The History of the Twentieth Century
Episode 219
“The Victorian Holocausts”
Transcript

[music: Fanfare]

Famine is India’s specialty. Elsewhere famines are inconsequential incidents—in India they are devastating cataclysms; in one case they annihilate hundreds; in the other, millions.

Mark Twain, *Following the Equator*.

Welcome to *The History of the Twentieth Century*.

[music: Opening Theme]

Episode 219. The Victorian Holocausts.

I want take a deep dive here into the economic relationship between the UK and India from the establishment of the British Raj in 1858 through the early twentieth century, because this is key to understanding the situation we find in India after the Great War. It will also shed some new light on what we already know about the British economy, and indeed the world economy.

The British Empire had the largest economy and the most powerful military of the late 19th century. Those two things—economic and military power—often go together. The most important factor in the rise of Britain as the world’s leading economy was the Industrial Revolution, which began there. But the British could not and did not maintain a monopoly over industrialization. It spread to France, to Belgium, to the Netherlands, to Sweden, and to Italy. And most notably, it spread to Germany and the United States. By the year 1900, Germany was nudging out the UK as the largest economy in Europe, while the US economy was becoming comparable in size to the entire British Empire. That is, the UK plus India plus the Dominions.

Germany and the United States had built their industrial sectors partly with the aid of protective tariffs, which gave domestic industry a price advantage over manufactured goods imported from the UK. Moreover, German and US industry were newer and more efficient than British factories, which had been built earlier and were becoming obsolete. This created a serious challenge to UK economic supremacy. In other circumstances, the UK might have responded with tariffs of its own. The resulting tariff war between the advanced economies of the UK, US, and Germany would have led to a downturn in world trade. That would have been unfortunate, because this period, from 1870-1914 saw a boom in international trade and a period of economic growth unprecedented in human history. That boom seemed to vindicate the liberal British position that tariffs are bad and free trade is good. But for the British to keep their own tariffs low while the US and Germany raised theirs amounted to giving their competitors a free ride at British expense.

Hold that thought for a moment and let's take a look at agriculture. In the mid-19th century, British agriculture was intensive, efficient, and prospering, and the nation was largely self-sufficient in foodstuffs. This would change dramatically in the latter part of the century. In 1862, the United States adopted the Homestead Act, which offered 160 acres of free land to any man or woman who was the head of a household. Most of the takers were US citizens, but land was also available to immigrants who declared an intention to become US citizens, which attracted many Europeans, especially from the British Isles, Germany, and the Scandinavian countries. Homesteaders plus railroads equaled a rapid increase in US agricultural exports, especially grains. Grain imports from the US and Canada into the UK undercut the price of domestic production. Later in the century, the development of refrigerated shipping made it feasible to import meats, especially beef, into the UK from the US, Canada, Argentina, Brazil, Australia, and New Zealand, at prices competitive with domestic meats.

You'll also recall that refrigerated shipping led to the banana becoming ubiquitous in the United States, which led to the Banana Wars, episode 97.

Anyway, faced with this competition from cheap imports, the agricultural sector in the UK went into a sharp decline beginning about the same time the American Civil War ended in 1865. Again, most nations of this era would have responded to a challenge such as this one by raising tariffs on food imports. But not the British. This was partly because of the usual philosophical and economic objections to tariffs, but it was also because of Britain's unhappy experience with the Corn Laws. Allow me to pause here to remind my American listeners that corn means maize in the US, but it means cereals and grains generally in the UK. The Corn Laws were tariffs on the imports of grain that were repealed in 1846 during the potato blight in Ireland in order to lower the cost of imported food. This was a crucial moment in British politics as both major political parties lined up behind low tariffs and free trade. Thirty years on, no one in British government had the stomach for new tariffs on food imports, not while the Irish famine was still in living memory. To the contrary, most British elites believed it made more economic sense for Britain, as a primarily industrial power, to focus more of its resources and more of its workforce into manufacturing, even if that meant a shrinking agricultural sector and rising food imports.

