‘The Interests of India Demand Protection’: Democratization and Trade Policy Under Empire*

Don Casler† and Nikhar Gaikwad‡

January 31, 2023

Abstract

Conventional wisdom holds that colonial trading relations were a one-way street: trade policy coerced colonies to export raw materials to the metropole and purchase large quantities of manufactured goods from the empire's industrial centers. We argue that this narrative overlooks a critical feature of colonial-era politics: the devolution of limited representation to colonies. Self-government allowed manufacturers in colonies to register their preferences over trade policy, providing a new bulwark against imperial exploitation. We theorize that enfranchisement markedly altered trading relations between metropoles and colonies by endowing colonial parliaments with trade policy authority. Using an original dataset of all product-level import tariffs in British India between 1904 and 1950, alongside archival records of legislative debates and confidential correspondence, we show that enfranchisement eroded Britain's ability to shape India's tariff policy to suit British manufacturers' needs. Our findings therefore demonstrate how electoral autonomy reduces the rapacity of colonial power.

*For helpful comments, we thank Alexandra Cirone, Ricky Clark, Raymond Hicks, Lisa McKay, Emily Sellars, David Steinberg, Stephen Nelson, and participants at the 2019 IPES Conference, 2019 Historical Political Economy Conference, Columbia University IPE Working Group, Northwestern University IR workshop, University of Wisconsin IR workshop, and 2021 ISA and MPSA Conferences. Aura Gonzalez, Nirlipta Pathy, and Yujin Zhang provided excellent research assistance.

†Postdoctoral Research Associate, Watson Institute for International and Public Affairs, Brown University.

‡Assistant Professor, Political Science Department, Columbia University.

> "It is not the Government that wants to give us protection. It is not the Government who are in love with this policy. The interests of India demand protection and without protection, let me tell you, there will be no labour, nothing to eat, and there will be no Labour Members...The greatest men that India has produced...have forced the hands of this bureaucratic Government at last to commit themselves to a policy of protection."
> — Muhammad Ali Jinnah, 1926, Legislative Assembly Debates, Vol. VII, No. 17, p.6

A vast proportion of today's developing countries were subject to colonial rule between the mid-nineteenth and mid-twentieth centuries.[1] Influential theorists from Hobson to Lenin have argued that commercial imperatives drove colonizers to secure preferential market access in their dominions.[2] But the voices of stakeholders in subjugated lands are silent in these prevailing narratives of colonial-era trading relations. This is a striking oversight. Policies that benefited metropolitan interests harmed a distinct set of economic interests in annexed territories. In this article, we document waves of successful colonial protest against preferential market access for metropolitan exports, providing a theoretical explanation for why and how economic resistance becomes possible in societies under dominion.

What were the determinants of trade policymaking in colonies subject to imperial annexation? How did colonial institutions consolidate and represent trading interests in colonized territories? And who prevailed in trade policy contests when metropolitan and colonial interests collided? Conventional accounts posit that European interests shaped colonial-era trade relations. By contrast, we observe that imperialism was coupled with limited political enfranchisement for substantial periods in many colonies,[3] and we advance a theoretical framework to explain how democratization empowered actors in colonized territories to advance their economic interests. Devolution of political representation ("Home Rule") altered the balance of political power in dominions, reshaping contestation over economic interests and translation of those interests into policy. With new electoral conduits and legislative structures to articulate their demands, colonial constituents achieved meaningful forms of representation in trade, among other important policy spheres.[4] Political representation resulted in a protectionist bulwark against trade-based economic exploitation; electoral autonomy thereby provided a pathway for local legislatures to circumscribe colonial power.

This argument makes three contributions. First, we integrate post-colonial approaches into the

[1] Cohen (1973); Frieden (1994); Mahoney (2010).
[2] Hobson (1902); Lenin (1917).
[3] Lipset (1994).
[4] Rogowski (1987); Goldstein (1989); Goldstein and Martin (2000); Dean (2015); Queralt (2015).

study of international economic policy. Dominant political economy scholarship focuses extensively on imperial economic subjugation while overlooking colonial resistance therein. By noting that subordinate subjects often subverted the colonial state,[5] we articulate the conditions under which subaltern actors countered exploitative metropolitan trade policies. Second, we show that democratization yields trade *protectionism* in developing countries under specific circumstances. Despite the well-established link between broad-based political representation and trade liberalization in developing countries,[6] protectionism may result when the franchise is more limited and electoral rights skew toward scarce rather than abundant factors of production (e.g., capital over land or labor).[7] Third, we theorize how electoral competition systematically affects legislators' incentives when crafting trade policy. Historians note that average tariffs rose in some dominions during the latter stages of empire,[8] but we establish a new rationale for the particular form that protectionism took: legislators privileged capital-intensive industries that they considered electorally pivotal.

We examine our theoretical conjectures in British India, the quintessential case of imperial economic subjugation. The "jewel in the crown" of the British Empire, India was both pillaged for raw materials and held captive by British manufacturers, who enjoyed preferential access to its vast markets. But India was also a laboratory for democratic development under colonial rule, as growing shares of Indians obtained suffrage in federal and provincial legislative elections from 1920. In this regard, India was no exception, as many European colonies across Africa and Asia received limited enfranchisement during this period.[9] Our findings thus have the potential to explain economic subjugation and political resistance in wide-ranging imperial contexts.[10]

We employ a mixed-methods design to probe the determinants of trade policymaking in British India. First, we draw on archival fieldwork to compile an original database of annual, product-level import tariffs spanning some 5,000 products during the years 1904-1950. Descriptively, these data demonstrate inconsistencies between the conventional wisdom and actual changes in tariff rates.[11] We then perform quantitative tests to assess whether British economic interests, geopolitical

[5] cf. Prakash (1994).

[6] Milner (1987); Frye and Mansfield (2003, 2004); Milner and Kubota (2005); Mukherjee (2016).

[7] Beramendi, Dincecco and Rogers (2019).

[8] Tomlinson (1975); Cain and Hopkins (2001).

[9] Other British colonies enjoying some level of enfranchisement included South Africa, Kenya, Ghana, Nigeria, Uganda, Ceylon, Malaysia, Burma, and Hong Kong.

[10] Bhavnani and Jha (2014); Lee (2019); Lee and Paine (2019*a*,*b*).

[11] Bowman, Lehoucq and Mahoney (2005).

concerns, or electoral enfranchisement in India drove trade policy variation, examining as outcomes both the standard rate of duty charged to all foreign goods and the preferential rate levied on Commonwealth goods. To proxy for various theoretical predictors of tariff policy, we gather a rich set of complementary historical data on Britain's trading relations with its colonies and many of its key trading partners, electoral indicators of enfranchisement, and census-based information on the geographical distribution of industrial employment in India. We also conduct an in-depth case study using primary, text-based sources—including Indian legislative deliberations, trade policy reports, and confidential correspondence between British authorities—to trace the evolution of political contestation over steel industry tariffs in India. While the quantitative analysis facilitates systematic hypothesis testing across a wide swath of industries over time, the qualitative analysis probes the micro-level mechanisms at work through the lens of a politically pivotal industry.

Taken together, our evidence indicates that incipient democracy provided a formidable defense against imperial influence on India's trade policies. Quantitatively, enfranchisement isn't just a robust predictor of higher standard and preferential tariff rates under various specifications; it also has an interactive relationship with our proxy measure for industry-level electoral clout—even after accounting for British economic and geopolitical interests. Consistent with predictions derived from factor proportions models, these effects are most pronounced for import-competing, manufacturing industries as compared to agricultural, commodity-based producers. Qualitatively, the historical record documents strident competition between the metropolitan interests of British manufacturers and the protectionist forces representing Indian steel industry interests. We demonstrate how legislative autonomy empowered a new set of domestic actors against traditional imperial interests, shifting the balance of power in trade policymaking from metropole to colony, in line with our proposed theoretical mechanisms.

In sum, we provide one of the first systematic, micro-level investigations of the determinants of trade policymaking under empire, recasting the nature of the economic relationship between metropole and colony as one where the latter had meaningful agency and power. But the core theoretical insights developed here have implications for many historical and contemporary cases, even outside of formal colonial rule. For example, scholars have pointed to covert diplomacy as a tool used by nations such as the United States during the Cold War to secure preferential market access in satellite states; others have couched China's extensive political and economic investments in Africa and Asia in recent years as evidence of modern-day imperialism that, at its core, is economically extractive.[12] Our findings are salutary insofar as representative democracy may offset the most pernicious forms of economic exploitation for states ensconced in imperial orbits.

A New Dataset of Trade Policy Under Colonial Rule

We introduce an original dataset of annual, product-level ad valorem import tariffs in British India from 1904 to 1950, which we collected through extensive fieldwork at archives and libraries in India and England.[13] These data were hand-coded and compiled from the annual "Indian Customs Tariff," published by India's Department of Commercial Intelligence and Statistics. All data are drawn from the original tariff schedules issued by the Government of India for the calendar year in question.

The data include two variables: (a) the standard product-level tariff rate for British India, applicable to all imported goods from 1904 to 1932 and to all non-Commonwealth goods after 1933; and (b) the preferential product-level tariff rate, applicable to all imported goods from the Commonwealth after 1933. Prior to 1933, we code the standard and preferential rates as taking the same value since the latter only took effect after the 1932 Imperial Economic Conference at Ottawa.[14] We focus on the ad valorem percentages listed in these schedules.[15] Our sample contains 22 broad categories of goods, from foodstuffs to textiles to machinery.[16] As an example of the data's granularity, steel ingots received a standard rate of 20 percent and a preferential rate of 10 percent in 1933, creating a 10 percentage-point difference.

In Figure 1, the solid blue line denotes the average standard rate, the solid red line the average preferential rate. Dashed and dotted lines present the averages across agricultural commodities and manufactured goods, respectively. Several features of this graph are puzzling for the conventional wisdom about imperialism. First, while tariffs were quite low to start (averaging well under 5 percent through the mid-1910s) they mostly increased thereafter, roughly doubling every ten years from 1910 to 1930, then hovering around 25 percent from the mid-1930s onward. If Britain were

[12] Berger et al. (2013); Scheve and Zhang (2016).

[13] We collected these data from the National Archives of India, New Delhi; Ministry of Commerce Library, New Delhi; Central Secretariat Library, New Delhi; Indian Merchants' Chamber, Mumbai; and the British Library, London.

[14] Glickman (1947, 440-443).

[15] Goldstein and Gulotty (2014).

[16] See Table A1.

using its military control over the dominions to enforce a laissez-faire trade policy regime, we wouldn't anticipate such marked upward shifts in tariffs; more of the sample would resemble the pre-World War I period.[17] Some of the initial rise, at least before 1920, resulted from British India's need to finance debts incurred in service to the British Empire during World War I. But the other increases can't be explained in those terms, as London ostensibly doubled down on economically subjugating its imperial holdings in subsequent years.[18]

Second, once preferential rates took effect in 1933, British manufacturers received favored access to the Indian market, suggesting that British interests were having their way.[19] Yet the average difference between standard and preferential rates peaked at just 3 percent before India abrogated the Ottawa agreement in 1938, after which the rate differential declined precipitously. Coupled with the general upward trajectory of protection, our descriptive evidence suggests that other factors beyond the traditional role of British imperial concerns may help explain broad changes to Indian tariff policy.

Third, when we examine rate differentials by sector—separating out land- and labor-intensive commodities from capital-intensive manufactured goods—we observe few meaningful differences between average tariff rates at the start of the sample. Before enfranchisement, industries relying on different factors of production received no discernible difference in protection. However, starting in the 1920s (notably, after the franchise was first extended), a growing wedge appears in the tariffs, with capital-intensive sectors securing greater protection than land- and labor-intensive sectors. This pattern aligns with predictions from the Heckscher-Ohlin/Stolper Samuelson (HO) theory of trade policy, suggesting that domestic political mechanisms might be at play (a point we revisit later).[20]

Some historical accounts have documented the rise in aggregate tariffs during the latter stages of British rule,[21] but they don't explain the reason for tariff increases, whether and why policy change varied across sectors and industries, or differences between standard and preferential rates. These new data raise fresh questions about the agency of different indigenous actors in contesting imperial

[17] Krasner (1976).
[18] Tomlinson (1975, 349-56).
[19] Indeed, recent research suggests that British India's interwar trade policy did suppress total imports while boosting those from the UK specifically (Arthi et al. 2020).
[20] Rogowski (1987); Scheve and Slaughter (2001); Milner and Kubota (2005).
[21] Tomlinson (1975); Cain and Hopkins (2001).

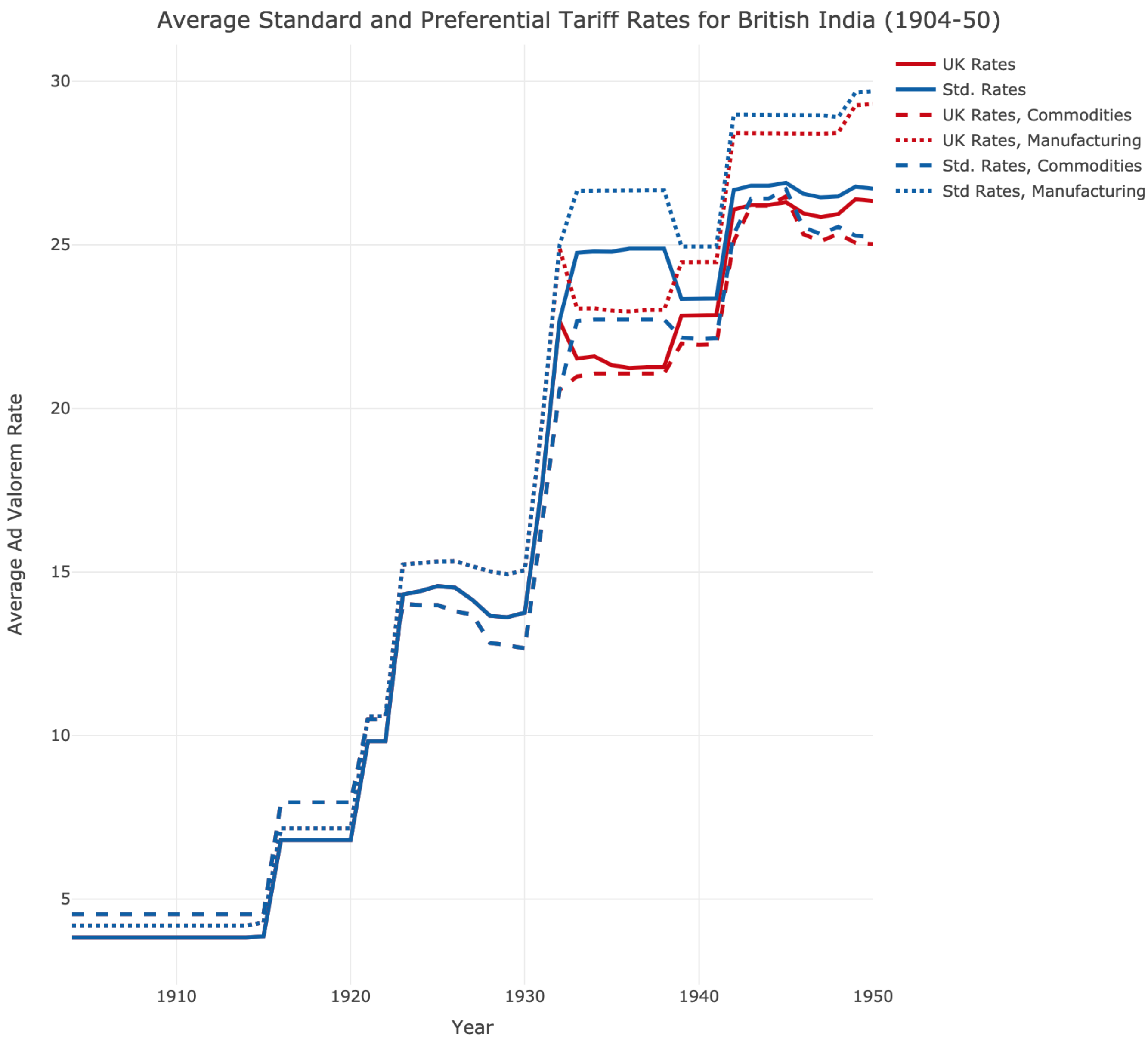


Figure 1: Change in Standard and Preferential Rates

domination. In the next section, we develop and contrast our theory of incipient democracy and trade policy with more typical accounts that stress the primacy of imperial interests in shaping these outcomes.[22]

[22] Arthi et al. (2020).

Theory of Limited Franchise and Trade Policy Under Empire

Conventional scholarship regarding the determinants of trade policymaking under empire emphasizes the colonizer's economic incentives and geopolitical goals. Against these accounts, we offer a theoretical alternative that explicates how the growth of limited franchise in colonial territories empowered domestic interests, giving them a forum to articulate economic preferences and resist exploitation. Our theory explains not just how domestic preferences were expressed, but also whose specific interests were represented and why the colonized could successfully challenge the metropole. Though we focus on trade policymaking, the core dynamics we identify may extend to other areas of distributive conflict between colonizers and subjects.

Economic Determinants of Imperial Trade Policy Influential theories of colonialism identify trade as the primary rationale for imperialist expansion, with colonies serving as sources of raw inputs and as markets where metropoles could dump their manufactured goods. According to Kleiman (1976), metropoles "forc[e] the colony's population to buy their imports for more and to sell their exports for less than going world prices," such that a "trade structure biased towards the metropolitan country became a necessary condition for the economic exploitation of colonial territories through trade."[23] Marxist analysts (Luxemburg 1913; Lenin 1917) and liberal theorists (Hobson 1902) alike buttress this interpretation of colonial annexation. Import tariffs are, in Hobson's account, "one of the main weapons in the imperialist armoury," a key policy lever by which metropolitan interests guarantee market access. Indeed, "fighting for markets, forcing free trade, entering into diplomatic wrangles over 'open doors,' were all protectionist and militarist policies in one guise or another."[24] Economic theories of imperialism thus predict either low or zero tariffs on goods exported by metropolitan industries to colonial markets.[25] Low tariffs in colonies facilitate the sale of metropolitan goods therein at more favorable rates than on world markets.

