that their peoples would never surrender their newly won sovereign independence to a federation. Washington challenged the public opinions of the 13 states and converted them to

his view that the temporary war alliance should be merged into a permanent federation. If he had followed the advice of the experts, he would have ended his career as president of the independent but obscure state of Virginia, and north America today would, like Europe or Asia, be divided among a score of periodically warring nations. Instead, the people whose intelligence he had not underestimated, twice elected him President of the United States that he, more than any other, had created.

George Washington's example is cited not to suggest that a federation between India and Pakistan is necessarily desirable or possible but to illustrate the speed with which leadership with the courage of its convictions can mould public opinion. Since the destinies of the democracies, *as of the totalitarians*, are linked with those of India and Pakistan, it would be well to remember in time that to await destiny must be to surrender to chance, whereas to strive for destiny may be to achieve it. And neither India, nor Pakistan, nor their sister democracies, have any monopoly of time.

* * * * *

RUPEES, LAKHS AND CRORES

Rs 1 lakh (100,000) is written: 1,00,000

Rs 1 crore (10,000,000) is written: 1,00,00,000

Thus Rs 105,56,30,000 (*see page 46*) reads aloud as "Rupees one hundred and five crores, fifty-six lakhs and thirty thousand."

Indian rupee: Re 1 is 1s 6d

Rs 1000 are £75

Rs 1 lakh are £7,500

Rs 1 crore are £750,000.

Pakistani rupee: Pakistani Re 1 is 2s 2d

Pakistani Rs 1 lakh are £10,833

Pakistani Rs 1 crore are £1,083,300.

SUGGESTIONS FOR FURTHER STUDY

IT IS only when one pauses to consider what books to recommend for further reading that one is tempted to conclude that, for the purposes of one who wishes to understand the current scene and who is preoccupied with the future rather than the past, too many books available on India have become so out of date as to be misleading. This is because, since the emergence of nationalism from about 1870, many books on India have been written either to justify or to indict British rule. They marshal the briefs for the prosecution, or for the defence, in the case that was settled without right of appeal on 15 August 1947. These books, with their humiliations to the pride of British and of Indians alike, seem to me to constitute a barrier to good relations; they focus attention on issues that are over and done with, and reinforce attitudes of mind that have no relevance to contemporary problems.

Here are a few books the general reader should find helpful:

The several volumes of the *Cambridge History of India* are authoritative, well written and more to my taste than the somewhat officially minded *Oxford History*.

A Short History of India (Longmans 1936) by W. H. Moreland and A. C. Chatterjee, is the joint work of a British and an Indian scholar.

The Rise and Fulfilment of British Rule in India (Macmillan 1934) by Edward Thompson and G. T. Garratt, which covers the years 1599 to 1933, cannot be too highly praised. It is penetrating and brilliantly written in a style that can be enjoyed for its own sake. It contains an exhaustive bibliography with explanatory and critical notes. Thompson and Garratt each also wrote separately a number of books on India, all of which are first-rate.

India, A Short Cultural History: by H. G. Rawlinson (1938) agreeably achieves the object set out in its title.

Sirdar K. M. Panikkar is the author of three outstanding booklets of the greatest interest: (1) *The Future of India and Southeast Asia* (1943); (2) *India and the Indian Ocean* (1945), an essay discussing the vital importance of control of the Indian Ocean to India and the democracies; both published by Allen and Unwin. (3) *The Basis of an Indo-British Treaty*,

published by the Oxford University Press, Bombay, for the Indian Council of World Affairs. Sirdar Panikkar is one of the acutest minds of the Indian diplomatic service and anything from his all-too-rarely used pen is worth the closest attention.

The legal and moral issues raised by the position in which the departure of the British left the Indian princes may be studied in (1) Edward Thompson's *Making of the Indian Princes* (Oxford University Press, 1943), an historical work that discusses Britain's part in the origin of the Indian states, and (2) Philip Woodruff's closely observed *Island of Chamba* (Jonathan Cape, 1949), which sympathetically recounts the story of the last days of Hyderabad in the guise of fiction.

On the broad principles that must govern any nation's conduct of its foreign relations, the writings of Professor E. H. Carr, H. V. Hodson, and of the American Robert Strausz Hupé stand out from the mass. Hodson's *Twentieth Century Empire* (Faber & Faber, 1948) re-examines Commonwealth relations in the light of post-war conditions and draws attention to aspects of the problems of India and Pakistan that I have not seen discussed elsewhere. Professor E. H. Carr's *Twenty Years Crisis* (Macmillan, 1939) and *Conditions of Peace* (Macmillan, 1942) should be compulsory reading for the personnel of all ministries of foreign affairs, as for those who benefit or suffer from their activities. Strausz Hupé's *Balance of Tomorrow* (Putnam, New York, 1945) should be read not only because it is a book to which the overworked adjectives "brilliant", "authoritative", "original" may be properly applied, but as a guide to responsible American opinion, which has been widely influenced by its viewpoint. His book contains innumerable references to India and, in addition, devotes some 60 pages to the direct examination of her position, actual and potential, in world affairs. *Inquest on an Ally* (Cresset Press, 1948), by Paul Winterton, formerly *News Chronicle* correspondent in Moscow, provides a useful ABC of Soviet theory and practice in the conduct of foreign policy.

Current developments are intelligently and interestingly interpreted weekly in the pages of *The Eastern Economist* of New Delhi, and *Capital* of Calcutta, while *The Economist* of London keeps Indian and Pakistani affairs steadily in view.

Among specialist periodical publications are:

Asian Horizon (quarterly 3s 6d), edited by Dorothy Woodman, 34 Victoria St, SW1, aims to provide a forum for the discussion of problems facing the "new" Asia of the post-war era and for those who seek to work in harmony with the countries of the east.

Asiatic Review (quarterly 5s) is the journal of the old-established East India Association, of 3 Victoria St (Hon. Secretary: Sir F. H. Brown C1E). This society follows all aspects of Indian and Pakistani activities. Its meetings are addressed by outstanding authorities.

Commonwealth & Empire Review (quarterly 2s 6d), of 47 Prince's Gate, SW7, aims at fostering economic, cultural and political cooperation within the Commonwealth as a whole.

Eastern World (monthly 1s 6d), of 45 Dorset St, W1, is not afraid to publish unorthodox or controversial views on eastern affairs and has stimulated useful discussion.

Great Britain & the East (monthly 2s), of 58 Farringdon St, EC4, has three editions, covering separately (a) India and Pakistan, (b) the Middle East, and (c) the Far East.

Among specialist societies are:

India, Pakistan & Burma Association, 222 Strand, WC2. (Secretary: Edwin Haward.) The organization for all interested in business and commerce.

Royal India & Pakistan Society, 3 Victoria St SW1 (Hon. Secretary: F. P. J. Richter OBE) promotes the study of art and literature.

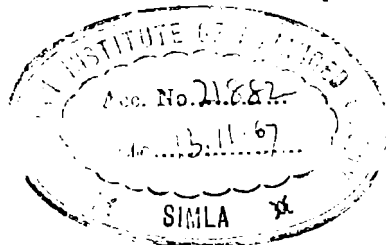
Royal Central Asia Society, 2 Hinde St W1, promotes knowledge of a much wider area of Asia than is suggested by its title. (Hon. Secretaries: W. H. Ingrams CMG OBE; Lt-General H. G. Martin CB DSO OBE; and Oswald White CMG.)

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INDIA AND PAKISTAN

Boundary of Pakistan

International Boundaries. Province Boundaries