And I'll note as an aside that this decline in British agriculture would have important consequences during the Great War, as you no doubt recall. The UK's great vulnerability, its

Achilles' heel, during the war was the British dependence on imported food, which made the German U-boat campaign a very real threat.

But setting aside the national security implications, talk of shifting the British economy toward less agriculture and more manufacturing was all well and good and right out of Adam Smith, but British manufacturing is under competitive pressure, too. Britain is running a trade deficit with Germany and with the United States in manufactured goods, because German and American products are cheaper and more technologically advanced. Britain is also running a trade deficit in agricultural products, with the US, Canada, Australia, Russia, Argentina, and many other countries.

This is unsustainable. In our time of floating exchange rates, this situation would lead to a decline in the value of the British pound. But in this era, the UK was on the gold standard. Indeed, the UK had more or less invented the gold standard with the introduction of the gold sovereign in 1817. Most other European countries, and the Dominions, and the US had followed suit, meaning international exchange rates were fixed. British trade deficits therefore represented a net outflow of British gold to the rest of the world. But that can only last as long as British gold reserves do. How can Britain sustain its economic position and avoid depleting that gold reserve?

The answer, in a word, is India. The slightly longer answer is, India and China.

Let me explain.

Despite running substantial trade deficits with the United States, Germany, the Dominions, and continental Europe generally, the United Kingdom was able to maintain its balance of trade through substantial trade surpluses with China and India. Britain controlled India outright, and although China maintained a precarious independence during this period, it came at a cost of handing over substantial control over Chinese trade and tariffs to the European powers, principally the UK, which controlled 80% of China's export trade during this period.

This British control over China's trade was not an accident. All the way back in episode 14, I told you about the 19th-century Opium Wars, through which the British forced China to allow imports of opium. To put it bluntly, the biggest drug trafficking kingpin in world history was a queenpin, and her name was Victoria.

Okay, maybe it's a little unfair to pin the whole thing on one woman, even if she was the British Sovereign, but only a little. The opium that British merchants were peddling in China, under the vigilant protection of British gunboats, came from India, and the Chinese silver paid in exchange for it went to India. Also bear in mind that Britain was the world leader in shipping at this time, so the profits to be had from moving this trade around mostly went to British shipping firms.

When that Chinese silver reached India, some of it went into the pockets of British merchants and landowners. Some of it went on to Britain, because India was running a substantial trade deficit with Britain. And the rest of it? Well, the British controlled the government in India and in the late 19th century, impoverished India was perhaps the most highly taxed nation on Earth. In a predominantly agrarian society, peasant farmers paid a land tax amounting to half of the estimated potential harvest on that land. Note that is half of the potential harvest, not half of the actual harvest, meaning all the risk of a bad year falls on the farmer, not the Indian government. So if this year's harvest is only two-thirds of a typical year, the government gets the same tax payment as ever, but the farmers are left with only one third of what they would expect in a typical year.

Where did all this tax revenue go? I saw one study of an Indian village during this period that concluded the village collectively paid the government ₹19,000 per year, of which only about ₹2,000 came back to the village in services. And most of that money came in the form of salaries to local officials whose job it was to enforce British policy. The rest went to fund a small local school.

The British-controlled Indian government did spend money on local education, like that school, though it wasn't terribly effective. The literacy rate in India barely nudged above 10% during the British Raj. Where did the rest of the tax money go? A lot of it went into the salaries of Indian Army officers and members of the Indian civil service. And those people were virtually all British. They drew salaries that were quite attractive by British standards, meaning they were unimaginably luxurious by Indian standards.

A British man (they were all men) who served as an officer in the Indian Army or in the Indian Civil Service was expected to serve for 24 years. This tenure included four one-year sabbaticals back in the UK. At the conclusion of these 24 years, he would get a generous pension that would support him in comfort for the rest of his days. In Britain. These pensions represented an outflow of Indian tax revenue back to the UK that amounted to tens of millions of pounds by the early twentieth century. In researching this, I was struck by the fact that in stories set in Victorian or Edwardian England, one frequently encounters a character who is an older man retired from military service in India. This character generally has no visible means of support, but hobnobs with upper class English people. Off the top of my head, I think of Colonel Pickering in George Bernard Shaw's *Pygmalion,* and later in *My Fair Lady,* but I'm sure there are lots of other examples, although I couldn't find a comprehensive list of them. Someone get to work on that.