> *Hypothesis 1a: Metropoles seek lower tariffs in dominions on goods exported therein by metropolitan industries to secure preferential market access.*

[23] Also see Robbins (1939).
[24] Cain (1978, 569-570).
[25] Also see Hirschman (1980); Verdier (1995); Findlay and O'Rourke (2009); Antràs and Padró i Miquel (2011).

Geopolitical Determinants of Imperial Trade Policy Alternatively, geopolitical motivations—particularly great power rivalry—may provide impetus for economic subjugation under empire. In Krasner (1976)'s formulation, the balance of power in the global order structures international trading patterns, with rising hegemons favoring free trade regimes and declining powers privileging protectionist policies to curtail their competitors' ascendance. Facing these constraints, metropoles look to colonies "as assets in the struggle for power" that safeguard their economic fortunes. During the late 19th century, for example, in response to Germany's growing economic and military prowess, European nations including Britain, France, and Italy sought new dominions to shore up their geopolitical prospects, with trade essentially following the flag.[26] To prevent rivals from converting trade-related economic gains into military power, colonizers divert trade away from these competitors to their colonies through preferential trade policies that keep the dominions' tariffs low or nonexistent.[27] As Cain (1978, 567) argues, "competition overseas and tariffs [in other nations] made it imperative for Britain to find secure markets in Africa and Asia and consolidate its existing empire behind protectionist barriers of its own."

> *Hypothesis 1b: Metropoles seek lower tariffs in dominions on goods exported by metropolitan industries to geopolitical rivals in order to divert trade away from those competitors.*

A Legislative Theory of Trade Policymaking Under Empire

While dominant narratives stress colonizers' economic and geopolitical interests in setting imperial trade policy, we highlight a countervailing reality of the colonial experience: many dominions obtained limited electoral and legislative autonomy for significant periods while under imperial rule.[28] The British granted electoral privileges to a range of imperial holdings, including both settler and non-settler colonies throughout Africa, the Americas, Asia, Oceania, and the Middle East. Other European colonial powers also permitted limited political devolution. France allowed electoral representation in parts of Senegal in 1872 while sanctioning elections in Algeria, first for municipal posts during the 1880s and then for a larger slate of positions in 1947.[29] In fact, the Third Republic passed legislation bestowing French citizenship and representative rights in the French parliament

[26] Cohen (1973, 77-79); Krasner (1976, 325).
[27] Gowa and Mansfield (1993); Carnegie and Gaikwad (2022).
[28] Lipset (1994).
[29] See Foltz, "Senegal" in Coleman (1964); Ruedy (1992).

to many of its colonies.[30] The Dutch, too, permitted elections in several colonies, including Curaçao in the 17th century and Surinam in 1866, with further expansions in 1936 and 1948.[31]

Though degrees of democratization varied widely within and across empires, and the franchise was frequently extended only to property owners, political devolution wasn't just a rubber stamp; it often involved meaningful concessions of electoral and legislative rights.[32] Indeed, previous scholarship has identified practice with and participation in electoral institutions before independence as important determinants of political autonomy and development.[33] We extend these theoretical insights to the politics of economic policymaking, arguing that the experience of home rule altered the balance of political power between colony and metropole. Trade is an important policy arena for observing these changes due to its stark distributional effects in colonial economies.[34] Why and how, then, does the devolution of political representation to colonies matter for trade policy?

Why Enfranchisement Matters for Imperial Trade Policy First, electoral and legislative institutions provide an officially sanctioned, authoritative channel for colonies' constituents and interest groups to articulate their preferences—which, in the case of trade policy, concerns the relative weight assigned to colonial versus metropolitan priorities regarding local economic development. Whereas metropolitan actors seek low tariffs for the economic and geopolitical reasons outlined above, those in the dominions don't necessarily share these preferences. They may even oppose them, depending on local factor endowments. By accessing deliberative and decision-making structures, representatives in dominions can advance their constituents' economic interests and translate them into policy. Second, because these institutions are officially recognized by the metropole, ignoring the will of the dominions as articulated by popularly-elected representatives carries new costs for metropolitan authorities, at minimum subjecting colonizers to charges of hypocrisy and, in more serious cases, legitimizing outright rebellion against colonial rule. Thus, the metropole can no longer unilaterally fulfill its commercial interests' demands for economic privileges in the dominions. Rather, trade policy becomes a two-level game where bargaining occurs not just between metropole and dominion, but also among competing interests within dominions.[35]

[30] Winnacker (1938); Oronato and Wilkinson (2013, 23).
[31] Goslinga (1979).
[32] Tomlinson (1975, 339).
[33] Weiner (1989); Lipset (1997).
[34] Tomlinson (1975).
[35] Putnam (1988).

How Enfranchisement Matters for Imperial Trade Policy We theorize that institutional change sets up newly meaningful conflicts between colony and metropole, and also enables contestation within dominions over which factors of production receive priority in establishing economic policy. To start, most colonies are developing economies where capital is in short supply relative to labor, and concentrated among the elite. The HO model of trade policy preferences predicts that the scarce, comparative disadvantage factor (i.e., capital) will seek protection.[36] Thus, when the franchise is tightly held and extends primarily to capital owners, we expect dominions to pursue higher tariffs.

> *Hypothesis 2a: When capital is the relatively scarce factor, increases in the enfranchisement of capital owners lead dominions to seek higher tariffs.*

However, because not all industries are of equal economic size or importance, some will be more electorally pivotal than others. Geographically concentrated industries tend to be more politically relevant than geographically diffuse industries: the former can marshal more votes, and thus political power, than the latter.[37] So we expect the effect of enfranchisement on tariffs to be magnified in electorally pivotal industries.

> *Hypothesis 2b: Increases in enfranchisement have a larger effect on tariffs in electorally pivotal industries.*

Finally, as HO anticipates, while capital-intensive industries in developing economies favor higher tariffs to insulate themselves from international competition, land- and labor-intensive industries—comprising the abundant, comparative advantage factors—prefer lower tariffs.[38] Among capital-intensive manufacturers, more electorally pivotal industries should see *higher* tariffs in increasing levels of enfranchisement, compared to less electorally pivotal industries. By contrast, among land- and labor-intensive producers of agricultural goods and commodities, more electorally pivotal industries should see *lower* tariffs in increasing levels of enfranchisement, relative to less electorally pivotal industries—though the strength of this relationship depends on the extent of enfranchisement among land and labor interests.

[36] Rogowski (1987); Scheve and Slaughter (2001).
[37] Busch and Reinhardt (1999); McGillivray (2004).
[38] Frye and Mansfield (2003, 2004); Milner and Kubota (2005); Mukherjee (2016).

Hypothesis 2c: The relationship between enfranchisement and tariffs is positive in electorally pivotal manufacturing industries and negative in electorally pivotal agricultural industries.

In sum, we posit that democratization shifts the balance of political power away from the metropole. The entry of indigenous representatives into the policy arena facilitates public debate over the role played by colonial versus metropolitan interests in economic development, and the extent to which capital versus other interests receive priority in setting dominions' trade policies.

Empirical Setting: British India

We probe our theoretical propositions by studying trade policymaking in the critical case of British India. As the linchpin of the British Empire, India provides an example of the conflicts that arose over economic policy between metropole and dominion, and also within dominions following enfranchisement. We map our theoretical expectations onto historical actors—on the British side, export-oriented firms and government officials in London and Delhi; on the Indian side, import-competing firms and legislative representatives of labor and capital—to examine whether the observable implications of the theory match their behavior.

Origins of Indian Enfranchisement The British Crown governed India between 1858 and 1947. While India held municipal elections as early as the 1880s, and a handful of local Indians were involved in governance at provincial and central levels, initial Indian autonomy over local government was marginal.[39] London set British India's trade policy, with the Viceroy's Government of India (GOI) as its agent in Delhi imposing a flat revenue tariff on imports into India. Though the tariffs helped shore up India's finances, they were kept purposely low to protect the interests of British exporters, who sought guaranteed markets for their products.[40] Such was the status quo before World War I. But because the war pressed Indian men and materiel into service to defend the empire and significantly disrupted trade, London permitted constitutional reform—"home rule"—as a concession for these sacrifices.

Such regulatory changes, though vigorously opposed by British conservatives, afforded India's elected officials both full fiscal sovereignty and "absolute freedom to regulate the tariff and other

[39] Chiriyankandath (1992, 41-42).
[40] Tomlinson (1975, 345).

instruments of trade control in the interests of their domestic economy."[41] The 1918 Montagu-Chelmsford Report and 1919 Government of India Act outlined a directly elected, bicameral legislature and a communal franchise at all levels of politics to represent popular interests. These reforms materially affected the GOI's ability to serve purely metropolitan interests by creating a legislative body, the Central Legislative Assembly (CLA), whereby Indian politicians (70 percent of whom were popularly elected) could debate government policy.[42] Though the CLA couldn't supersede the Viceroy, the GOI "now had to take into account Indian opinion—constantly, articulately, and constitutionally expressed."[43] Furthermore, at the behest of the Indian Fiscal Commission, the CLA established a Tariff Board in early 1923 to investigate and advise on a "selective and discriminating preference" on Indian imports.[44]

Under the new constitutional framework, the CLA stood for six elections (1920, 1923, 1926, 1929, 1934, and 1945) during home rule. Electoral rights varied by province but excluded most non-male, non-property-owning citizens. Despite these restrictions, enfranchisement granted some prosperous Indians new weight in the GOI's commercial affairs.[45] During India's major financial and exchange crisis in 1920-1923, the Viceroy's political calculus included avoiding drastic budgetary retrenchment and also, for the first time, winning over elected Indian representatives while meeting their demands for trade policies that accounted for domestic Indian interests.[46]

Domestic Indian Economic Interests Leading up to constitutional reform, India's indigenous industries saw significant growth, notably in cotton piece-goods, iron and steel, cement, sugar, engineering, and chemicals. World War I provided a quasi-protected environment for these industries by depressing economic activity among the belligerents. Thereafter, India's industries faced renewed import competition, especially from Britain, leading many Indian industrialists to oppose free trade.[47] Nascent import-competing, manufacturing-oriented interests were represented in the CLA by designated members for commerce and particular industries, such as railways. These actors used legislative channels to demand greater protection throughout the 1920s and 1930s. Meanwhile,

[41] Madan (1939, 1-2); Tomlinson (1975, 339).
[42] Chiriyankandath (1992, 43-44).
[43] Tomlinson (1975, 354). Also see Chiriyankandath (1992, 40); Lee and Paine (2019*a*).
[44] Chadwick (1928, 196); Madan (1939, 10); Adarkar (1944).
[45] Rashiduzzaman (1964, 59(a)).
[46] Tomlinson (1975, 349).
[47] Tomlinson (1975, 351).

a sizable coalition opposed the imposition of protective tariffs in order to protect Indian labor and consumer interests. The CLA included reserved seats for labor interests, who protested loudly against protection on two fronts: that it would hurt the Indian consumers by raising prices on essential imported goods, and that protection for capital-intensive manufacturing firms wouldn't advance the interests of workers in India.[48] The tug of interests between capital and labor underscores the degree to which legislative autonomy gave voice to heterogeneous trade policy preferences.

British Economic Interests Britain had its own economic interests in mind when pursuing large captive markets with low tariffs for its industrial exports. During the 1800s, Britain adopted free trade policies, exerting military control to open colonial markets.[49] The Secretary of State's office dictated low or nonexistent barriers—typically at the behest of private British business interests. Indeed, Britain's commercial priorities long prevented the GOI from either setting tariffs or implementing policies to encourage Indian industrial growth.[50] Once India gained fiscal autonomy, British manufacturers continued lobbying the India Office and Viceroy to walk back the CLA's protectionist measures. Even after abandoning its storied adherence to free trade during the early 1930s in response to the Great Depression, British officials still focused on expanding export markets.[51] After the 1932 Imperial Economic Conference in Ottawa, Britain walled its domestic market off from non-Commonwealth imports in exchange for India granting preferential market access to Commonwealth-manufactured goods.[52] The agreement yielded a two-tiered structure in which non-Commonwealth imports received higher, standard rates while goods from the Commonwealth entered at lower rates. British officials who pushed the bargain in Ottawa had London's economic self-interest in mind.[53]

British Geopolitical Interests Geopolitical imperatives provided a concurrent rationale for Britain's imperial tariff policy, especially after World War I. The decline of British exports vis-à-vis foreign rivals—including Germany, Japan, and the U.S.—led Britain to double down on the Commonwealth. In Hobson (1902, 77)'s view, these developments made it "most urgent that we should

[48] Extract from Legislative Assembly Debates, Vol. VII, No. 17, p. 5.
[49] Krasner (1976).
[50] Madan (1939, 3); Tomlinson (1975, 343).
[51] Morrison (2012).
[52] Glickman (1947, 443-446).
[53] Eichengreen and Irwin (1995, 16).

take energetic means to secure new markets," as these rivals were "seizing and annexing territories for similar purposes, and when they have annexed them close them to our trade." Consequently, the only option was "to compel the owners of the new markets to deal with us: and experience shows that the safest means of securing and developing such markets is by establishing 'protectorates' or by annexation." In fact, Britain and many of its competitors made a geopolitically motivated retreat into their colonial trade networks in the 1920s-30s to secure imports of essential goods and divert trade away from rivals.[54] The Conservative majority in London believed that a better-integrated Commonwealth would raise London's political, diplomatic, and military standing while ensuring its access to raw materials and food in the event of war.[55] In this view, British trade policy was less about trade for its own sake and more about anticipating wartime disruptions to resource and materiel flows.[56]

Research Design: Quantitative Analysis

With the empirical setting in mind, we next describe our statistical approach to hypothesis testing. We created manual concordances to match the product-level tariff data with (a) the census based industry employment data used to measure Indian economic interests, and (b) the trade data used to measure British economic interests and British geopolitical interests. We then examine the relative weight of each factor in influencing India's trade policy.

Democratization Incipient democracy in India was instantiated by legislative representation in the CLA from 1920 onwards. Our theory suggests that an expanding electorate comprising mostly property- and capital-owning Indians demanded insulation from world markets via higher tariffs. We record popular enfranchisement (total eligible voters as a percentage of the total population) in each of the six CLA elections that bear on our sample, with nonelection years taking the same value as the most recent election. As an alternate means of capturing democracy, we rely on turnout data from those same elections.[57] Increasing levels of democracy should predict higher tariffs (*H2a*).

[54] Eichengreen and Irwin (1995); Wolf and Ritschl (2011); Gowa and Hicks (2013, 2017).
[55] Drummond (1971, 37); Rooth (1993); Cain and Hopkins (2001, 480).
[56] Levkovych (2018, 5); Jacks and Novy (2019, 3).
[57] Rashiduzzaman (1964, 59(a)); Chiriyankandath (1992, 46).

Indian Economic Interests Our argument indicates that local factors in India, enabled by constitutional reforms that took effect in 1920, shaped tariff policy. Large and geographically concentrated industries such as steel became pivotal actors in electoral and legislative politics (*H2b*). To approximate these domestic economic forces, we collect industry-level employment statistics by province, based on the 1901, 1911, 1921, 1931, and 1941 censuses from the Central Secretariat Library in New Delhi.[58] We construct a Herfindahl Index for a continuous measure of the regional concentration of workers by industry-year. Meanwhile, the HO model predicts that manufactured goods should receive higher tariffs, and agricultural commodities lower tariffs (*H2c*). We use the industry-level employment data to split the sample into land- and labor-intensive agricultural and commodity sectors (sections 1-5 in Table A1) versus capital-intensive manufacturing sectors (sections 6-22 in Table A1).

British Economic Interests According to one branch of conventional wisdom, Britain obtained preferential access to India as a captive market for its industrial exports (*H1a*). We use the value of British exports to India in a given industry as a share of total British exports in each industry-year to capture the influence of British commercial priorities. We hand-coded these data from the Annual Statements of the Trade of the United Kingdom with Foreign Countries and British Possessions and the Annual Statements of Seaborne Trade of British India with the British Empire. The percentage of Britain's total trade that occurred with India in a particular industry-year proxies the importance of India's market to the British economy. Larger values of British exports to India should therefore predict lower tariffs and wider gaps between the standard and preferential rates.

British Geopolitical Interests According to another branch of conventional wisdom, geopolitical competition factored prominently in Britain's economic policy calculus, with Britain diverting trade to India (and the Commonwealth more generally) as a hedging strategy (*H1b*). We employ the value of British exports to various geopolitical rivals (especially the Axis nations of Germany, Japan, and Italy, as well as the U.S.) as a share of total British exports in each industry-year, hand-coded from the archival sources listed above, to assess whether competition with these countries

[58]We use the 1901 edition of the population survey to account for employment prior to 1911; the 1911 edition to capture 1912-21; the 1921 edition for 1922-1931; the 1931 census for 1932-1941 employment; and the 1941 survey for the remainder of the sample.

shaped tariff policy. The percentage of total British exports sent to other geopolitical heavyweights captures the extent to which the British economy was not only supporting their economic growth, but also dependent on these markets for its own prosperity. Larger values of British exports to geopolitical rivals should then yield lower tariffs in India.

Empirical Specifications To investigate our theoretical conjectures, we employ two-way fixed effects models.[59] Our empirical strategy not only identifies several mechanisms that might explain the observed changes in tariffs, but also guards against potential threats to inference from unobserved heterogeneity, temporal dependence, and measurement error. The models in Table 2 compares the role of the franchise, F_{t-1}, and employment concentration, E_{it-1}, against British economic interests, BI_{it-1}, and British exports to geopolitical competitors, BC_{it-1}. In most of the models, we also interact franchise with employment concentration. We denote T_{it} as the standard or preferential tariff rate, i as the index for each industry, t as the index for the time period, α and β as parameters to be estimated, χ_{it-1} as a vector of controls, η_i as product fixed effects, θ_t as period fixed effects, and ϵ_{it} as the error term. To account for temporal dynamics, we use a mix of five- and ten-year period fixed effects, and in some specifications, a linear time trend. We present ordinary least squares (OLS) estimates of these models, clustering standard errors at the product level to account for within-industry correlations. Though the franchise does not vary by product, we still want to account for variation in our dependent variables at this level. This yields models with the forms depicted below:

$$T_{it} = \alpha + \beta_1 F_{t-1} + \beta_2 E_{it-1} + \beta_3 BI_{it-1} + \beta_4 BC_{it-1} + \chi_{it-1} + \eta_i + \theta_t + \epsilon_{it} \tag{1}$$

$$T_{it} = \alpha + \beta_1 F_{t-1} + \beta_2 E_{it-1} + \beta_3 BI_{it-1} + \beta_4 BC_{it-1} + \beta_5 (F_{t-1} \cdot E_{it-1}) + \chi_{it-1} + \eta_i + \theta_t + \epsilon_{it} \tag{2}$$

In Figure 2, we use models of the same form as equation (2) above, but split the data along HO lines to compare the effects of enfranchisement and employment concentration across agriculture and manufacturing industries. In the Appendix, we include a battery of sensitivity analyses that employ alternative measures of democracy and probe the robustness of the correlation between

[59] In Appendix 2, we conduct both visual inspection and formal tests for parallel trends in tariffs, per Callaway and Sant'Anna (2021). We do not observe evidence of any significant pre-trend pattern.

democracy and tariffs at different levels of aggregation. Across these models, our hypotheses predict the relationships in the directions listed in Table 1.

