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David Sunderland. *Financing the Raj: the City of London and Colonial India, 1858-1940.* Woodbridge: Boydell, 2013. viii + 240 pages. ISBN 978-1-84383-795-4.

Reviewed by Sumit Guha (The University of Texas at Austin)
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Guha on Sunderland, *Financing the Raj: the City of London and Colonial India, 1858-1940*

David Sunderland's book is a detailed and careful study of the London operations that underpinned the finances of the Government of India (GoI) and related enterprises, notably the private-public partnerships that laid the foundation of India's railway system. It covers the period from the formal takeover of Indian administration by the Crown in 1858 to the first years of World War II.

The epoch ending 1914 has long been recognized as the time when western Europe became a major investor overseas and in the more backward regions of eastern Europe. The City of London was a key node in the networks that managed the currency and credit systems through which this was achieved. David Sunderland focuses on one important sector: the management of the Government of India's borrowing, repayment, and remittance operations through almost a century. The book comprises eleven chapters and an introduction and conclusion.

The first three chapters deal with government loans, successively covering purpose, locations of issue, purchasers, and demand as well as yield and repayment. Another chapter looks at other varieties of debt issued in London. The technicalities of the famously vexed question of Indian currency and its relation to the pound sterling are then laid out. Two chapters are devoted to "council bills" or financial instruments issued by the India Council in London that generally paid for the various commitments of the Government of India in London. The Bank of England–an autonomous corporation with deep ties to the government, managed sterling under the gold exchange standard for most of Sunderland's period.

The interaction of the originally silver-based Indian rupee with the Bank of England's gold-based paper issue is carefully explained. To recapitulate: the silver/gold ratio, after staying at about 14 or 15/1 for centuries began to drop precipitously in the 1860s. The silver rupees in which the GoI collected its revenues fetched fewer sovereigns in London. This led to increasing fiscal difficulty for the GoI and led finally to the fixing of the rupee against the sterling, or its reduction to a token for gold at a managed parity from 1898. Special reserve funds were created to manage this and balances retained in London. The handling of these issues is the subject of chapter 5 and the last two chapters.

Sunderland has a passionate interest in the details of money management. Had this book appeared a century ago, it would have served for an outstanding introduction to the topic for a new civil servant or aspiring City financier. The contemporary reader might want to know how, if at all debates of this might bear on contemporary financial structures: but Sunderland does not address such questions.

After the details of financial operations he spends some space on consideration of the actors' motives in taking the decisions that they did. He is also deeply sympathetic to the small group of specialists who managed the system for the Government of India. A rebuttal of their critics seems indeed to be the major historiographic agenda of this book. But the point is made in florid metaphor such as ascribing to nameless "previous commentators" the view that India was an "interloper in the financial jungle ruthlessly savaged by its citizens, who fed on its entrails for decades" (p. 1). Even where critics are cited it is often in footnotes that include several references so that it is difficult to see who exactly made the point being refuted. The Bank of England is another target: it is charged with selfishly squeezing the GoI financial managers into abandoning an optimal strategy so as to improve the bank's position (chapter 11). It is also charged with exploiting the anti-Semitism of much of the British press at the time to achieve its ends.

Finally, large economic issues are addressed almost in passing–for example, the question of "home charges" or the sterling commitments of the Government of India strongly agitated Indian nationalists at the time and is echoed by nationalist historians to the present. The efficient remittance of funds to meet these payments was also the backdrop to much of the activity covered in Sunderland's book. He lists the main items in the home charges account and then declares them less burdensome to India than any available alternative at the time. This may indeed be true, especially if one compares them to the cost and efficiency of post-Independence transactions by the Government of India in its various foreign expenditures. Certainly, hiring the services of the Royal Navy for £100,000 per annum was an excellent bargain. One would also be hard put to argue that the successor governments of Pakistan, India, Bangladesh, or Myanmar have exceeded India Office standards in either probity or prudence. But that case is not made: rather the argument is proven ex cathedra by citing the nonspecialist Angus Maddison and Theodore Morrison, a British official deeply involved in the defense of the regime as it existed.

One would have expected a modern economic historian with all the tools of modern information technology and all the benefits of hindsight to have made a more rigorous argument before reaching his conclusion. Furthermore, matters such as debating the saving resulting from issuing bills at £250 per million commission or £500 per million would have been engrossing to the India Council at the time, and also to the financial press. But these seem puny matters after the various cataclysms of the twentieth century. The world wars, any single major famine, or the enduring legacy of Partition and the tit-for-tat policies of the Indian and Pakistani governments have surely left far deeper scars on the economies of the Indian subcontinent than any of these issues. In this vein, the impact of political events in India such as the major agitations of the 1920s and 1930s on the mood of investors and markets would have been interesting. There is a brief mention of the India Office using strategic "leaks" to ensure successful loan placements and worrying about "news management" (pp. 38-39, 60-61). Did Indian nationalists based in Britain and the United States seek to influence any of these processes? After all the precursors of the Russian revolutionaries of 1917 had in 1905 declared that they would repudiate Tsarist foreign debt if they came to power, and the communist government duly did so.[1] It is likely that potential buyers of GoI debt would have known of this precedent. What do we know of what Indian buyers of India bonds thought at the time?

This is not to say that David Sunderland should have written a different book: but still a slightly wider comparative perspective might have made this a work with wider academic appeal.

Note

[1]. The USSR finally paid £82 million, or 63 percent of original nominal value to settle British claims in 1986; French creditors waited seventy years to receive three billion francs, or 42 percent. See Michael Waibel, *Sovereign Defaults before International Courts and Tribunals* (Cambridge: Cambridge University Press, 2011), 39-40.

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