In real life, these plum positions in the Indian Army and Civil Service were an attractive opportunity for the sons of England's landed gentry. The decline of British agriculture meant that the holdings of large landowners no longer generated the income necessary to support the aristocracy in the style to which they had become accustomed. Hence, this moment also marks the start of the decline of the British aristocracy. Fortunately, service to the Crown in India was a way for these aristocratic sons to earn their own incomes in socially acceptable manner.

Another large share of Indian tax revenue was spent on modernization projects. Maybe I should say "modernization." I'm inserting scare quotes here because the British idea of modernization heavily emphasized railroads and telegraph lines. These helped the British maintain control over India. That's clear. Arguably, they also benefited the Indians by, for example, opening new markets for Indian farmers and making imported goods more available in the interior of the country. But the actual benefits…well, hold that thought for a minute.

Since the Indian government was controlled by Britons, these sorts of infrastructure projects were built with materials manufactured in the UK: rails, locomotives, rolling stock, telegraph equipment and such. This created a valuable export market for British industry, funded by Indian taxpayers. Note that a representative Indian government might have chosen to invest Indian tax revenues otherwise. They might have spent the money on irrigation projects that would improve crop yields while also providing jobs for workers in India rather than in Sheffield or Leeds. And even if they had decided on rail construction, they might have purchased the equipment from Germany or the United States, where they could have gotten better quality at lower prices. But in British India, these decisions were made with as much or more consideration given to what was good for Britain as for what was good for India.

This also applied to tariffs. In the 19th century, tariffs were the main source of revenue for most national governments. British policy favored low tariffs and free trade, but tariffs were still a thing, even there. In India, British policymakers were strongly resistant to tariffs; the British government in India imposed a free trade system that was far stricter and than the one the British imposed on themselves. Perhaps they hoped India would be the real world experiment that would prove the superiority of the *laissez-faire* economic model. Thus, India had some of the world's lowest tariffs. The British rulers were especially resistant to tariffs on goods imported from Britain. When they were forced to impose tariffs because India needed revenue, for example, a tariff on British textile imports, they would impose an equal excise tax on domestically produced Indian textiles. A representative Indian government might have used tariffs to protect India's domestic textile manufacturing. As it was, cheap imports of cloth from the UK ruined India's native textile producers.

The British sought to integrate India into the world trade of the era. As we've seen before in other colonial contexts, this was taken to mean that India should export agricultural products and import manufactured goods. To this end, the policy of the British Raj was to encourage the best agricultural land in the country to be dedicated to cash crops that could be sold abroad rather than food crops for domestic consumption.

We already talked about opium, which was grown in India for export to China. India's other major cash crops included indigo, jute, and sugar. Toward the end of the 19th century, the British promoted the cultivation of tea in India, as an alternative to China, which until this time had always been the world's principal tea exporting nation. When the American Civil War and the Reconstruction that followed made US cotton hard to come by, the British turned to India, where cotton cultivation was already well established, and built up Indian cotton production. And when domestic British agriculture declined, the British turned to the cultivation of wheat in India as a substitute. By the beginning of the twentieth century, about 20% of the wheat consumed in the UK originated in India.

The theory behind conversion to cash crops is that the farmers earn money instead of producing food, but then this money can then be used to purchase food. That works fine, as long as food is available. But what happens when it isn't?

India experienced four major famines during the hundred years when the East India Company dominated the country. The combined death toll was in excess of twenty million people. Well, that was the East India Company. Direct British rule was intended to correct the abuses of Company rule. And yet, under the first fifty years of the British Raj, from 1858 to 1908, India experienced seven major famines that are estimated to have killed thirty million people.