Table 1: Statistical Predictions Derived From Hypotheses

Expectation	**Standard Rates**	**Preferential Rates**
H1a: (Increasing) British exports to India / total British exports	Higher	Lower
H1b: (Increasing) British exports to geopolitical rivals / total British exports	Higher	Lower
H2a: (Increasing) Franchise	Higher	Higher
H2b: (Increasing) Franchise x Employment concentration	Higher	Higher
H2c: (Increasing) Franchise x Employment concentration in manufacturing vs. agriculture	Higher for manufacturing; lower for agriculture	Higher for manufacturing; lower for agriculture

Quantitative Results

Table 2 presents our analyses using the full range of data, without accounting for HO dynamics. Columns 1, 3, and 5 regress the standard rates on enfranchisement, employment concentration, economic and geopolitical proxies, and our suite of controls, including events which have been cited as major influences on trade policy, such as the World Wars and the Great Depression. Columns 7, 9, and 11 do the same for preferential rates. Columns 2, 4, 6, 8, 10, and 12 include an interaction between enfranchisement and employment concentration.

We find that enfranchisement is positively correlated with both standard and preferential rates, indicating a large, positive, stable, and statistically significant lagged effect of democracy on tariffs (*H2a*). As Columns 1 and 7 indicate, moving from no enfranchisement to full enfranchisement is associated with a 13-14 percentage point increase in both types of tariffs. Substantively, if we use a 5 percentage point increase in enfranchisement as a benchmark (which is roughly equivalent to what we observe between 1925 and 1926 in our sample) our model suggest that this change yields a 0.65-0.70 percentage point aggregate increase in tariffs.

Meanwhile, British economic interests, as proxied by the share of British exports in a particular industry going to India, display a negative correlation with tariff rates (*H1a*), but this relationship does not consistently reach statistical significance at conventional levels. In models where we include a linear time trend (Columns 5 and 11), the coefficients imply that a 5 percentage point increase in exports is associated with a 3.75 percentage point decrease in standard rates and a 4.25 percentage point decrease in preferential rates. To the degree that the British sought lower tariffs in its colonies, we therefore find some support for the conventional wisdom.

However, British geopolitical interests, as measured by the share of British exports headed to the Axis powers, do not exhibit a consistent relationship with tariffs. Per *H1b*, higher values of this variable ought to be correlated with lower standard and preferential rates, but if anything, its relationship with preferential rates is positive in some models. Thus, conventional narratives have missed significant nuance—while British economic interests may have depressed tariffs, enfranchisement in the colonies at least partly counteracted these pressures. These results are robust to a variety of alternative specifications. In Appendix Tables A3 — A8, we show that our findings hold up under alternative measures of democracy, when considering individual geopolitical and economic rivals (Germany, Italy, Japan, as well as the United States), and at various levels of aggregation (i.e., average yearly tariffs and average yearly tariffs by sector).

Our second major prediction is that the effect of enfranchisement on tariff rates is magnified in politically pivotal industries (*H2b*). When considering the full range of data, we observe that the coefficient on the interaction between enfranchisement and employment concentration is reliably positive, but only reaches statistical significance in Column 12. Yet the aggregate analysis masks significant variation in tariffs by industry type, as factor proportion models of trade would predict (*H2c*). Recall that HO anticipates higher tariffs on capital-intensive manufacturing products (i.e., the relatively scarce factor in developing countries) and lower tariffs on land- and labor-intensive (the relatively abundant factor) agricultural and commodity products. When we subset the data according to which factor a given product uses most intensively and re-analyze the fully specified models, we find that the interactive effects of democracy and employment concentration reported

Table 2: Main Results

Dependent Variables:	Standard Rates (1904-1950)						Preferential Rates (1904-1950)					
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
Franchise$_{(t-1)}$	13.82***	10.64**	16.55***	13.00**	5.886***	4.955*	14.49***	11.10**	17.61***	14.03***	6.729***	4.415*
	(3.316)	(4.385)	(3.339)	(4.759)	(2.269)	(2.575)	(2.642)	(3.513)	(1.983)	(3.449)	(2.187)	(2.490)
Emp. Conc.$_{(t-1)}$	1.608	-1.849	3.567	-0.4612	-9.750***	-11.43***	1.495	-2.193	3.818	-0.2442	-5.650***	-9.827***
	(4.865)	(4.004)	(3.736)	(3.425)	(2.313)	(2.988)	(4.863)	(3.885)	(3.893)	(3.322)	(2.176)	(2.883)
UK Export Share: India$_{(t-1)}$	-50.11*	-56.57*	-44.63	-51.44	-74.66***	-75.46***	-66.13*	-73.02**	-63.42*	-70.28*	-82.81***	-84.81***
	(26.37)	(26.88)	(25.42)	(25.84)	(21.25)	(20.95)	(29.28)	(30.66)	(28.02)	(29.70)	(20.82)	(20.54)
UK Export Share: Axis$_{(t-1)}$	-2.730	1.583	-17.07	-11.92	25.09	25.80	13.94	18.54	4.741	9.942	39.79**	41.56**
	(31.44)	(31.42)	(37.81)	(37.23)	(18.07)	(18.15)	(32.06)	(33.08)	(27.17)	(27.70)	(18.06)	(18.27)
Wars$_{(t-1)}$	0.5642	0.5302	0.5576	0.8546	0.3835**	0.4382***	0.6351	0.5988	0.6047	0.9043	0.9156***	1.052***
	(0.4325)	(0.4246)	(0.6094)	(0.5505)	(0.1513)	(0.1598)	(0.4232)	(0.4098)	(0.6246)	(0.6023)	(0.1518)	(0.1615)
Great Depression$_{(t-1)}$	3.017	2.972	-2.578***	-2.622***	1.785***	1.887***	2.788**	2.739**	-0.6943***	-0.7386***	1.290***	1.543***
	(1.737)	(1.752)	(0.1314)	(0.1605)	(0.1428)	(0.1742)	(1.164)	(1.186)	(0.0849)	(0.1141)	(0.1341)	(0.1645)
Franchise$_{(t-1)}$ × Emp. Conc.$_{(t-1)}$		17.08		19.68		9.564		18.22		19.85		23.76***
		(19.87)		(17.16)		(8.223)		(19.47)		(16.37)		(8.434)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes					Yes	Yes				
Decade			Yes	Yes					Yes	Yes		
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019
R^2	0.80514	0.80544	0.80219	0.80261	0.79971	0.79989	0.80003	0.80041	0.79827	0.79873	0.80011	0.80135
Within R^2	0.02473	0.02624	0.04640	0.04841	0.63851	0.63884	0.03011	0.03195	0.04192	0.04414	0.63065	0.63294

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

in Figure 2 and Table A2 strongly validate the HO logic.[60]

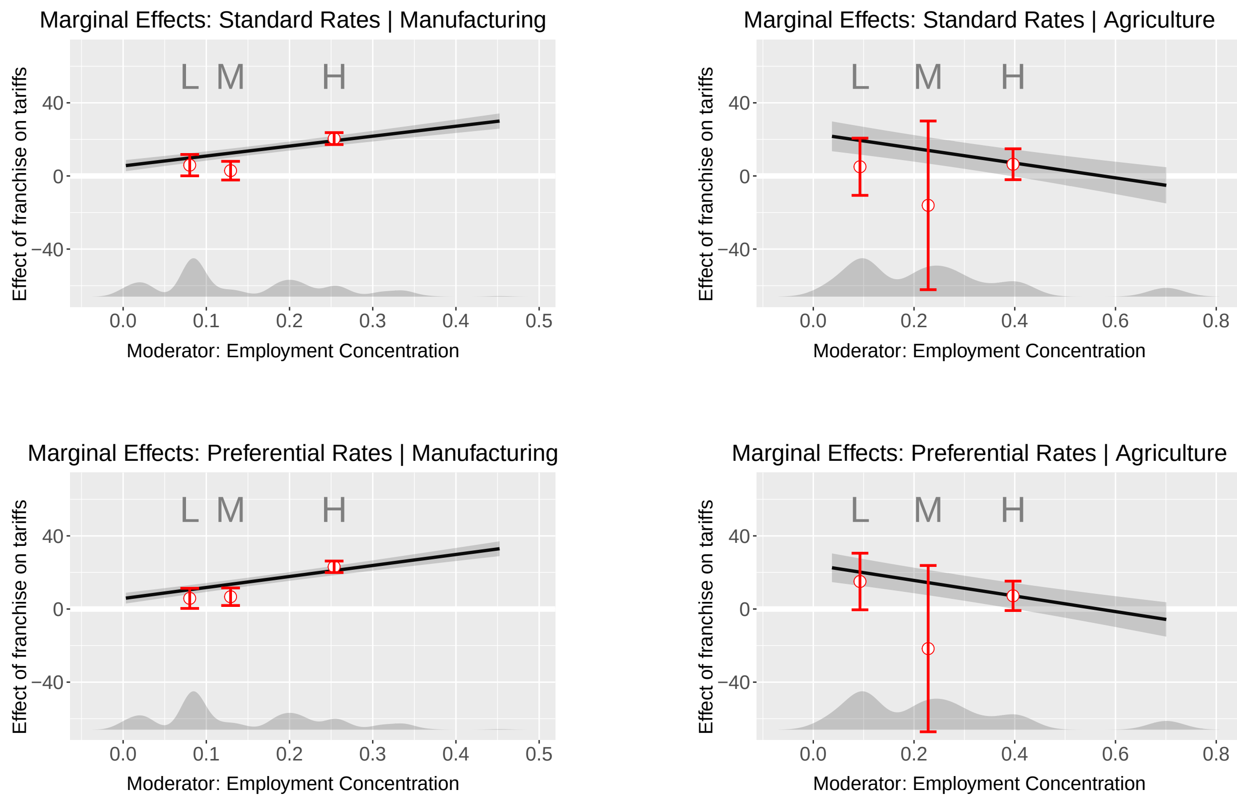
In the left panel of Figure 2, for manufacturing industries, the marginal impact of enfranchisement on tariff rates is positive and statistically significant at high, but not medium or low levels of employment concentration. When employment concentration is high, the marginal effect of enfranchisement is on the order of 20-23 percentage points. By comparison, when employment concentration is medium or low, the marginal effect of enfranchisement is on the order of 3-6 percentage points. Thus, the impact of enfranchisement on tariffs is significantly larger in more as opposed to less concentrated industries. These results are entirely in step with HO, which expects that manufacturers in capital-poor economies prefer protectionism. The link between enfranchisement and employment concentration in predicting this outcome, however, suggests that only politically pivotal manufacturers were able to do so, providing evidence in favor of our legislative mechanism of policy change.

By contrast, in the right panel of Figure 2, within agricultural sectors, the marginal impact of enfranchisement on tariff rates differs slightly for standard rates when employment concentration

[60] Using Hainmueller, Mummolo and Xu (2019)'s tools for modeling continuous interactions, we bin employment concentration into high, medium, and low buckets.

is high as opposed to low (6 vs. 5 percentage points, respectively) and more substantially for preferential rates (7 vs. 15 percentage points, respectively). Though we observe a weaker relationship here than for manufacturing, it is at least clear that more concentrated agricultural industries do not receive *higher* tariffs in increasing levels of enfranchisement, consistent with HO's anticipated support for free trade among agricultural producers in land- and labor-abundant economies.

Figure 2: Differential Effects By Industry



To summarize, the combined effect of enfranchisement and high employment concentration on tariff rates is large, positive, and statistically significant in manufacturing industries but small, positive, and statistically insignificant for agriculture and commodities. These findings contribute three general insights to the study of historical political economy, democratization, and trade politics. First, our results point to HO's relevance to colonial contexts: scarce factors received greater protection via higher tariffs while abundant factors saw relatively freer trade in increasing enfranchisement and employment concentration. Second, and in turn, our results complicate the conventional wisdom about democratization leading to trade liberalization in developing countries; under limited enfranchisement that empowers capital, these conditions do not hold and in fact the opposite outcome is obtained. Third, our results shed fresh light on why tariffs increased during the interwar period. While this aggregate pattern is well-known, we provide evidence involving the complex downstream effects of democratization, which empowered manufacturing interests to pursue their preferred policies through legislative channels.

Research Design: Case Study

The quantitative analysis demonstrates a systematic relationship between enfranchisement and tariffs; we next illustrate the core theoretical mechanism by examining legislative politics in the steel industry. Steel's economic and political centrality to both British and Indian actors makes it an easy case for the standard story and a hard one for our expectations. From Britain's perspective, steel was both a key export and an essential commodity for warmaking. A productive, competitive domestic steel industry required reliable, low-tariff overseas markets, making free trade essential. In India, steel was a core output of nascent domestic manufacturers and a key intermediate input across the economy, leading to conflict between capital, which favored insulating infant industries from international competition, and labor, which insisted on keeping tariffs low to benefit the average Indian. Thus, steel politics featured a direct clash of metropolitan and colonial interests along with an intra-colonial debate over the role of tariffs in India's development.

We employ primary archival sources from the British Library, London. Extensive colonial records document legislative deliberations on trade, Tariff Board proceedings, petitions for protection from manufacturing firms, and declassified confidential correspondence between government authorities in London and Delhi. Our evidentiary claims draw on all available records related to steel industry politics in the British Library's India Office Records (IOR).[61] Such deep historical data allow us to evaluate the theoretical expectations and observable implications outlined in Table 3 over three key episodes of policy change: the initial period when *New Tariff Policy Takes Shape* (1924-1926); the phase of *Contestation and Compromise* (1927) that introduces some preferential British access; and a final stage of the *The Ottawa Agreement* (1932-1934) and its aftermath. In line with cutting-edge standards for research employing text-based sources, the Appendix presents an Annotation for

[61] These include all sources contained in the folders IOR/L/E/9/994-1114, IOR/L/E/9/1115-1143B, and IOR/L/E/9/1144-1175, as well as all Economic Department records related to steel. See Appendix 4 "ATI Data Supplement Overview" for additional details.

Table 3: Case Study Predictions

Expectation	Observable Implications
H1a	British firms and officials lobby for lower tariffs to protect British exporters, specifically in comparative advantage industries like steel
H1b	British officials lobby for lower tariffs to secure access to resources, markets, and a favorable balance of trade vis-à-vis potential adversaries
H2a-c	Indian firms and legislators advocate higher tariffs to support industrial development, specifically in import-competing, capital-intensive, politically pivotal industries like steel

Transparent Inquiry (ATI) for our key evidentiary claims.

Qualitative Analysis

The historical record evinces fierce contestation in the CLA over the steel trade: protectionist forces representing Indian manufacturing firms often defeated metropolitan interests articulated by the India Office, the Viceroy, and British manufacturers.[62] We find that CLA members embraced their role as democratic representatives by debating the merits of protectionism and advocating for higher tariffs (*New Tariff Policy Takes Shape*), battling proposed tariff revisions that benefited British interests at India's expense (*Contestation and Compromise*), and striking an eventual deal with Britain that cemented favorable trade policymaking power for India (*The Ottawa Agreement*).

New Tariff Policy Takes Shape (1924-1926)

The CLA Secures Protection Following the Tariff Board's first report in February 1924—which called for protecting steel along with subsidiary industries such as engineering, railway cars, and tinplate[63]—the CLA considered a bill to implement a policy of "selective and discriminating preference."[64] A majority of newly elected, empowered representatives pursued "avowedly protectionist"

[62] Tomlinson (1975, 354).
[63] Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 4th March 1924.
[64] Madan (1939, 10).

tariffs on iron and steel in 1924, eroding London's previous taboo on such policies, as *H2a* expects.[65]

Pro-protection representatives justified their stance on the basis of supporting infant industries against global economic headwinds, a common practice among powerful states. Sir Charles Innes, Member for Commerce and Railways, argued that India's nascent steel industry was vulnerable to international competition. Compared with established European firms, India had "the Tata Iron and Steel Co. passing through...the most difficult stage of its existence.... It must be evident to all of us that the steel industry in India, if it is to survive, must have temporary assistance during the present transitional period, and that if it does not, it will be squeezed out."[66] Highlighting a double standard, Pandit Madan Mohan Malviya, Member for Allahbad and Jhansi Divisions, posited, "no modern country has built up its trade without the help of protection. England is no exception to the rule. England has resorted to protection when she needed it and has discarded it when she was strong enough to discard it and when it was to her advantage to discard it."[67] Citing a need for self-reliance, Muhammad Ali Jinnah of Bombay City postulated, "If you are convinced this is a national industry, if you are convinced that this is a security industry and that but for protection this industry is going to die, are you going to protect it or not?... Are you going to give it a chance or are you going to indulge in 'high falutine doctrines' and see this industry killed?"[68]

But support for protection wasn't unanimous. Corroborating *H2c*, several members demanded free trade on behalf of labor and consumer interests. Retorting to Jinnah, Chaman Lall of West Punjab indicted fellow legislators for cultivating a "nauseating atmosphere of self-congratulation." "It seems to me," Lall continued, "that the gentlemen who represent the capitalists of India are thumping each other on the back at having produced a baby...and congratulating each other for having come upon a common platform, the platform of exploiting the common people of India."[69] In his account, import protection would harm Indian farmers by raising prices for steel-containing agricultural implements, such as hoes and rakes. Labor-oriented concerns thereby militated for freer trade, in line with the HO model.

However, arguments in favor of tariff-free imports didn't carry the day. Protectionists asserted

[65] Tomlinson (1975, 363).

[66] Extract from the Legislative Assembly, Debate, IV, 39, "The Steel Industry (Protection) Bill," 27th May 1924, 3.

[67] Ibid, 27.

[68] Ibid, 32.

[69] Ibid, 36.

that higher tariffs would shelter India from continued exploitation. For C.S. Ranga Iyer of Rohilkund and Kumaon, the bill meant throwing off the yolk of British influence. "It was free trade that was responsible for the destruction of Indian industries," Iyer remarked, and "free trade is not necessary for India...We, who can be self-sufficing, this nation which can manufacture goods for half the world and feed half the world with her agricultural products—this nation does not stand, never stood, and will never stand for free trade....We are fighting for the freedom of the Indian people."[70] These comments set up the CLA's passage of the bill on June 9th, 1924, evincing Indian capitalists' successful legislative pursuit of protection.[71]

This same debate reprised not two years later when the CLA considered a Tariff Board recommendation for paying "bounties," or subsidies, to Indian train car manufacturers.[72] Channeling the Tariff Board, Innes argued, "since we have brought this industry into existence, we must keep it in existence by giving liberal bounties." B. Das of Orissa backed the amendments as critical for India's development: "I have very often observed on the floor of this House that India's salvation lies in being a protectionist country. India can never prosper without protection."[73]

As before, arguments favoring protectionism faced opposition. Devaki Prasad Sinha of Chota Nagpur argued that the gains from tariffs accrued to "a handful of capitalists" at the expense of Indian taxpayers, who were in effect "asked to compensate the Indian manufacturer for...his own inefficiency in competing with firms in other countries." Labor Interests Representative N. M. Joshi rose vehemently against the motion for its refusal to protect "that class which deserves protection most—I mean, Sir, the labour engaged in the industry to which this protection is being given,"[74] who would face higher prices for basic manufactured goods if tariffs were enacted. Here again, labor voiced support for freer trade.

Yet as in 1924, capital interests prevailed. In an impassioned defense, Jinnah averred that protecting India's industry was essential for growth: "The interests of India demand protection and without protection, let me tell you, there will be no labour, nothing to eat and there will be no Labour Members."[75] The CLA adopted the bounties motion, extending its protectionist record in

[70] Ibid, 44-45.
[71] Ibid, 47.
[72] C.A. Innes, "Statement of Objects and Reasons," Delhi, 28th January 1926.
[73] Extract from the Legislative Assembly Debates, VII, 17, "The Steel Industry (Amendment) Bill," 8th February 1926, 2-3.
[74] Ibid, 4-5.
[75] Ibid, 6.

line with our legislative theory's observable implications.

The British Response Though London was unhappy with India's protectionist turn, British officials felt constrained from intervening on British firms' behalf. The Viceroy summarized the Tariff Board's first report in confidential correspondence with the India Office: Tata was in trouble, which the Indians attributed to "the dumping of cheap Continental and English steel into India," believed to be "deliberate," or "designed to bring the Company [Tata] down." Further, the Viceroy worried, "there is the usual suspicion that we are more interested in British manufacturers than in an indigenous Indian industry, and the protection of that industry is regarded as a matter of national importance and national pride.... It would be a calamity if the Company were to fail, and...worse if it failed while the Tariff Board's report is still under consideration."[76] As the CLA debate proceeded, the Viceroy saw no choice but to "take into consideration the immensely strong sentiment in favour of protection of the steel industry, which is almost universal amongst educated Indians," lest Britain be "accused of subordinating the interests of India to the interests of the British manufacturer."[77]

The India Office protested, "His Majesty's Government does not hold the view that a policy of fiscal protection is that best calculated to promote the economic and industrial interests of any country." But after institutionalizing home rule, London had "no intention of departing from the spirit of the Fiscal Autonomy Convention which has been built up by pronouncements of successive Governments since 1919."[78]

If this were purely about metropolitan interests (*H1a*), British officials should have bent under pressure from British industry. Instead, Indian representatives legislated increasingly protectionist policies that British officials grudgingly accepted under the new constitutional rules. Consider the 1925 CLA debate over supplementary protection for the tinplate industry. Despite having considered the "representation of the Welsh Manufacturers association...against protection of tin plate," the Viceroy's office affirmed in a December 1925 telegram to the Secretary of State that "we are committed to protect the tinplate industry till March, 1927 at least."[79] The India Office reluctantly concurred that "You are, as you say, committed to protect tin-plate industry until March

[76] Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 10th March 1924.
[77] Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 28th March 1924, 1, 9.
[78] Telegram from Secretary of State to Viceroy, Department of Commerce, 29th April 1924.
[79] Telegram from Viceroy, Department of Commerce to Secretary of State, Delhi, 2nd December 1925.

1927," but reminded the Viceroy that "I have not been able to trace any pledge committing you to do more than this."[80] British officials understood they could no longer interfere in Indian policy as they pleased; the CLA's tariff-setting authority had established new precedent via its legislative activities.

Contestation and Compromise (1927)

British Interests Strike Back While Indian interests enjoyed initial success in enacting protection, the empire struck back in 1927, suggesting some limits on the power of representation. Here we find the strongest evidence favoring the conventional wisdom (*H1a*/*H1b*). Even so, and despite conceding preferential treatment for British steel imports, Indian interests retained protective tariffs and used legislative platforms to decry imperial exploitation.

Responsibility for reviewing steel's continued protection after 1927 fell to a CLA Select Committee.[81] The 1927 renewal bill proposed differential tariffs on British- versus European-manufactured steel products in response to economic and geopolitical factors: a decline in Continental steel prices (hurting British steel's competitiveness on world markets) and an appreciation of the rupee against sterling (diminishing Britain's terms of trade with India).[82] The Select Committee's Minutes, likely reflecting behind-the-scenes lobbying by British interests and officials, favored the differential duties approach on the vague grounds that "the economic interest of India will be better served by the system of differential rates of duty on British and non-British steel."[83]

In the Select Committee's Minutes of Dissent, by comparison, several Indian representatives strongly opposed granting Britain preferential access. "I am certain," wrote J.M. Mehta and M.K. Acharya, "that [the] overwhelming majority of people of this country will refuse to countenance Imperial preference in any shape or form; this is not due to any hostility toward the British people...but to our deep-seated conviction based on the painful experience of nearly two centuries that the British imperialists and capitalists are at the bottom of all our troubles." "All India is in favour of granting adequate protection to a national and basic industry like steel...but if this important question is to be mixed up with the fantastic proposal of Imperial preferences and if as a result the

[80] Telegram from Secretary of State to Viceroy, Department of Commerce, 13th January 1926.
[81] "Tariffs & Economics," *Financial Times*, 28th January 1927; "Protection for Indian Steel," *Times of India*, 8th February 1927.
[82] C.A. Innes, "Statement of Objects and Reasons," 14th January 1927.
[83] Legislative Department, 7th February 1927, 1.

grant of protection is imperilled or even delayed the entire responsibility for the grave and disastrous consequences that must ensue will rest on the Tariff Board and the Government."[84] Therefore, the CLA once again gave voice to "vehement Nationalist opposition" regarding British influence over Indian trade policy.[85]

By contrast, British officials and steelmakers who had been hurt by the tariffs were quite pleased.[86] In London, the Board of Trade declared that these policies would "undoubtedly prove of advantage to the trade of this country" while claiming that "of course, there can be no question of pushing them in the interests of United Kingdom manufacturers."[87] As A. Hirtzel of the India Office remarked, "India has hitherto refused to give preference to Great Britain as a political gesture...If the Legislative Assembly accepts the principle [of differential tariffs], it will be all to the good from the British point of view, very likely making an eventual transition to Imperial Preference easier."[88] Consistent with *H1a*, then, Britain pursued freer trade in India to assist British manufacturers; yet it crafted policy to enhance market access specifically versus European competitors, potentially reflecting geopolitical concerns (*H1b*) and the re-regionalization of trade in Europe previously documented in scholarly work.[89]

Unsurprisingly per (*H2a*), sharp contestation ensued in the CLA when debate began in January 1927. Pandit Madan Mohan Malviya argued, "What is the best way of giving legitimate protection to Indian steel? And I submit the best way should be found out without committing the House to the far-reaching principle of giving a preferential treatment to the manufacturers of the United Kingdom over Continental manufacturers."[90] J. M. Mehta concurred, "So long, however, as the principle of Imperial Preference persists in the Bill we are determined to fight it inch by inch and step by step; our determination to resist Imperial Preference at every stage is undying and deathless."[91]

But majority of CLA members proved willing to go along, and the new bill passed in March 1927.[92] This was at least partly due to Nawab Sir Sahibzada Abdul Qaium (Northwest Frontier

[84] Ibid, 4.
[85] "Scope for Steel in India," *Times of India*, 19th March 1927.
[86] "India's 'Model' Protection," *Times of India*, 17th December 1927.
[87] Letter from Sir Henry Fountain to Mr. E.J. Turner, 10th December 1926.
[88] "Note by Sir A. Hirtzel," 15th December 1926.
[89] Gowa and Hicks (2013, 2017).
[90] Extract from the Legislative Assembly Debates, IX, 6, "The Steel Industry (Protection) Bill," 26th January 1927, 14.
[91] Extract from the Legislative Debates, XI, 20, 21st February 1927, 1.
[92] "Scope for Steel in India," *Times of India*, 19th March 1927.

Province), who "noticed that preference is already shown by the British to Indian exports in some cases.... Let us begin to give them preference from this side and put them under an obligation to us, so that we may expect the same preferences from them to our exports. Somebody must start the preference."[93] Therefore, India retained protective steel tariffs, but in its tug-of-war with British interests granted British steel preferential access compared to European steel—a compromise that reflected British economic and geopolitical interests, yet on more equal footing with India's own economic needs.

The Ottawa Agreement (1932-34)

Tiered Tariffs and British Losses The final phase of contestation over trade policy also yielded compromise. At the 1932 Ottawa Conference, India voluntarily acceded to Britain's desire for a full-fledged system of imperial preferences. But India won critical concessions in return, including free entry of Indian goods into Britain. Such promotion of India's interests at Britain's expense is difficult to envision under the conventional wisdom, but consistent with our argument about incipient democracy.

The Ottawa Agreement responded to struggles among Commonwealth exporters following the Great Depression. To stimulate exports, Britain and several of the dominions agreed to enhanced bilateral market access.[94] India initially opposed this expansion of preferential duties, but its wholesale adoption by Britain and many of India's peers proved too costly for India to abstain.[95] However, shifts in trade patterns during the 1930s largely undercut the network of inter-imperial exchange envisioned by the Ottawa pact, as Britain became more dependent on its empire while its principal markets (including India) diversified their own sources of supply.[96]

While Ottawa reflected Britain's efforts to rescue its economic vitality (*H1a*) by leaning on the Commonwealth (*H1b*), our archival evidence indicates that the actual outcomes were the exact opposite of what Britain originally sought. A secret 1934 monograph by the Board of Trade and India Office, known as the Lindsay-Watkinson Report, concluded that "since the United Kingdom gave free entry to practically the whole range of the imports from India," the British government

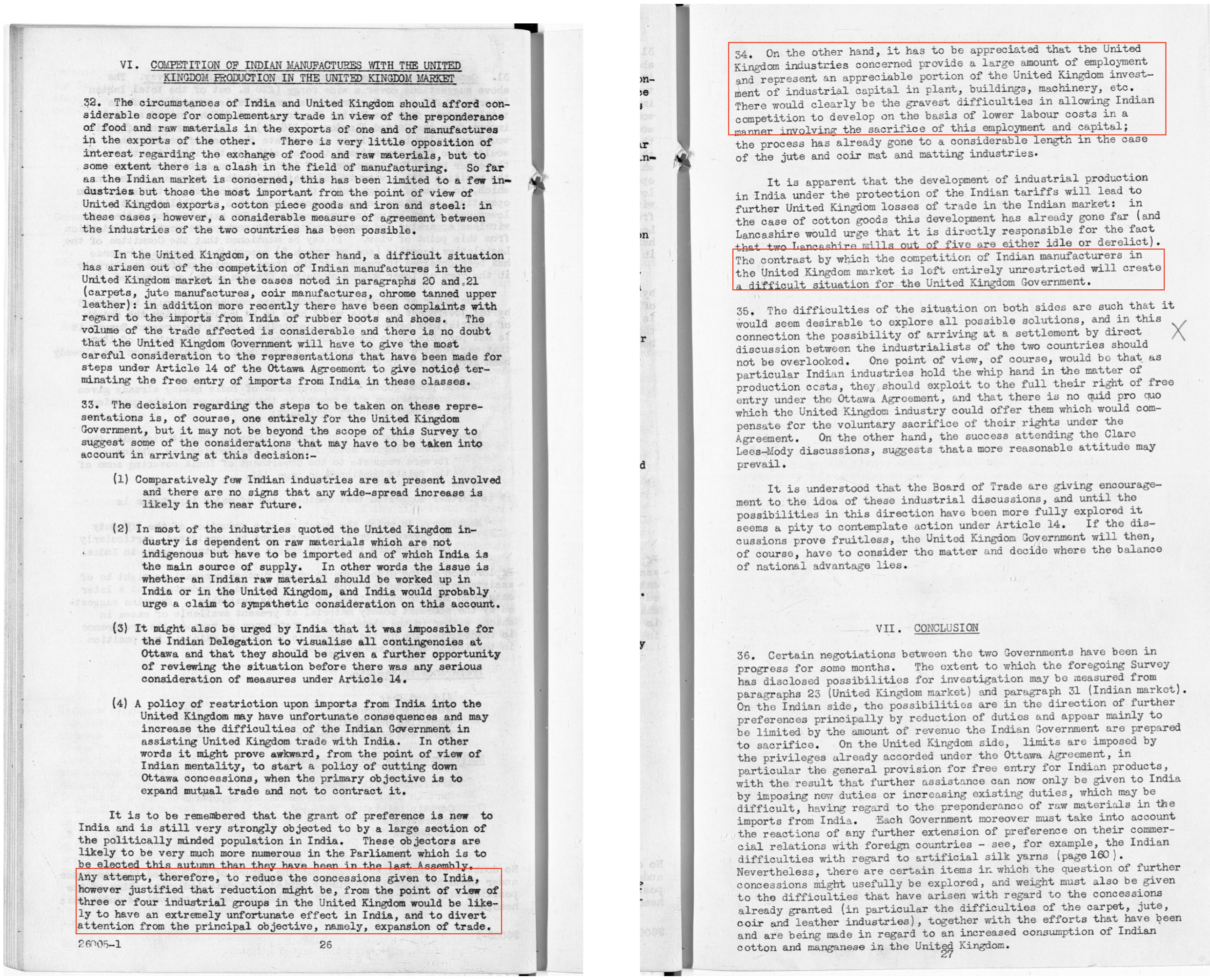
[93] Extract from the Legislative Debates, XI, 20, 21st February 1927, 38.
[94] Glickman (1947, 443-446); "Survey of United Kingdom-India Trade," 30th September 1934, 7.
[95] Madan (1939, 13).
[96] Madan (1939, 5); Glickman (1947, 451, 467-468).

had little else left to give; it couldn't afford to reduce duties further and, in fact, was being criticized for "having gone too far with regard to the imports of Indian manufactured goods."[97] Enumerating Britain's terms-of-trade woes, the report stated, "Whereas India has improved upon the share of the United Kingdom market taken in the last normal year, 1929, the United Kingdom has not yet regained her share of the Indian market for the corresponding year 1929–30."[98] Regarding specific products like pig iron, "Owing to a preference of 33%, India has displaced practically all the imports of the ordinary qualities of pig iron in the United Kingdom market." Indian steel was making major inroads in Britain, undermining a historic strength of the British economy, rather than the other way around.[99]

Despite how Ottawa hurt Britain's economy, the report saw dim prospects for renegotiating a more advantageous agreement. On the one hand, Britain couldn't propose any new or increased duties of its own, which would "give rise to difficult problems for the United Kingdom Government in their relations with United Kingdom industrialists" by making raw materials more expensive.[100] As indicated in Figure 3's righthand panel, core sectors of the British economy—representing a great portion of Britain's employment and capital—already bore the brunt of increased Indian competition; British officials feared that these industries might be sacrificed on the altar of cheap Indian labor. On the other hand, as shown in Figure 3's lefthand panel, British officials recognized that curtailing India's access to the British market was a non-starter: it wouldn't just inflame Indian public opinion, it would also distract from the goal of expanding trade. Through a post-Ottawa lens, the aggregate impact of incipient Indian democratization comes into sharp relief. Having fought tooth and nail first for tariffs, then for improved access to the British market, popular sentiment in India (as represented in the CLA) had grown so attached to protectionism that British officials dared not cross it.

To see British officials' worries laid bare in the secret Lindsay-Watkinson Report is to observe how markedly the balance of trade power between Britain and India had shifted between the granting of legislative autonomy in 1921 and the survey's distribution to top trade officials in late 1934. This isn't to say that Britain wasn't relentlessly pursuing its own economic and geopolitical interests, as

[97]"Survey of United Kingdom-India Trade," 30th September 1934, 1-2.
[98]Ibid, 5-6.
[99]Ibid, 17.
[100]Ibid, 1-2.



VI. COMPETITION OF INDIAN MANUFACTURES WITH THE UNITED KINGDOM PRODUCTION IN THE UNITED KINGDOM MARKET

32. The circumstances of India and United Kingdom should afford considerable scope for complementary trade in view of the preponderance of food and raw materials in the exports of one and of manufactures in the exports of the other. There is very little opposition of interest regarding the exchange of food and raw materials, but to some extent there is a clash in the field of manufacturing. So far as the Indian market is concerned, this has been limited to a few industries but those the most important from the point of view of United Kingdom exports, cotton piece goods and iron and steel: in these cases, however, a considerable measure of agreement between the industries of the two countries has been possible.

In the United Kingdom, on the other hand, a difficult situation has arisen out of the competition of Indian manufactures in the United Kingdom market in the cases noted in paragraphs 20 and 21 (carpets, jute manufactures, coir manufactures, chrome tanned upper leather): in addition more recently there have been complaints with regard to the imports from India of rubber boots and shoes. The volume of the trade affected is considerable and there is no doubt that the United Kingdom Government will have to give the most careful consideration to the representations that have been made for steps under Article 14 of the Ottawa Agreement to give notice terminating the free entry of imports from India in these classes.