How did this happen?

[music: "Raga Number One"]

When I was a young man, the conventional explanation for this suffering was that India was overpopulated, its agriculture primitive, so what do you expect? Stuff happens.

Well, stuff happens for reasons. More recent historiography has brought to light the causes of those terrible famines, which the American historian Mike Davis called "late Victorian holocausts" in his book of the same title. We now know about the El Niño-Southern Oscillation, the periodic changes in winds and currents in the Pacific Ocean that have worldwide climate effects. In India, specifically, these oscillations lead to years when the monsoons fail, and when the monsoons fail, so do the crops.

Yet this has always been the case in India, but historical research suggests that famines came to India only once or twice per century during the Mughal Empire. In our time, India has experienced no famines of this severity since its independence in 1947. So if we want to understand why India experienced a horrific fifty million deaths in eleven famines between 1757 and 1900, we have to look beyond the monsoons and the agricultural technology. We have to look at British rule.

Remember that British administrators set aside the best land in India for those valuable cash crops, which forced food production onto more marginal land. One of the things that makes marginal land marginal is that it's susceptible to drought. When the monsoon fails, it is the marginal land that dries up and the domestic food crop that suffers the most precipitous decline.

Still, one might argue, and indeed the British Indian administration did argue, that modernization projects like the railroads and the telegraphs are meant to help ameliorate the risks of famine.

Telegraphs allow the news of impending crop failures to reach the authorities quickly. Railroads make it quick and easy to import food into regions experiencing shortages.

It sounds good in principle. That's why, as these famines unfolded, the British-born officials governing India were reluctant to become involved. They assured one another that the free market would take care of the problem. A famine in one region of India would attract the surpluses from other parts of the country, via the invisible hand of rising food prices.

Only that's not how it worked in practice. In practice, the opposite occurred. When the telegraph brought news of a famine in some other region, this news did not elicit an outpouring of relief supplies. It brought instead an outpouring of money from wealthy speculators, who bought up as much grain as they could get their hands on and stockpiled it, eagerly awaiting the day when the misery became so acute that food prices would shoot through the roof. Starving Indians died by the thousands alongside telegraph lines that brought them no good news, rail lines that brought them no food, and within sight of granaries and warehouses stuffed full of food their owners refused to sell.

Those who could scrounge up enough money to pay the profiteers did. What else can you do, when your family is starving? The India of the 19th century was a traditional society that did not have banking, but traditional societies have their own ways of storing accumulated wealth. Like precious metals, especially silver, often kept in the form of jewelry and passed down from one generation to the next. In times of famine, this is the first thing that goes. What next? Animals, if the family owns any. Land, if the family owns any. Years, decades, generations of accumulated prosperity could be and were wiped out in a season, even for those who survived.

When the government did act, at last, its assistance came from the poor houses, where the starving could go to get free bread. But most British officials took the view that opening the poor houses set a dangerous precedent. The general image the British had of Indians was that they were a lazy and indolent people. Give them the idea that free food was available without having to work for it, and you'll never get them back into the fields after the famine was over. So the British usually waited too long to open the poor houses and closed them too soon. The quality of what was provided was poor; there are reports of poor house workers sifting dried mud into the flour they used to bake the bread in order to stretch it further. Yeesh. Even in wartime Germany they used sawdust at least. In their determination not to allow the poor houses to become too attractive, they made them so awful that there are documented instances of Indians choosing to starve to death rather than seek food from them.

Another bitter irony of this era was how the price of textiles imported from factories in England was so low it drove Indian textile manufacturing to extinction, while the taxes levied on textiles put them out of reach of many Indians. You can see this in photographs of the period: Indian wives and mothers dressed in rags, husbands and fathers with no more to wear than a loincloth, and children wandering the streets naked because their parents can't afford to clothe them. This in a country that in the previous century was world famous for the quality and variety of its cotton cloth.