33. The decision regarding the steps to be taken on these representations is, of course, one entirely for the United Kingdom Government, but it may not be beyond the scope of this Survey to suggest some of the considerations that may have to be taken into account in arriving at this decision:-

(1) Comparatively few Indian industries are at present involved and there are no signs that any wide-spread increase is likely in the near future.

(2) In most of the industries quoted the United Kingdom industry is dependent on raw materials which are not indigenous but have to be imported and of which India is the main source of supply. In other words the issue is whether an Indian raw material should be worked up in India or in the United Kingdom, and India would probably urge a claim to sympathetic consideration on this account.

(3) It might also be urged by India that it was impossible for the Indian Delegation to visualise all contingencies at Ottawa and that they should be given a further opportunity of reviewing the situation before there was any serious consideration of measures under Article 14.

(4) A policy of restriction upon imports from India into the United Kingdom may have unfortunate consequences and may increase the difficulties of the Indian Government in assisting United Kingdom trade with India. In other words it might prove awkward, from the point of view of Indian mentality, to start a policy of cutting down Ottawa concessions, when the primary objective is to expand mutual trade and not to contract it.

It is to be remembered that the grant of preference is new to India and is still very strongly objected to by a large section of the politically minded population in India. These objectors are likely to be very much more numerous in the Parliament which is to be elected this autumn than they have been in the last Assembly. Any attempt, therefore, to reduce the concessions given to India, however justified that reduction might be, from the point of view of three or four industrial groups in the United Kingdom would be likely to have an extremely unfortunate effect in India, and to divert attention from the principal objective, namely, expansion of trade.

26005-1 26

34. On the other hand, it has to be appreciated that the United Kingdom industries concerned provide a large amount of employment and represent an appreciable portion of the United Kingdom investment of industrial capital in plant, buildings, machinery, etc. There would clearly be the gravest difficulties in allowing Indian competition to develop on the basis of lower labour costs in a manner involving the sacrifice of this employment and capital; the process has already gone to a considerable length in the case of the jute and coir mat and matting industries.

It is apparent that the development of industrial production in India under the protection of the Indian tariffs will lead to further United Kingdom losses of trade in the Indian market: in the case of cotton goods this development has already gone far (and Lancashire would urge that it is directly responsible for the fact that two Lancashire mills out of five are either idle or derelict). The contrast by which the competition of Indian manufacturers in the United Kingdom market is left entirely unrestricted will create a difficult situation for the United Kingdom Government.

35. The difficulties of the situation on both sides are such that it would seem desirable to explore all possible solutions, and in this connection the possibility of arriving at a settlement by direct discussion between the industrialists of the two countries should not be overlooked. One point of view, of course, would be that as particular Indian industries hold the whip hand in the matter of production costs, they should exploit to the full their right of free entry under the Ottawa Agreement, and that there is no quid pro quo which the United Kingdom industry could offer them which would compensate for the voluntary sacrifice of their rights under the Agreement. On the other hand, the success attending the Clare Lees-Mody discussions, suggests that a more reasonable attitude may prevail.

It is understood that the Board of Trade are giving encouragement to the idea of these industrial discussions, and until the possibilities in this direction have been more fully explored it seems a pity to contemplate action under Article 14. If the discussions prove fruitless, the United Kingdom Government will then, of course, have to consider the matter and decide where the balance of national advantage lies.

VII. CONCLUSION

36. Certain negotiations between the two Governments have been in progress for some months. The extent to which the foregoing Survey has disclosed possibilities for investigation may be measured from paragraphs 23 (United Kingdom market) and paragraph 31 (Indian market). On the Indian side, the possibilities are in the direction of further preferences principally by reduction of duties and appear mainly to be limited by the amount of revenue the Indian Government are prepared to sacrifice. On the United Kingdom side, limits are imposed by the privileges already accorded under the Ottawa Agreement, in particular the general provision for free entry for Indian products, with the result that further assistance can now only be given to India by imposing new duties or increasing existing duties, which may be difficult, having regard to the preponderance of raw materials in the imports from India. Each Government moreover must take into account the reactions of any further extension of preference on their commercial relations with foreign countries - see, for example, the Indian difficulties with regard to artificial silk yarns (page 160). Nevertheless, there are certain items in which the question of further concessions might usefully be explored, and weight must also be given to the difficulties that have arisen with regard to the concessions already granted (in particular the difficulties of the carpet, jute, coir and leather industries), together with the efforts that have been and are being made in regard to an increased consumption of Indian cotton and manganese in the United Kingdom.

27

Figure 3: Excerpts from secret 1934 monograph, "Lindsay-Watkinson Report"

we find ample archival evidence consistent with *H1a* and *H1b*. Still, the Lindsay-Watkinson report's dismay reflects how Indian democratization empowered a range of domestic economic interests, with import-competing capital leading the charge (*H2*). Taken together, we view the in-depth evidence from one critical industry (steel) as illustrating the mechanisms in our theoretical argument, as summarized in Table 4.

Conclusion

This article casts new light on the conventional wisdom regarding imperial trading relations, showing how India leveraged its expanding electoral power to craft an independent tariff policy despite substantial British resistance. Historians have noted a general rise in tariffs during the late

Table 4: Support for Theoretical Expectations in Case Study

	New Tariff Policy Takes Shape	**Contestation and Compromise**	**The Ottawa Agreement**
H1a	No	Yes	Mixed
H1b	No	Yes	Mixed
H2a-c	Yes	Yes	Yes

colonial period, yet these accounts overlook the role of political enfranchisement in shifting the balance of power in trade policymaking away from the metropole and toward the colonies. We theorize and demonstrate that incipient democracy predicts higher tariffs, particularly in politically pivotal industries, and in line with factor endowment models. Taking the steel industry as a representative example, we provide evidence consistent with the mechanics of the theory: enfranchisement not only enabled vibrant debate over tariffs in the CLA, but also led to the adoption of policies favoring Indian interests. Our contribution, then, identifies colonial rather than metropolitan actors as shapers of economic policy, points to conditions under which democratization yields protectionism rather than liberalization, and furnishes the rationale for how protectionism manifested by industry.

We apply the theory advanced in this paper to trade and economic policymaking, but note that it may have broader purchase in explaining distributive politics between colony and metropole. For example, legislative reform in India during the period under study also pertained to reducing the Indian army's commitment to defending the British empire. Before Home Rule, India was contributing roughly 30 infantry divisions to far-flung British holdings across the Middle East and Asia; by early 1923, the CLA had resolved, and London had largely accepted, that the army was not to be deployed for service outside of India,[101] a development that is consistent with our argument about democratization and colonial resistance.

Britain was, of course, also declining relative to its great power rivals at this stage, and its Home Rule concessions were partly a reaction to these developments. Whereas scholars have argued that Britain doubled down on its empire during decline,[102] we posit that this was effectively impossible

[101] Tomlinson (1975, 359,361).
[102] Cohen (1973).

in the aftermath of enfranchisement, even as various British interests sought influence over economic policy in the dominions. By conferring real political power on colonial legislatures, representation unleashed a torrent of local resistance to metropolian policies and instantly delegitimized British attempts at undermining that resistance. We therefore highlight how actors in the dominions responded to the geopolitical headwinds facing their colonizers, restoring agency to the subaltern constituents and their elected officials who were driving the outcomes of various distributive conflicts. In this way, the insights that we develop here may travel to other settings within the British empire (where a litany of colonial holdings received some form of representation), as well as to the formal and informal spheres of other metropoles such as France, the Netherlands, Spain, Portugal, and the U.S. A promising pathway for future research, therefore, is to examine how variation in enfranchisement across and within empires influenced the politics of resistance under imperial rule.

Finally, in terms of contemporary policy relevance, our theory and findings shed fresh light on political controversies over economic exploitation and tariff policy. One example concerns China's Belt and Road Initiative (BRI), which has garnered charges of neo-imperialism for its lack of transparency and allegedly predatory loans to cash-strapped developing countries across Africa and Asia.[103] Our argument expects that democracies—especially those with consolidated institutions—would fare better than autocracies or mixed regimes in resisting potential foreign attempts to gain economic leverage through trade and investment. Consider the cases of Kenya, Ethiopia, and Sri Lanka, which have all been targets of significant BRI investments. In Kenya, strong civil society and free media have held Chinese firms accountable to local regulations and pushed for the end of a Chinese contract to run the new Standard Gauge Railway, citing exorbitant fees.[104] By contrast, in Ethiopia, where civil society institutions are weaker than in Kenya,[105] there is no clear plan to address the debt burden associated with its own new railroad.[106] Similarly, in Sri Lanka, endemic corruption and democratic erosion have accompanied the government's concession on a 99-year

[103] "China Curtails Overseas Lending in Face of Geopolitical Backlash," *Financial Times*, 7th December 2020, https://on.ft.com/40adZ9J.

[104] "Kenya's Chinese-Built Railway Proves Pricey," *Voice of America*, 24th September 2020, https://bit.ly/3RazpQ1; "Belt and Road Initiative: End of the Line for China's Afristar Rail Firm in Kenya?" *South China Morning Post*, 14th March 2021, https://bit.ly/3wztomn.

[105] "These Two African Railway Megaprojects Tell Us a Lot about China's Development Model," *The Washington Post*, 6th March 2021, https://wapo.st/3kJA3Yx.

[106] "Can China Keep Investment Strategy on Track as Ethiopian Railways Hit Buffers?" *South China Morning Post*, 8th March 2021, https://bit.ly/3XLdFwr.

Chinese lease on Hambantota port as a means of dealing with related debts.[107]

Though debate continues over whether China's foreign economic policy is uniquely predatory,[108] similar patterns of trade-based exploitation emerged following interventions by the U.S. Central Intelligence Agency (CIA) during the Cold War. In particular, imports of U.S. goods rose in autocracies, but not democracies in the aftermath of CIA operations to depose regimes deemed unfriendly or threatening to the United States.[109] To the extent that Britain and other imperial powers similarly sought to leverage their hegemony into favorable economic circumstances, great powers' pursuit of economic dominance is an enduring feature of international politics. We highlight, by contrast, how strong democratic institutions enable local interests in subordinate states to counter these campaigns of subjugation.

[107] "How China Got Sri Lanka to Cough Up a Port," *The New York Times*, 15th June 2018, https://nyti.ms/2lCtC7U; "Ally of Ousted Sri Lanka President Is Chosen to Replace Him," *The New York Times*, 20th July 2022, https://nyti.ms/3WPheAp.

[108] "The Chinese 'Debt Trap' Is a Myth," *The Atlantic*, 6th February 2021, https://bit.ly/3Hi7clA.

[109] Berger et al. (2013).

References

Adarkar, BP. 1944. "Tariffs and Fiscal Policy." *The ANNALS of the American Academy of Political and Social Science* 233(1):141–145. 12

Antràs, Pol and Gerard Padró i Miquel. 2011. "Foreign Influence and Welfare." *Journal of International Economics* 84(2):135–148. 7

Arthi, Vellore, Markus Lampe, Ashwin R Nair and Kevin Hjortshøj O'Rourke. 2020. The Impact of Interwar Protection: Evidence from India. Working Paper 27178 National Bureau of Economic Research.
URL: *http://www.nber.org/papers/w27178* 5, 6

Beramendi, Pablo, Mark Dincecco and Melissa Rogers. 2019. "Intra-Elite Competition and Long-Run Fiscal Development." *The Journal of Politics* 81(1):49–65. 2

Berger, Daniel, William Easterly, Nathan Nunn and Shanker Satyanath. 2013. "Commercial Imperialism? Political Influence and Trade during the Cold War." *American Economic Review* 103(2):863–896. 4, 33

Bhavnani, Rikhil and Saumitra Jha. 2014. "Forging a Non-Violent Mass Movement: Economic Shocks and Organizational Innovations in India's Struggle for Democracy." Unpublished manuscript. 2

Bowman, Kirk, Fabrice Lehoucq and James Mahoney. 2005. "Measuring Political Democracy: Case Expertise, Data Adequacy, and Central America." *Comparative Political Studies* 38(8):939–970. 2

Busch, Marc L and Eric Reinhardt. 1999. "Industrial location and protection: The political and economic geography of US nontariff barriers." *American Journal of Political Science* pp. 1028–1050. 10

Cain, P. J. 1978. "J. A. Hobson, Cobdenism, and the Radical Theory of Economic Imperialism, 1898-1914." *The Economic History Review* 31(4):565–584. 7, 8

Cain, P. J. and A. G. Hopkins. 2001. *British Imperialism: 1688-2000*. London: Routledge. 2, 5, 14

Callaway, Brantly and Pedro HC Sant'Anna. 2021. "Difference-in-differences with multiple time periods." *Journal of Econometrics* 225(2):200–230. 16, 5

Carnegie, Allison and Nikhar Gaikwad. 2022. "Public Opinion on Geopolitics and Trade: Theory and Evidence." *World Politics* pp. 1–38. 8

Chadwick, David T. 1928. "THE WORK OF THE INDIAN TARIFF BOARD." *Journal of the Royal Society of Arts* 76(3921):195–210. 12

Chiriyankandath, James. 1992. "'Democracy' Under the Raj: Elections and Separate Representation in British India." *The Journal of Commonwealth & Comparative Politics* 30(1):39–63. 11, 12, 14

Cohen, Benjamin J. 1973. *The Question of Imperialism: The Political Economy of Dominance and Dependence*. New York: Basic Books. 1, 8, 31

Coleman, James Smoot. 1964. *Political Parties and National Integration in Tropical Africa*. Berkeley: University of California Press. 8

Dean, Adam. 2015. "The Gilded Wage: Profit-Sharing Institutions and the Political Economy of Trade." *International Studies Quarterly* 59(2):316–329. 1

Drummond, Ian M. 1971. *British Economic Policy and Empire, 1919-1939*. London: Routledge. 14

Eichengreen, Barry and Douglas A. Irwin. 1995. "Trade Blocs, Currency Blocs and the Reorientation of World Trade in the 1930s." *Journal of International Economics* 38(1):1–24. 13, 14

Findlay, Ronald and Kevin H. O'Rourke. 2009. *Power and Plenty: Trade, War, and the World Economy in the Second Millennium*. Princeton: Princeton University Press. 7

Frieden, Jeffry A. 1994. "International investment and colonial control: A new interpretation." *International Organization* 48(4):559–593. 1

Frye, Timothy and Edward D Mansfield. 2003. "Fragmenting protection: The political economy of trade policy in the post-communist world." *British Journal of Political Science* pp. 635–657. 2, 10

Frye, Timothy and Edward D Mansfield. 2004. "Timing is everything: Elections and trade liberalization in the postcommunist world." *Comparative Political Studies* 37(4):371–398. 2, 10

Glickman, David L. 1947. "The British Imperial Preference System." *The Quarterly Journal of Economics* 61(3):439–470. 4, 13, 28

Goldstein, Judith. 1989. "The Impact of Ideas on Trade Policy: The Origins of US Agricultural and Manufacturing Policies." *International Organization* 43(1):31–71. 1

Goldstein, Judith and Lisa Martin. 2000. "Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note." *International Organization* 54(3):603–632. 1

Goldstein, Judith and Robert Gulotty. 2014. "America and Trade Liberalization: The Limits of Institutional Reform." *International Organization* 68(2):263–295. 4

Goslinga, Cornelis C. 1979. *A Short History of the Netherlands Antilles and Surinam*. Dordrecht: Springer Netherlands. 9

Gowa, Joanne and Edward D Mansfield. 1993. "Power Politics and International Trade." *American Political Science Review* 87(2):408–420. 8

Gowa, Joanne and Raymond Hicks. 2013. "Politics, Institutions, and Trade: Lessons of the Interwar Era." *International Organization* 67(3):439–467. 14, 27

Gowa, Joanne and Raymond Hicks. 2017. "Commerce and Conflict: New Data about the Great War." *British Journal of Political Science* 47(3):653–674. 14, 27

Hainmueller, Jens, Jonathan Mummolo and Yiqing Xu. 2019. "How much should we trust estimates from multiplicative interaction models? Simple tools to improve empirical practice." *Political Analysis* 27(2):163–192. 19

Hirschman, Albert O. 1980. *National Power and the Structure of Foreign Trade*. Berkeley: University of California Press. 7

Hobson, J. A. 1902. *Imperialism: A Study*. London: James Nisbet & Co., Limited. 1, 7, 13

Jacks, David S and Dennis Novy. 2019. Trade Blocs and Trade Wars during the Interwar Period. Working Paper 25830 National Bureau of Economic Research.
URL: *http://www.nber.org/papers/w25830* 14

Kleiman, Ephraim. 1976. "Trade and the Decline of Colonialism." *The Economic Journal* 86(343):459–480. 7

Krasner, Stephen D. 1976. "State Power and the Structure of International Trade." *World Politics* 28(3):317–347. 5, 8, 13

Lee, Alexander. 2019. "Land, State Capacity, and Colonialism: Evidence From India." *Comparative Political Studies* 52(3):412–444. 2

Lee, Alexander and Jack Paine. 2019*a*. "British Colonialism and Democracy: Divergent Inheritances and Diminishing Legacies." *Journal of Comparative Economics* 47(3):487–503. 2, 12

Lee, Alexander and Jack Paine. 2019*b*. "What Were the Consequences of Decolonization?" *International Studies Quarterly* 63(2):406–416. 2

Lenin, Vladimir Ilich. 1917. *Imperialism, the Highest Stage of Capitalism*. New York: International Publishers. 1, 7

Levkovych, Oksana. 2018. "Liberalism's Last Gasp: Walter Runciman Against the Tide." Working paper presented at the 2018 International Political Economy Society conference. 14

Lipset, Seymour M. 1994. "The Social Requisites for Democracy: Economic Development Revisited: 1993 Presidential Address." *American Sociological Review* 59(1):1–22. 1, 8

Lipset, Seymour M. 1997. Excerpts from Three Lectures on Democracy. Lecture 1: Conditions for Democracy. In *The 1997 Julian J. Rothbaum Distinguished Lecture in Representative Government, Carl Albert Cente*. University of Oklahoma, Norman, OK. 9

Luxemburg, Rosa. 1913. *The Accumulation of Capital*. Routledge. 7

Madan, Balkrishna. 1939. *India and Imperial Preference: A Study in Commercial Policy*. London: Oxford University Press. 12, 13, 22, 28

Mahoney, James. 2010. *Colonialism and Postcolonial Development: Spanish America in Comparative Perspective*. Cambridge: Cambridge University Press. 1

McGillivray, Fiona. 2004. *Privileging Industry: The Comparative Politics of Trade and Industrial Policy*. Princeton University Press. 10

Milner, Helen. 1987. "Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s." *International Organization* 41(4):639–665. 2

Milner, Helen and Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." *International Organization* 59(1):107–143. 2, 5, 10

Morrison, James Ashley. 2012. "Before Hegemony: Adam Smith, American Independence, and the Origins of the First Era of Globalization." *International Organization* 66(3):395–428. 13

Mukherjee, Bumba. 2016. *Democracy and trade policy in developing countries.* University of Chicago Press. 2, 10

Oronato, Massimiliano and Steven Wilkinson. 2013. "Colonial Electoral Legacies and Democratic Consolidation." Working Paper. 9

Prakash, Gyan. 1994. "Subaltern Studies as Postcolonial Criticism." *The American Historical Review* 99(5):1475–1490. 2

Putnam, Robert D. 1988. "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization* 42(3):427–460. 9

Queralt, Didac. 2015. "From Mercantilism to Free Trade: A History of Fiscal Capacity Building." *Quarterly Journal of Political Science* 10(2):221–273. 1

Rashiduzzaman, Md. 1964. "The Central Legislature in British India: 1921 to 1947." PhD thesis Durham University.
URL: *http://etheses.dur.ac.uk/8122/1/8122*5C_5122.PDF* 12, 14

Robbins, Lionel. 1939. *The Economic Causes of War.* London: Jonathan Cape, Ltd. 7

Rogowski, Ronald. 1987. "Political Cleavages and Changing Exposure to Trade." *American Political Science Review* 81(4):1121–1137. 1, 5, 10

Rooth, Tim. 1993. *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s.* Cambridge: Cambridge University Press. 14

Ruedy, John Douglas. 1992. *Modern Algeria: The Origins and Development of a Nation.* Bloomington: Indiana University Press. 8

Scheve, Kenneth F. and Matthew J. Slaughter. 2001. "What determines individual trade-policy preferences?" *Journal of International Economics* 54(2):267–292.
URL: *http://www.sciencedirect.com/science/article/pii/S0022199600000945* 5, 10

Scheve, Kenneth and Ruxi Zhang. 2016. "One Belt One Road: Chinese Strategic Investment in the 21st Century." *Stanford University Graduate School of Business* P-87. 4

Tomlinson, B.R. 1975. "India and the British Empire, 1880-1935." *The Indian Economic & Social History Review* 12(4):337–380. 2, 5, 9, 11, 12, 13, 22, 23, 31

Verdier, Daniel. 1995. *Democracy and International Trade: Britain, France, and the United States, 1860-1990.* Princeton: Princeton University Press. 7

Weiner, Myron. 1989. *The Indian Paradox: Essays in Indian Politics.* Newbury Park, Calif: Sage Publications. 9

Winnacker, Rudolph A. 1938. "Elections in Algeria and the French Colonies Under the Third Republic." *American Political Science Review* 32(2):261–277. 9

Wolf, Nikolaus and Albrecht O. Ritschl. 2011. "Endogeneity of Currency Areas and Trade Blocs: Evidence from a Natural Experiment." *Kyklos* 64(2):291–312. 14

Supplemental Appendix for 'The Interests of India Demand Protection': Democratization and Trade Policy Under Empire

January 31, 2023

*For helpful comments, we thank Alexandra Cirone, Ricky Clark, Raymond Hicks, Lisa McKay, Emily Sellars, David Steinberg, Stephen Nelson, and participants at the 2019 IPES Conference, 2019 Historical Political Economy Conference, Columbia University IPE Working Group, Northwestern University IR workshop, University of Wisconsin IR workshop, and 2021 ISA and MPSA Conferences. Aura Gonzalez, Nirlipta Pathy, and Yujin Zhang provided excellent research assistance.

†Postdoctoral Research Associate, Watson Institute for International and Public Affairs, Brown University.

‡Assistant Professor, Political Science Department, Columbia University.

Contents

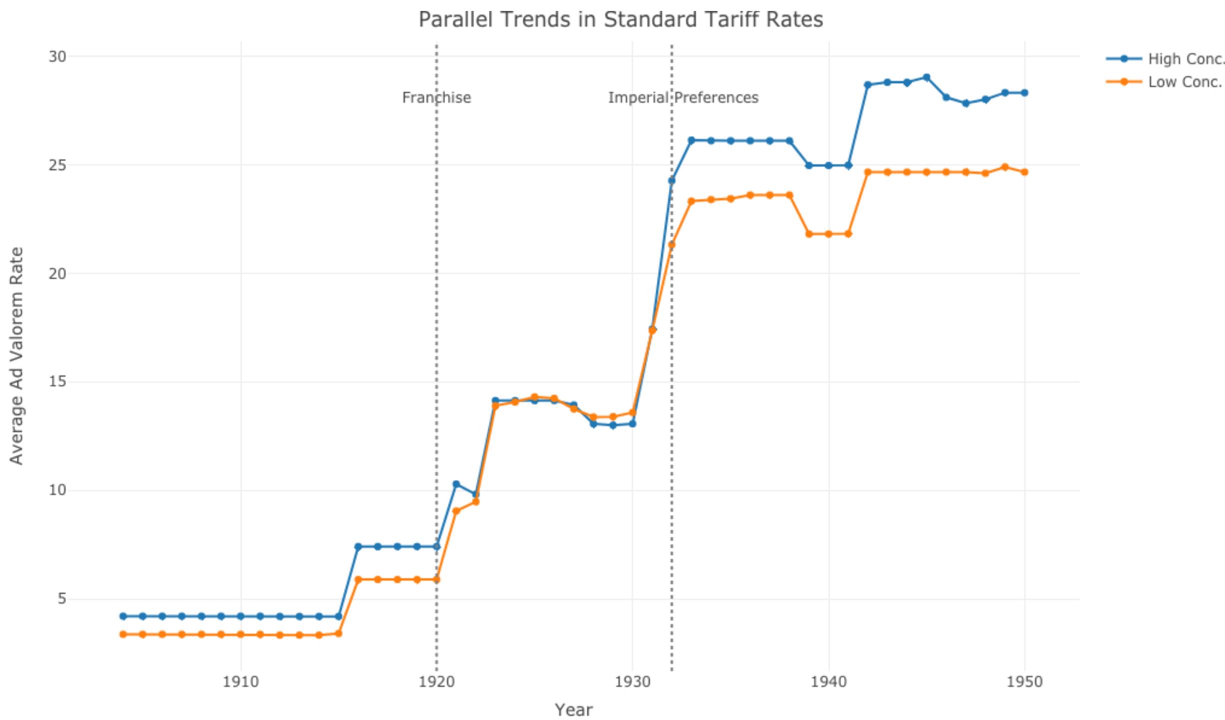
1 Industrial Sectors

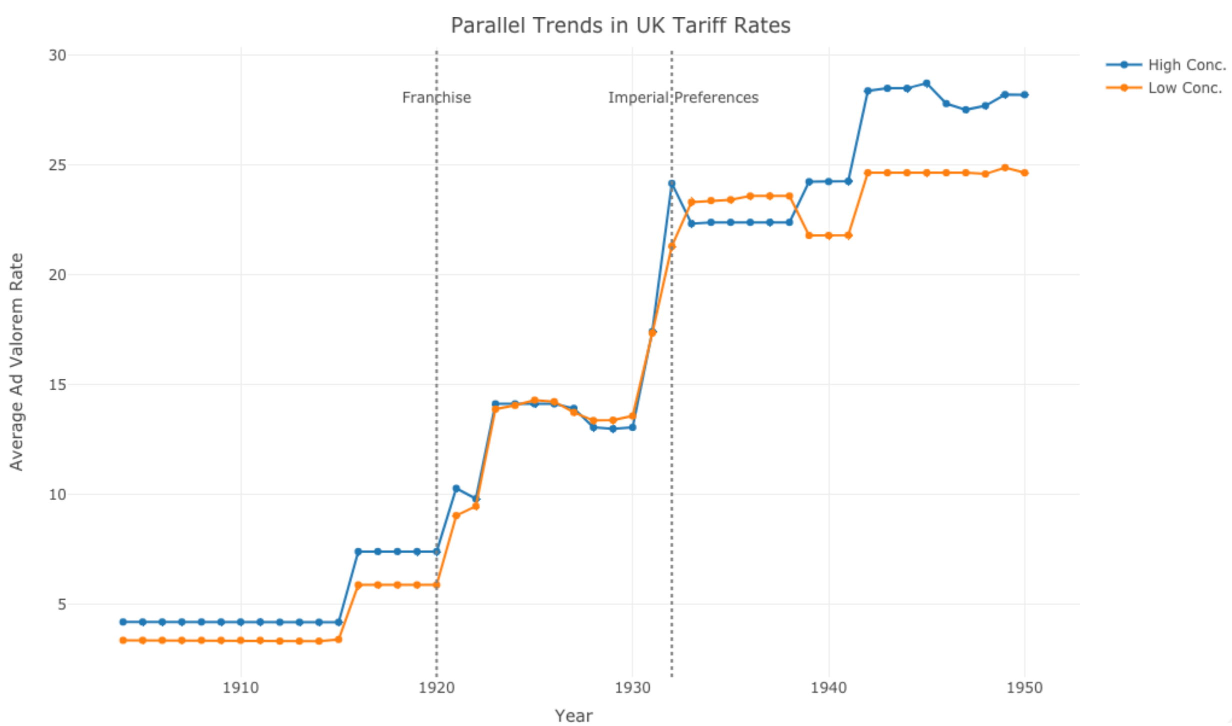
Table A1: Industrial Categories of Goods

Number	Sector	Industry
1	Animal products	Agricultural/Commodity
2	Vegetable products	Agricultural/Commodity
3	Fats and oils	Agricultural/Commodity
4	Food preparation	Agricultural/Commodity
5	Mineral products	Agricultural/Commodity
6	Chemical and pharmaceutical products	Manufacturing
7	Hides, skins, and leather	Manufacturing
8	Rubber	Manufacturing
9	Wood and cork	Manufacturing
10	Paper	Manufacturing
11	Textiles	Manufacturing
12	Articles of fashion	Manufacturing
13	Stone and mineral materials	Manufacturing
14	Precious stones and metals	Manufacturing
15	Base metals	Manufacturing
16	Machinery and apparatus	Manufacturing
17	Transport material	Manufacturing
18	Scientific and precision instruments	Manufacturing
19	Arms and ammunition	Manufacturing
20	Miscellaneous goods	Manufacturing
21	Works of art and articles for collection	Manufacturing
22	Articles not otherwise specified	Manufacturing