No real Indian government, answerable to its own citizens, would have forced India to endure these economic calamities. But the government of British India answered to the government in Westminster, and perhaps as much to British financial interests. It was said even at the time that the Manchester Chamber of Commerce had more influence over Indian government policy than anyone in India did. Hence the favorable terms for imported textiles.

The international gold standard was another economic factor that worked against India, and China as well. The United Kingdom went on the gold standard following the Napoleonic Wars. The other major economies of the world followed, until by the late 19th century, the world's two most important currencies that were not on the gold standard were the Indian rupee and the Chinese tael, both of which were traditionally backed by silver, and the price of silver fell dramatically in the 19th century.

This meant that when India or China purchased exports from the UK, or any other Western country, they had to pay in gold. But when the UK, or any other Western country, bought exports from India or China, they only had to pay in silver, which was generally cheaper. During times of famine, rising food prices meant inflation, which meant a decline in the value of the rupee relative to the pound, which in turn meant that even as Indians starved, India still exported wheat to the UK, typically at a price only modestly higher than usual, since the British were paying in cheaper rupees. Sometimes during periods of domestic food shortages, the export price of Indian wheat didn't increase at all, which puzzled even British merchants of the time. And yes, this means that India was exporting food, even as its own people were starving to death. Again, this is a situation no real Indian government would ever have tolerated.

You can't say that British rule over India was the principal reason why the UK became the richest and most powerful nation on Earth in the 19th century. The First Industrial Revolution, which was born in the UK, is surely the most important reason, although British control of India certainly didn't hurt. But when we examine the question of how Britain was able to maintain its economic and military superiority over the other nations of the world, despite the rapid growth of those nations during the Second Industrial Revolution of the late 19th century, particularly Germany and the United States, ah, here I think it must be said that the wealth Britain was able to extract from India was the decisive factor, postponing the start of the UK's relative decline by as long as fifty years.

And in addition, keep in mind that China is also getting squeezed pretty hard. Britain does not have overt political control over China in the same way it has over India, but its economic hold is pretty darn tight. Opium from India accounted for 35% of China's total imports in 1879, the peak year of the opium trade. India, by contrast, imported next to nothing from China, meaning China had a substantial trade deficit with India, which in turn helped sustain India's massive trade deficit with the UK. Overall, more than half of China's foreign trade was with the UK and the British Empire, and most of this trade was carried on British-owned ships.

In 1880, China began cultivating opium domestically, as a way of reducing that trade deficit, and afterward opium became less and less of a factor in China's trade imbalance, but by then other developments were undermining China's trade balance. Historically, China's most important exports had been tea and silk, but by the late 19th century, Japanese silk was claiming an increasing share of that market, while British efforts to ramp up tea production in India were paying off for them, reducing British imports of Chinese tea.

The resulting poverty in China drove millions of Chinese to emigrate (or be kidnapped) to serve as manual laborers overseas, especially in Hawaii and the West Indies, where they worked on sugar plantations, the United States, where they helped build the railroads, Peru, where they mined silver, British Malaya, where they worked in tin mines and on rubber plantations, and South Africa, where they worked in diamond mines.

As China's debts grew, remittances from the Overseas Chinese became an increasingly important source of revenue to the Chinese government, which shifted from the traditional policy of discouraging emigration to encouraging it. Meanwhile, in the countries receiving large numbers of Chinese immigrants, a backlash developed against Chinese workers, who were perceived as taking jobs away from native workers. We already discussed this anti-Chinese sentiment in South Africa in episode 38 and in the US in episode 43. The irony here is that working people in these countries targeted their anger at the Chinese, while the trade policies of their own governments, which indirectly forced the Chinese to seek low-wage jobs abroad, went unexamined.

The El Niño Southern Oscillation is now believed to be the cause of the failed monsoons of 1876 and 1899. British policy didn't cause the monsoons to fail, but it was responsible for the severity of the famines that followed. The droughts of 1896 through 1900 are today thought to have been responsible for death, famine, and hardship not only in India but in China, where some speculate they triggered the Boxer Uprising. And in the Philippines, where they may have been a factor in the war against the US. And in Africa, where in conjunction with rinderpest, they destroyed whole communities. And in Brazil, where the agricultural prosperity of the Northeast collapsed. And in the Dutch East Indies, where, as in India, the Dutch colonial authorities tended to blame the hardships on a lack of work ethic among the native Indonesians.