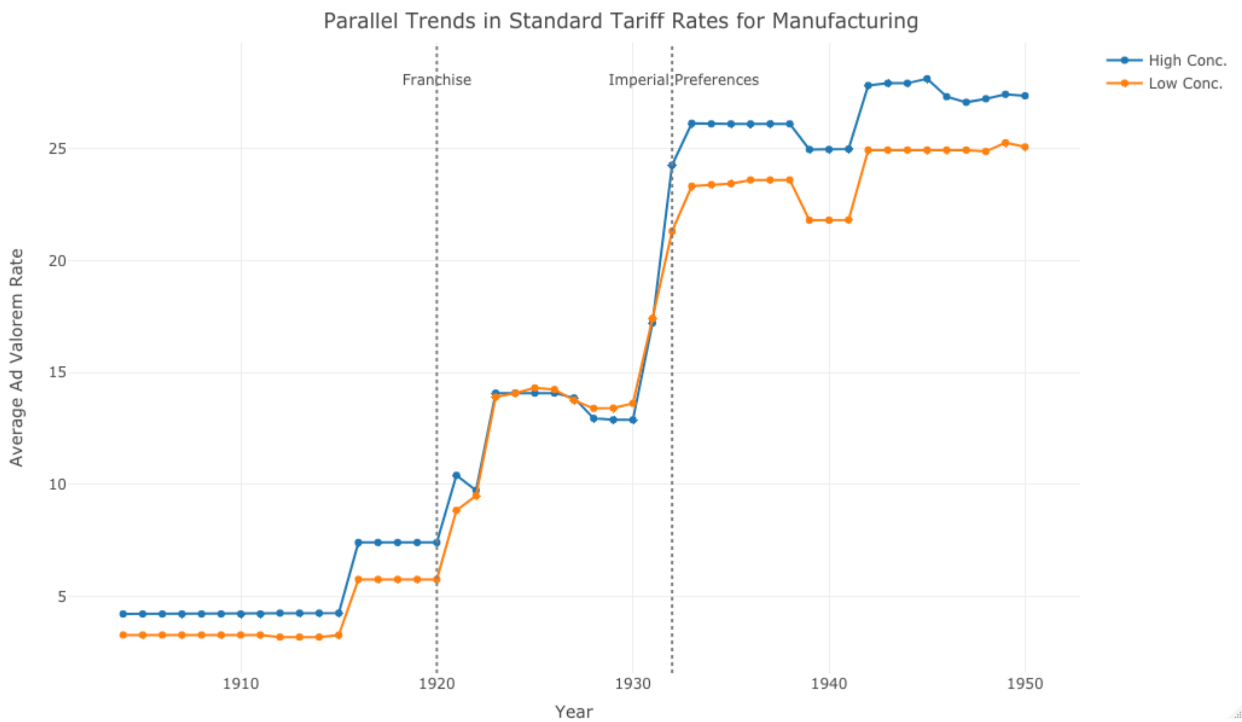
2 Parallel Trends Analysis

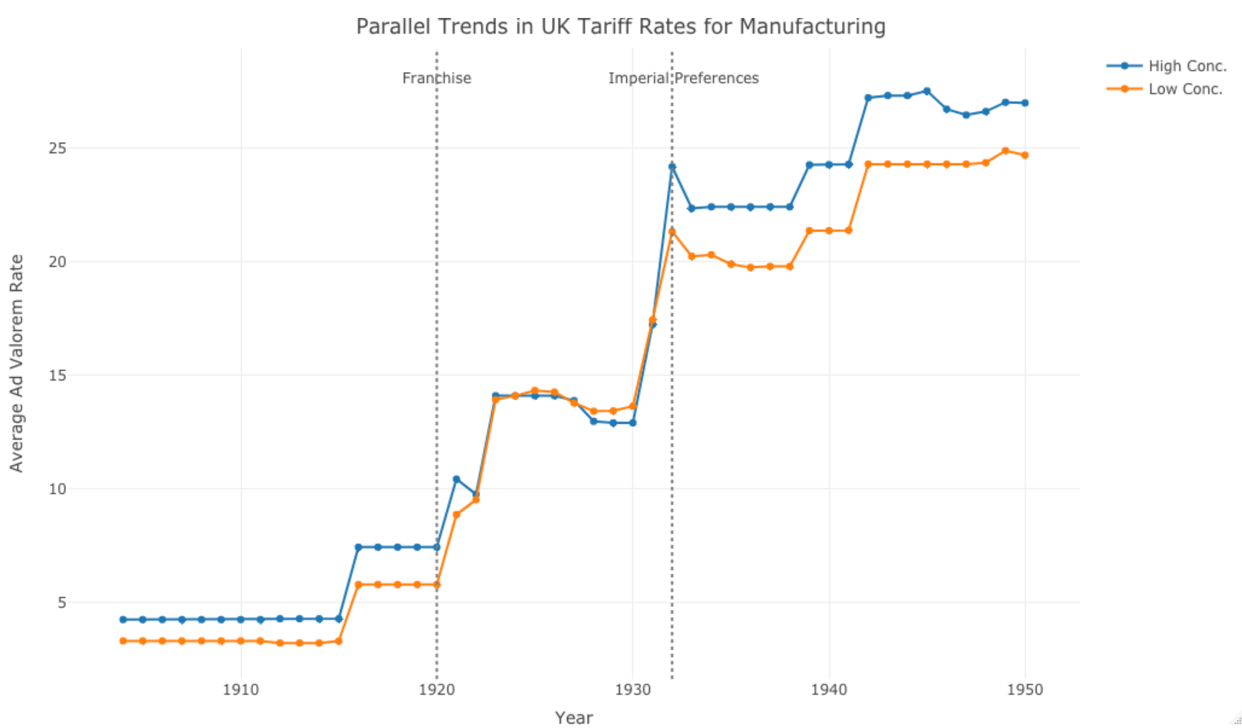
2.1 Overall Sample



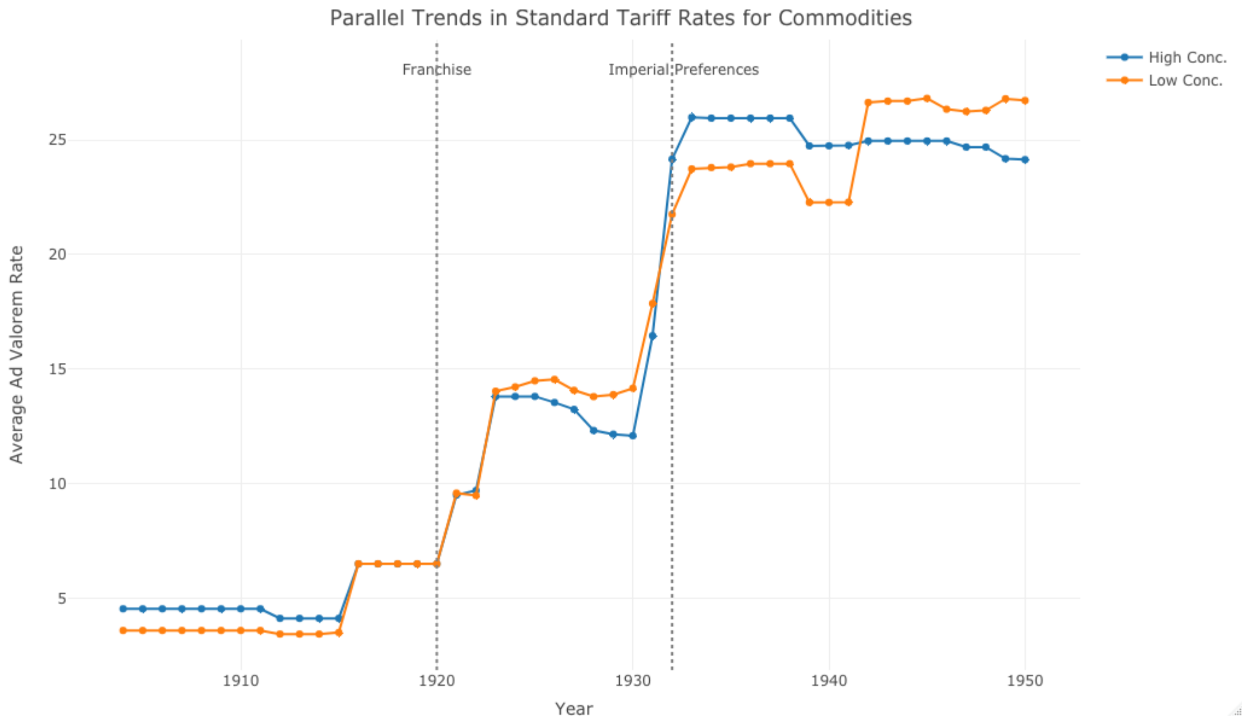


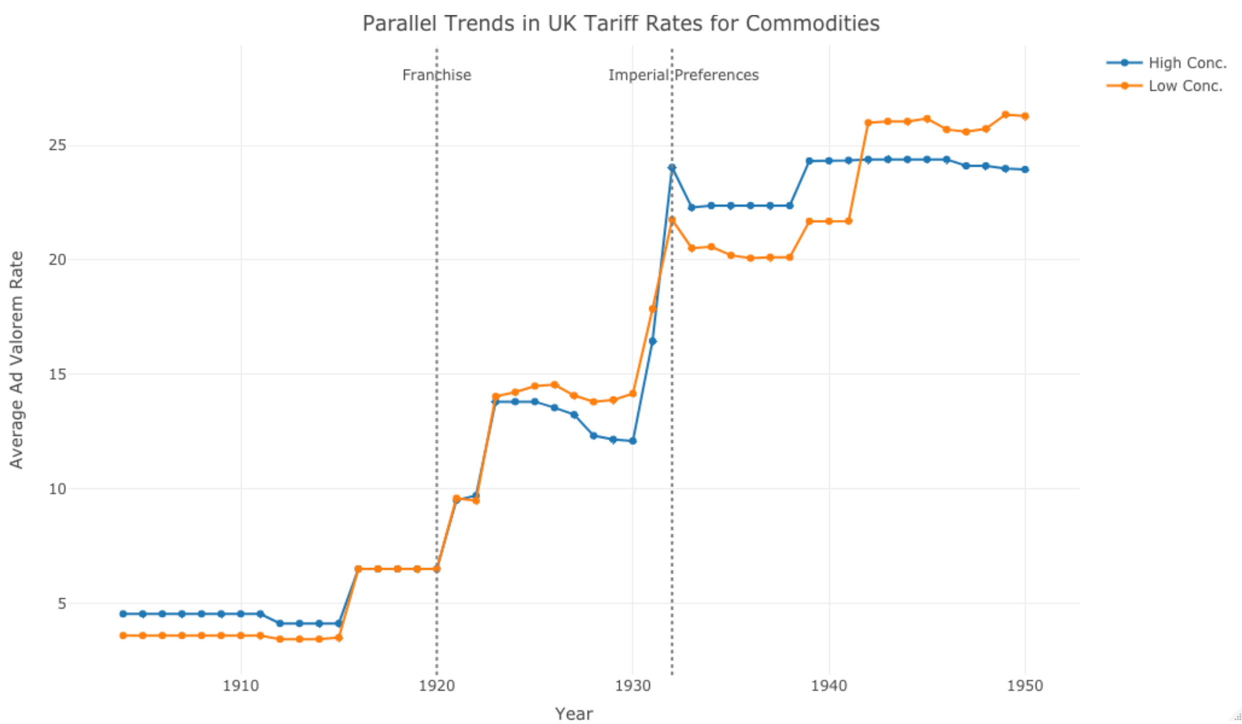
2.2 Within Manufacturing





2.3 Within Agriculture/Commodities





2.4 Pre-Test for Parallel Trends

Consistent with guidance from Callaway and Sant'Anna (2021), we perform a pre-test for parallel trends. To do so within the confines of the Callaway and Sant'Anna approach, however, we must transform our data into treated and untreated units. We define treated units as product-years for which enfranchisement is greater than zero and for which employment concentration is above the median within the relevant census period. The key takeaway from the charts below is that we do not observe evidence of a significant pre-trend: there is no pattern of pre-treatment point estimates with confidence intervals that exclude zero.

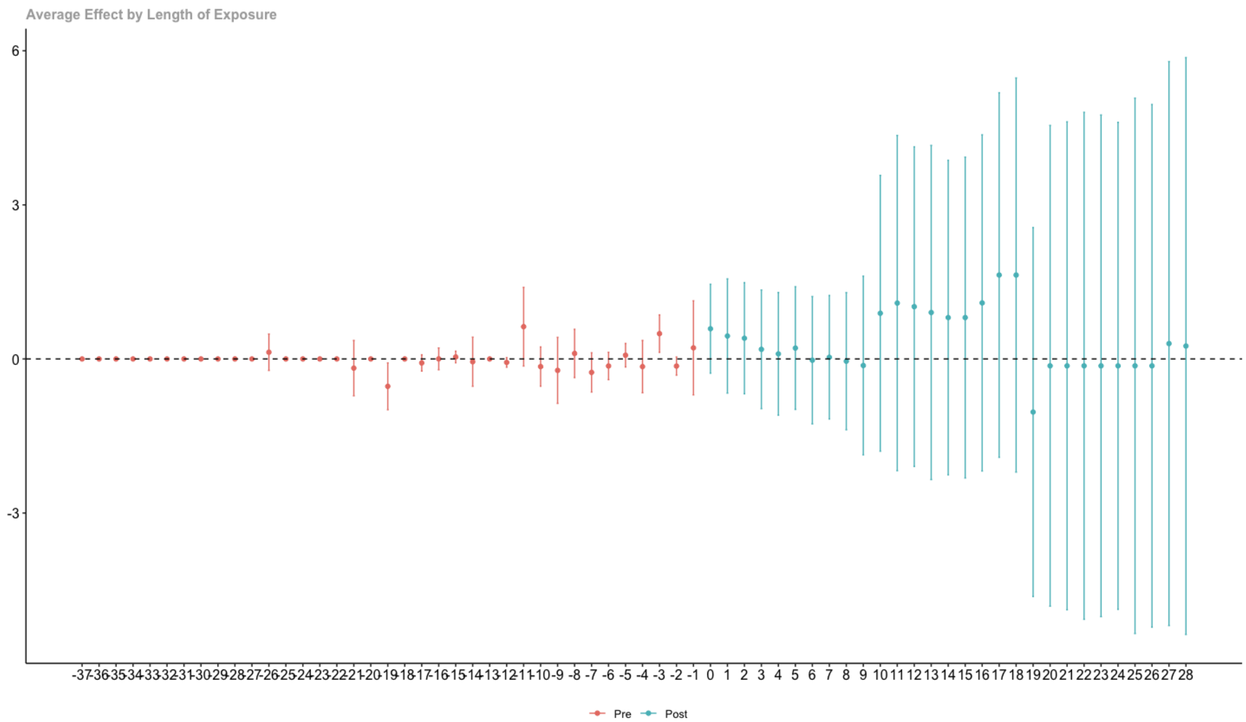


Figure A1: Standard Rates Pre-Test

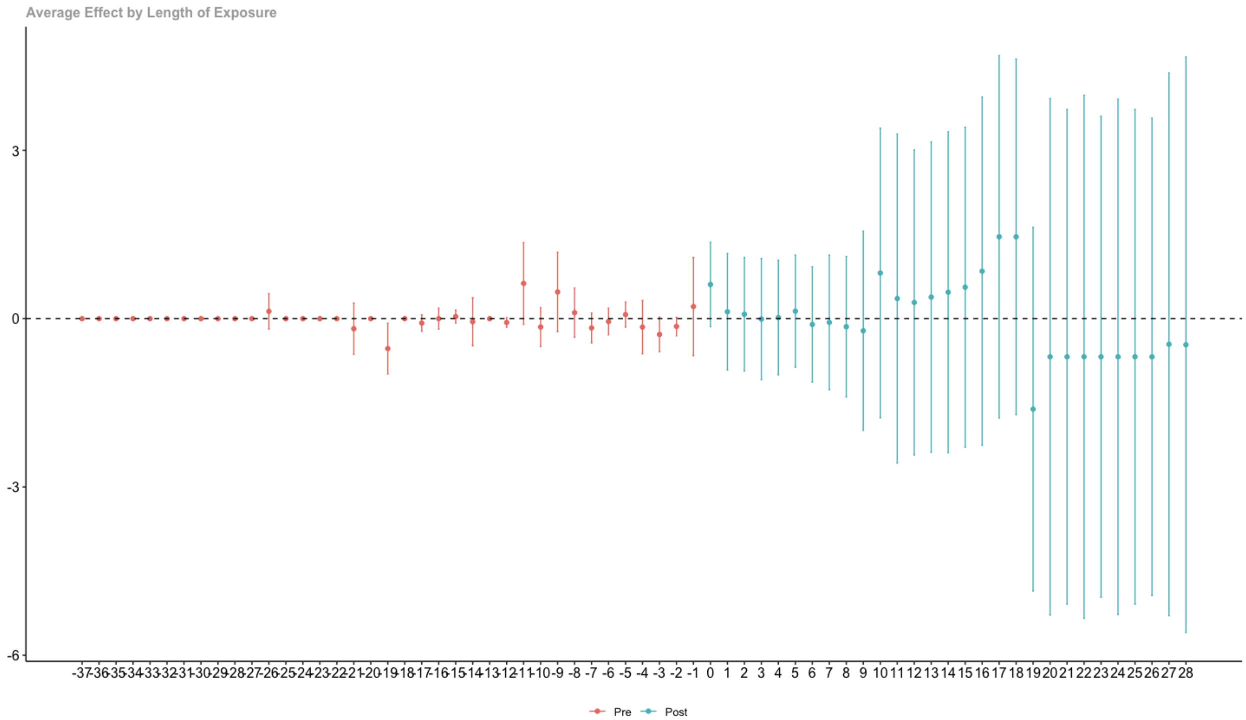


Figure A2: Preferential Rates Pre-Test

3 Additional Analyses and Robustness Checks

3.1 Results for Differential Effects by Industry

Table A2: Differential Effects by Industry

Dependent Variables:	Standard Rates (1904-1950)							Preferential Rates (1904-1950)				
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
Franchise$_{(t-1)}$	23.17**	5.486	22.23**	8.578	14.73*	3.990	24.14***	5.758	22.93**	9.568*	13.45	4.837*
	(7.781)	(5.308)	(7.379)	(5.706)	(8.281)	(2.863)	(6.988)	(4.441)	(6.714)	(4.239)	(8.171)	(2.776)
Emp. Conc.$_{(t-1)}$	16.55	-6.962	17.26	-5.662	6.173	-13.24***	14.34	-7.004	15.31	-5.101	5.799	-10.56***
	(9.208)	(5.626)	(9.061)	(5.962)	(8.168)	(3.340)	(9.342)	(5.527)	(9.146)	(5.239)	(7.760)	(3.245)
UK Export Share: India$_{(t-1)}$	-196.1	-62.77**	-273.2	-56.73*	29.01	-73.03***	-279.6	-81.89**	-369.1	-77.87*	-83.81	-82.13***
	(253.8)	(27.74)	(433.8)	(27.28)	(88.69)	(20.93)	(232.8)	(32.16)	(414.5)	(32.26)	(92.04)	(20.52)
UK Export Share: Axis$_{(t-1)}$	57.85	-10.85	44.23	-22.80	87.08	15.29	68.89	5.618	69.92	-1.288	143.1*	24.46
	(67.53)	(33.09)	(70.42)	(38.66)	(74.39)	(17.86)	(59.43)	(34.66)	(71.00)	(27.78)	(78.14)	(17.88)
Wars$_{(t-1)}$	1.816*	0.1951	1.924**	1.127*	1.235	0.3080**	2.020**	0.2236	2.036**	1.204*	1.950**	0.9010***
	(0.8094)	(0.4078)	(0.6737)	(0.5275)	(0.8400)	(0.1364)	(0.8189)	(0.3792)	(0.5859)	(0.5666)	(0.8490)	(0.1395)
Great Depression$_{(t-1)}$	3.280*	2.869	-2.471***	-2.526***	1.158*	2.008***	2.911**	2.654**	-1.184	-0.5210**	0.6884	1.756***
	(1.558)	(1.729)	(0.5517)	(0.1815)	(0.6691)	(0.1806)	(1.224)	(1.111)	(0.6358)	(0.1439)	(0.6845)	(0.1651)
Franchise$_{(t-1)}$ × Emp. Conc.$_{(t-1)}$	-40.38	54.24**	-39.34	57.72**	-28.42	13.70	-42.60	60.18**	-40.43	61.29**	-23.22	38.07***
	(27.69)	(23.30)	(25.98)	(21.05)	(23.47)	(8.802)	(26.19)	(21.12)	(24.48)	(20.04)	(22.57)	(8.647)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes					Yes	Yes				
Decade			Yes	Yes					Yes	Yes		
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642
R^2	0.80193	0.80840	0.80108	0.80539	0.79749	0.80112	0.79978	0.80337	0.79928	0.80172	0.79742	0.80357

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1.* Even-numbered columns contain results for agricultural and commodity industries. Odd-numbered columns contain results for manufacturing industries.

3.2 Results with Alternate Democracy Proxy

Table A3: Main Results with Turnout

Dependent Variables:	Standard Rates (1904-1950)							Preferential Rates (1904-1950)				
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
Turnout$_{(t-1)}$	19.30***	16.67***	14.62***	12.79***	7.814***	6.937***	18.65***	15.65***	14.30***	12.24***	6.587***	4.628**
	(3.452)	(3.517)	(1.245)	(1.568)	(1.674)	(1.898)	(3.151)	(3.074)	(1.139)	(1.485)	(1.636)	(1.857)
Emp. Conc.$_{(t-1)}$	2.181	-0.7222	4.184	1.400	-7.281***	-9.215***	1.768	-1.539	3.985	0.8551	-4.506**	-8.826***
	(4.736)	(4.010)	(3.625)	(3.211)	(2.223)	(2.884)	(4.709)	(3.838)	(3.675)	(3.048)	(2.124)	(2.799)
UK Export Share: India$_{(t-1)}$	-50.13*	-55.41*	-39.58	-44.48	-72.08***	-72.85***	-65.91*	-71.92**	-58.44*	-63.94*	-80.41***	-82.14***
	(26.39)	(26.51)	(24.20)	(24.10)	(21.11)	(20.86)	(29.26)	(30.26)	(26.96)	(27.99)	(20.69)	(20.47)
UK Export Share: Axis$_{(t-1)}$	-3.145	0.2607	-26.97	-23.21	14.59	15.28	13.30	17.18	-4.564	-0.3368	32.83*	34.39*
	(29.85)	(30.14)	(31.10)	(31.40)	(18.51)	(18.60)	(30.78)	(31.82)	(19.78)	(20.98)	(18.48)	(18.73)
Wars$_{(t-1)}$	0.3775	0.3273	0.2042	0.3924	0.3177*	0.3505**	0.4148	0.3576	0.2460	0.4575	0.8120***	0.8852***
	(0.4234)	(0.3950)	(0.7625)	(0.7408)	(0.1631)	(0.1674)	(0.4364)	(0.4037)	(0.8281)	(0.8242)	(0.1631)	(0.1676)
Great Depression$_{(t-1)}$	7.505***	7.101***	0.8405*	0.6249	3.361***	3.457***	7.100***	6.639***	2.594***	2.351***	2.673***	2.888***
	(2.011)	(1.967)	(0.4014)	(0.3716)	(0.4188)	(0.4119)	(1.495)	(1.456)	(0.3310)	(0.2685)	(0.4168)	(0.4100)
Turnout$_{(t-1)}$ × Emp. Conc.$_{(t-1)}$		10.78		10.44		8.241		12.28		11.73		18.41***
		(13.56)		(10.36)		(6.066)		(13.40)		(10.25)		(6.212)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes					Yes	Yes				
Decade			Yes	Yes					Yes	Yes		
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019	12,019
R^2	0.80607	0.80628	0.80435	0.80457	0.80076	0.80101	0.80064	0.80095	0.79974	0.80004	0.80064	0.80197

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table A4: Differential Effects by Industry with Turnout

Dependent Variables:	Standard Rates (1904-1950)						Preferential Rates (1904-1950)					
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
Turnout$_{(t-1)}$	27.68***	11.79**	18.14***	10.25***	13.12*	6.652***	27.82***	10.42**	18.11***	9.437***	11.09	5.010**
	(6.733)	(4.312)	(4.442)	(1.900)	(7.050)	(2.057)	(6.478)	(4.108)	(4.361)	(1.879)	(7.074)	(2.000)
Emp. Conc.$_{(t-1)}$	15.90	-5.306	16.53	-2.617	5.901	-10.44***	13.89	-6.011	14.78	-3.098	5.310	-9.277***
	(9.053)	(5.165)	(8.630)	(4.208)	(7.710)	(3.254)	(9.315)	(5.217)	(9.224)	(4.099)	(7.395)	(3.163)
UK Export Share: India$_{(t-1)}$	-171.3	-60.05*	-215.7	-47.96	6.489	-70.29***	-244.6	-79.28**	-301.9	-69.83*	-80.91	-78.53***
	(237.1)	(27.20)	(428.1)	(25.58)	(93.63)	(20.84)	(216.5)	(31.61)	(412.9)	(30.34)	(93.70)	(20.44)
UK Export Share: Axis$_{(t-1)}$	56.24	-13.67	35.30	-35.31	81.77	3.132	65.25	2.454	60.59	-13.13	140.6*	15.05
	(79.23)	(31.92)	(67.72)	(33.27)	(74.67)	(18.26)	(70.16)	(33.36)	(62.97)	(21.42)	(79.78)	(18.23)
Wars$_{(t-1)}$	1.787**	-0.0727	1.749**	0.4975	1.339	0.1861	1.958**	-0.1057	1.842**	0.5932	1.972**	0.6509***
	(0.7462)	(0.3561)	(0.6325)	(0.7377)	(0.8465)	(0.1502)	(0.7535)	(0.3617)	(0.5899)	(0.8108)	(0.8579)	(0.1502)
Great Depression$_{(t-1)}$	8.659***	6.374**	0.6360	0.5956	3.305*	3.580***	8.218***	5.926***	1.822**	2.445***	2.528	3.360***
	(1.999)	(2.025)	(0.7770)	(0.4704)	(1.654)	(0.4305)	(1.800)	(1.471)	(0.6436)	(0.3971)	(1.699)	(0.4124)
Turnout$_{(t-1)}$ × Emp. Conc.$_{(t-1)}$	-28.59	36.28**	-27.91	34.22**	-18.53	12.43*	-30.89	42.00**	-29.37	39.04**	-15.04	29.38***
	(20.77)	(14.85)	(18.23)	(11.49)	(17.07)	(6.416)	(19.71)	(14.23)	(17.40)	(12.01)	(16.44)	(6.331)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes					Yes	Yes				
Decade			Yes	Yes					Yes	Yes		
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642	1,377	10,642
R^2	0.80257	0.80892	0.80178	0.80702	0.79796	0.80224	0.80032	0.80357	0.79979	0.80263	0.79766	0.80425

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1.* Even-numbered columns contain results for agricultural and commodity industries. Odd-numbered columns contain results for manufacturing industries.