The role of climate variation in history is a relatively new field of study, so a lot of this is speculative. But we're on much firmer ground when we say that the continued prosperity and economic strength of the United Kingdom during the Belle Époque was built, to a surprising degree, on the backs of peasant farmers and laborers in India and China. I say it's surprising because it was surprising to me; perhaps it would be more accurate to say that it is an under-examined and under-discussed aspect of the history of this period.

Before we finish today, I should add that while the United Kingdom is primarily responsible for this state of affairs, this by no means gets the rest of us off the hook. The unprecedented prosperity of this time built up the economies of many Western nations. This prosperity was made possible because control of India allowed the UK to tolerate large trade deficits with Western countries. If the UK had not had the economic advantages that came from controlling India, it surely would have been forced into relying on protective tariffs that other industrial countries were using, which in turn would have shrunk international trade and throttled that unprecedented prosperity.

Which means, if you are a citizen of the United States or one of the Dominions—Canada or Australia or New Zealand or South Africa—don't be too hard on the British because your country also prospered because of this arrangement and the economic growth of this period has made your country substantially richer even today that it would have been otherwise. That's because of the British market for your country's exports and the British investment capital that went into your country's economy.

To a lesser extent, this is true of the other Western nations that ran trade surpluses with Britain, nations like Germany or Norway or the Netherlands. None of us in the Western world have clean hands.

We'll have to stop there for today. I thank you for listening, and I'd especially like to thank Aisling and Melissa for their kind donations, and thank you to Bryan for becoming a patron of the podcast. Donors and patrons like Aisling and Melissa and Bryan help cover the costs of making this show, which in turn keeps the podcast available free for everyone, so my thanks to them and to everyone who has pitched in and helped out. If you'd like to become a patron or make a donation, just visit the website, historyofthetwentiethcentury.com and click on the PayPal or Patreon buttons. The holiday season is here, so allow me to remind you that donations and patronages make the perfect gift, for me, and a gift you can be sure will never be returned. And they come in a variety of sizes to fit every budget. So how can you go wrong?

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We are now halfway through our six-episode series on India and we are up to the dawn of the twentieth century! Go, me! So I hope you'll join me next week, on *The History of the Twentieth Century*, as we forge ahead into the early 1900s as Lord Curzon becomes Viceroy and clashes with an increasingly militant Indian National Congress, Muslim Indians form their own nationalist organization, and we meet a slender, timid, soft-spoken barrister named Mohandas Gandhi. Is India's domination by the United Kingdom an "unnatural condition?" We'll consider this question and more, next week, here, on *The History of the Twentieth Century*.

Oh, and one more thing. Queen Victoria held her Diamond Jubilee in 1897, which was celebrated across the British Empire, including in India, which was experiencing a serious famine at the time, as well as an outbreak of bubonic plague. The irony of government resources being expended on a celebration of British rule at a time when misery was widespread did not escape Indians or for that matter, critics of British rule in other countries.

There were protests in India. There were also those who went beyond protest. In the city of Poona, the authorities imposed tough measures intended to combat the plague, measures that included such acts as forced inspections of private residences and public strip examinations of both men and women. On the evening of June 22, 1897, the Indian civil servant in charge of the plague measures, a man named Walter Charles Rand, was assassinated on his way home from a Jubilee celebration by two brothers, Damodar and Balkrishna Chapekar.

The attack overshadowed both the Jubilee celebrations and the protests against them in India and shocked the British public. The two brothers were arrested, tried, and executed for the crime, while breathless newspaper articles in Britain speculated that India was on the threshold of a new rebellion, forty years after the uprising of 1857.

That fear proved to be premature, but there is no doubt that this moment marked a turning point in the history of the British Raj.

[music: Closing Theme]