3.3 Results with Individual Countries as Geopolitical Proxy

Table A5: Standard Rates with Individual Countries

Dependent Variable:	Standard Rates (1904-1950)											
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
Franchise$_{(t-1)}$	14.34***	16.36***	13.02***	13.77***	17.18***	18.40***	16.13***	16.48***	5.942***	7.422***	4.549**	5.617***
	(3.310)	(3.012)	(2.830)	(2.990)	(3.468)	(3.767)	(3.413)	(3.385)	(2.276)	(2.211)	(2.207)	(2.100)
Emp. Conc.$_{(t-1)}$	2.323	3.586	1.534	2.074	3.970	5.065	3.878	4.331	-9.543***	-8.906***	-10.29***	-9.385***
	(4.842)	(5.028)	(4.982)	(4.916)	(3.889)	(4.502)	(3.979)	(4.073)	(2.263)	(2.222)	(2.332)	(2.268)
UK Export Share: India$_{(t-1)}$	-41.35	-59.33*	-74.78**	-58.14*	-40.85	-61.45*	-70.52**	-60.82*	-69.04***	-71.89***	-87.60***	-86.73***
	(25.85)	(27.39)	(29.52)	(28.20)	(25.69)	(25.76)	(27.13)	(25.48)	(21.26)	(24.52)	(26.12)	(24.15)
UK Export Share: Germany$_{(t-1)}$	-50.62*				-50.96*				21.37			
	(22.85)				(21.84)				(23.97)			
Wars$_{(t-1)}$	0.4052	0.4346	0.7219	0.5247	0.4257	0.4390	0.7832	0.5717	0.3585**	0.2714**	0.4518***	0.1525
	(0.4338)	(0.5614)	(0.4885)	(0.4747)	(0.4716)	(0.2932)	(0.6983)	(0.6572)	(0.1493)	(0.1265)	(0.1415)	(0.1164)
Great Depression$_{(t-1)}$	2.994	2.899	3.036	3.038	-2.607***	-2.835***	-2.794***	-2.547***	1.822***	1.696***	1.881***	1.988***
	(1.707)	(1.735)	(1.795)	(1.738)	(0.1542)	(0.1914)	(0.2178)	(0.2008)	(0.1375)	(0.1605)	(0.1485)	(0.1678)
UK Export Share: Italy$_{(t-1)}$		302.7*				404.5**				153.8		
		(164.2)				(126.5)				(102.3)		
UK Export Share: Japan$_{(t-1)}$			269.0*				228.9				222.3**	
			(141.7)				(150.7)				(87.87)	
UK Export Share: U.S.$_{(t-1)}$				28.52				40.66				74.53**
				(76.92)				(51.82)				(32.22)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes	Yes	Yes								
Decade					Yes	Yes	Yes	Yes				
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	12,555	12,555	12,019	12,555	12,555	12,555	12,019	12,555	12,555	12,555	12,019	12,555
R^2	0.80766	0.80821	0.80582	0.80743	0.80473	0.80602	0.80265	0.80454	0.80165	0.80184	0.80009	0.80200

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table A6: Preferential Rates with Individual Countries

Dependent Variable:	Preferential Rates (1904-1950)											
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Variables												
$\text{Franchise}_{(t-1)}$	14.86***	17.60***	13.58***	14.22***	18.15***	19.80***	17.26***	17.59***	7.109***	8.913***	5.007**	6.829***
	(2.683)	(2.455)	(2.298)	(2.521)	(2.149)	(2.538)	(1.986)	(2.008)	(2.195)	(2.114)	(2.124)	(2.015)
$\text{Emp. Conc.}_{(t-1)}$	2.178	3.901	1.416	1.978	4.146	5.374	4.022	4.443	-5.441**	-4.611**	-6.385***	-5.304**
	(4.798)	(5.062)	(4.946)	(4.850)	(3.891)	(4.598)	(3.969)	(4.065)	(2.131)	(2.077)	(2.198)	(2.137)
$\text{UK Export Share: India}_{(t-1)}$	-52.55*	-70.98**	-86.82**	-72.36**	-52.83	-73.67**	-82.02**	-69.26**	-71.65***	-76.70***	-98.50***	-87.01***
	(27.80)	(28.01)	(29.30)	(27.13)	(28.60)	(27.17)	(26.77)	(26.77)	(20.89)	(24.06)	(25.57)	(23.77)
$\text{UK Export Share: Germany}_{(t-1)}$	-38.88				-40.62				18.76			
	(30.99)				(29.58)				(23.90)			
$\text{Wars}_{(t-1)}$	0.4311	0.3828	0.7161	0.4785	0.4188	0.3571	0.7325	0.5323	0.7963***	0.7132***	0.9810***	0.6166***
	(0.4361)	(0.5883)	(0.4894)	(0.4619)	(0.4819)	(0.2471)	(0.7022)	(0.6636)	(0.1499)	(0.1257)	(0.1410)	(0.1145)
$\text{Great Depression}_{(t-1)}$	2.790**	2.654*	2.816**	2.835**	-0.7433***	-1.000***	-0.8446***	-0.6920**	1.371***	1.208***	1.431***	1.515***
	(1.170)	(1.194)	(1.237)	(1.223)	(0.1174)	(0.1659)	(0.1887)	(0.2069)	(0.1282)	(0.1524)	(0.1395)	(0.1577)
$\text{UK Export Share: Italy}_{(t-1)}$		384.1*				471.9**				202.8**		
		(182.4)				(150.5)				(95.91)		
$\text{UK Export Share: Japan}_{(t-1)}$			286.6*				228.4				300.6***	
			(152.6)				(166.5)				(85.20)	
$\text{UK Export Share: U.S.}_{(t-1)}$				46.47				34.25				64.81**
				(65.98)				(64.37)				(31.85)
Fixed-effects												
Product	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes	Yes	Yes								
Decade					Yes	Yes	Yes	Yes				
Time Trend												
Linear					Yes	Yes					Yes	Yes
Fit statistics												
Observations	12,555	12,555	12,019	12,555	12,555	12,555	12,019	12,555	12,555	12,555	12,019	12,555
R^2	0.80246	0.80376	0.80085	0.80244	0.80081	0.80298	0.79883	0.80068	0.80185	0.80226	0.80080	0.80213

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

3.4 Robustness of Aggregation

Table A7: Average Yearly Tariffs by Sector

Dependent Variables:	Standard Rates (1904-1950)		Preferential Rates (1904-1950	
Model:	(1)	(2)	(3)	(4)
Variables				
$\text{Franchise}_{(t-1)}$	10.22**		10.89**	
	(3.810)		(3.355)	
$\text{Emp. Conc.}_{(t-1)}$	-6.882	-6.391	-7.296	-7.039
	(9.151)	(9.007)	(9.113)	(9.030)
$\text{UK Export Share: India}_{(t-1)}$	-53.83*	-54.63*	-70.98**	-71.32**
	(26.66)	(26.55)	(27.03)	(27.03)
$\text{UK Export Share: Axis}_{(t-1)}$	67.97	68.60	89.35	89.53
	(75.78)	(75.74)	(77.13)	(77.20)
$\text{Wars}_{(t-1)}$	1.093	1.002	1.164	1.035
	(0.7463)	(0.7619)	(0.7620)	(0.7861)
$\text{Great Depression}_{(t-1)}$	3.424	6.928**	2.922*	6.264***
	(1.980)	(2.140)	(1.516)	(1.801)
$\text{Turnout}_{(t-1)}$		15.00***		14.40**
		(4.588)		(4.458)
Fixed-effects				
Sector	Yes	Yes	Yes	Yes
Five-Year	Yes	Yes	Yes	Yes
Fit statistics				
Observations	552	552	552	552
R^2	0.89586	0.89709	0.88997	0.89079
Within R^2	0.09088	0.10163	0.10216	0.10886

Clustered (Sector & Five-Year) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table A8: Average Yearly Tariffs

Dependent Variables:	Standard Rates (1904-1950)		Preferential Rates (1904-1950	
Model:	(1)	(2)	(3)	(4)
Variables				
Franchise$_{(t-1)}$	17.25**		18.12***	
	(6.055)		(5.032)	
Emp. Conc.$_{(t-1)}$	7.151	8.048	7.603	7.946
	(7.776)	(7.187)	(7.570)	(7.071)
UK Export Share: India$_{(t-1)}$	-174.1*	-176.5*	-181.4*	-179.0
	(87.17)	(94.60)	(96.15)	(103.6)
UK Export Share: Axis$_{(t-1)}$	-18.38	-17.28	25.28	21.26
	(223.6)	(208.9)	(186.7)	(180.4)
Wars$_{(t-1)}$	0.2707	0.0499	0.5162	0.2468
	(1.042)	(0.8816)	(0.7233)	(0.6693)
Great Depression$_{(t-1)}$	3.161**	8.439***	2.945***	8.132***
	(1.258)	(1.723)	(0.7130)	(1.419)
Turnout$_{(t-1)}$		22.77***		22.44***
		(4.676)		(4.651)
Fixed-effects				
Five-Year	Yes	Yes	Yes	Yes
Fit statistics				
Observations	46	46	46	46
R^2	0.96896	0.97126	0.97379	0.97542
Within R^2	0.28897	0.34167	0.34282	0.38391

Clustered (Five-Year) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

4 ATI Data Supplement

4.1 Overview

The text-based qualitative evidence used in the case study of steel industry politics in British India was gleaned from records in the British Library, London. The Library's collection, "India Office Records and Private Papers," are the archives of the administration of the East India Company and the pre-independence government in India, complemented by extensive collections of private papers offering alternative perspectives on business and government affairs. To conduct our analyses, we surveyed primary sources contained within the Economic Department Records (Reference IOR/L/E), which relate to topics covering revenue, trade, commerce, customs, and a complex range of economic and social issues. Approximately 4245 volumes/files and 960 boxes are contained within IOR/L/E. We limited our analyses to sources contained within IOR/L/E/9, which covered the Economic Department Records from 1906-1950, the period of our focus. We reviewed all sources in three sets of sub-collections: (1) IOR/L/E/9/994-1114, which covers Tariff Board Enquiries from 1924-1950, (2) IOR/L/E/9/1115-1143B, entitled 'Trade Agreements: India and Empire (arising out the Ottawa Conference)' from 1932-1947, and (3) IOR/L/E/9/1144-1175, which covered Trade and Tariffs from 1925-1949. We also searched for and reviewed all records within IOR/L/E that contained references to steel. Our evidentiary claims are based on a wide range of text-based sources, including transcripts of legislative debates, Tariff Board reports and minutes, confidential telegrams and correspondence between London and Delhi, trade negotiation deliberations, tariff schedules, newspaper clippings, advertisements, and labor union records, among others. The comprehensiveness of available archival sources in the India Office Records, as well as the diversity of perspectives reflected in the sources, provide an unusually rich vein into the politics of the steel industry before and after the introduction of the franchise in British India.

4.2 Annotations for Sources Referenced in Manuscript

(Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 4th March 1924)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: This document contains factual commentary from the Viceroy, Commerce Department to the Secretary of State for India regarding content of the Tariff Board's report.

Source excerpt: Secret. Please see our telegram of the 26th ultimo, 1924 (sic) NO. 172. Protection of steel industry. Since despatch of that telegram advance copy of signed proofs of both reports of the Tariff Board have been received. These deal respectively with steel proper and with subsidiary industries. No modification required in summary of first report, which was sent to you on 26th February, except in paragraph 10 read – ad valorem duties 25 % on fabricated and structural steels and not specific duties. Summary of second report is as follows.

2. Subjects dealt with in second report are engineering industry, waggons, tin plate, and wire nails/agricultural implements. We take these in order.

(Speech delivered by Mr. R.D. Tata, as Chairman of the Annual General Meeting of Shareholders of The Tata Iron & Steel Co., Ltd., 25th October 1923.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Acting chairman of Tata Iron & Steel Company, Mr. R.D. Tata, began his annual address to shareholders on a somber note regarding the state of the global steel industry. This provides important context and rationale for the Tariff Board's subsequent decision to raise steel tariffs.

Source excerpt: The past year has been a very bad one and you naturally want an explanation of that. It has been a bad year for the Steel Industry of the whole world. American Steel Works, thanks to their own internal demand, did fairly well, but I do not think that can be said of any other country. In England recently the Chairman of one large Steel Company said at a meeting that there is no Steel Works in Great Britain that is making both ends meet. I want to show you that we are not as bad as that and that there is every reasonable hope for the future; but I also want you to understand that, if the rest of the world is in that condition, India cannot hope to escape it.

(Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 10th March 1924.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: The Viceroy's office commented on the dire straits in which the Indian steel industry found itself and stressed the importance of treading carefully, lest the British be blamed for Tata's collapse. British officials were thus aware of both the low esteem in which many Indians held British steel exports and the pride with which Indians looked on their own industry.

Source excerpt: The steel industry in India is represented by the Tata Iron and steel Company. It is common knowledge that this Company is in difficulties. We know its difficulties are due to shortage of working capital, but it is generally believed that they are due to the dumping of cheap Continental and English steel into India, and many people think that this dumping is deliberate, and is designed to bring the Company down. There is the usual suspicion that we are more interested in British manufacturers than in an indigenous Indian industry, and the protection of that industry is regarded as a matter of national importance and national pride. Apart from such sentiments, the industry is one of great importance to India. Jamshedpur, which a few years ago was a mere jungle, is now a town of nearly 100,000 inhabitants; more than 20 crores of rupees have been invested in the industry, and round it subsidiary industries have grown up or are growing up. It would be a calamity if the Company were to fail, and the calamity would be worse if it failed while the Tariff Board's report is still under consideration.

(Telegram from Viceroy, Commerce Department to Secretary of State for India, Delhi, 28th March 1924.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: The Viceroy's office argued that it had no choice but to accept the Tariff Board's report, even if this would entail criticism from European business interests, because otherwise it would face backlash in India — especially among educated Indians, who were a key demographic over which the British wanted to maintain some sway.

Source excerpt, page 1: We have now considered the Report in detail, and in this telegram we propose to report to you our conclusions. In examining the Report, we did not think it necessary again to raise the general question of Free Trade versus Protection. We think that this part of the subject is correctly treated in Chapter 9 of the first Report of last year. With the full concurrence of the Indian Legislature, we gave our general adherence to a policy on what may be called discriminating protection.

Source excerpt, page 7: We shall have to meet criticism from European business opinion in India if we accept the Tariff Board's proposals.

Source excerpt, page 9: But there are other considerations which have to be taken into account: some of them are briefly stated in paragraph 142 of the first report. We would add that it is impossible to decide issue at stake purely on economic grounds. We have endeavoured to summarise the economic arguments for and against the Tariff Board's proposals fairly in the preceding paragraphs, but we must also take into consideration the immensely strong sentiment in favor of protection of the steel industry, which is almost universal amongst educated Indians. Tata Iron and Steel Company is regarded as a great industry of vital national importance which has been brought to its present stage by Indian enterprise and under Indian direction and deep feelings of national pride and national sentiment are involved in the presentation and development of that industry. Its failure, apart from giving a disastrous setback to development, would be regarded on other grounds as a national calamity, and if that failure followed a refusal on our part to give assistance which Tariff Board has reported to be necessary and desirable, it would be laid at our door. We should be accused of subordinating the interests of India to the interests of the British manufacturer.

(Telegram from Secretary of State to Viceroy, Department of Commerce, 29th April 1924.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Though the India Office was not fond of tariffs as a policy lever, it acknowledged that they were consistent with the devolution of fiscal power to India and agreed not to subvert the Government of India's legitimate processes.

Source excerpt: You will realise that His Majesty's Government does not hold the view that a policy of fiscal protection is that best calculated to promote the economic and industrial interests of any country. But His Majesty's Government has no intention of departing from the spirit of the Fiscal Autonomy Convention which has been built up by pronouncements of successive Governments since 1919; and it accepts the position that (except possibly on specific grounds irrelevant to the present question) it will not disallow any tariff measure which the Government of India, after prior official consultation with the Secretary of State, recommends to the legislature and which the legislature accepts. Moreover, I should add that any measures of preference in favour of British goods in Dominions have hitherto always come in the form of entirely spontaneous offers from such Dominions; and His Majesty's Government attach importance to this principle being adhered to with regard to India.

(Extract from Official Report of the Legislative Assembly Debates, "Publication of the Tariff Board's Report on the Steel Industry," 25th March 1924

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: This document contains factual information on when the special legislative session concerning the Tariff Board Report would begin.

Source excerpt: **The Honourable Sir Charles Innes** (Commerce Member): The special session will probably begin on the 27th of May. As regards the date of publication of the report, I am afraid that I cannot add to the answer I have already given to Sir Gorden Fraser in reply to a somewhat similar question, namely, that this House may rest assured that Government will endeavour to give the public the longest possible opportunity of studying the Report by publishing it as early as they can.

(Extract from the Legislative Assembly, Debate, Vol. IV, No. 39, "The Steel Industry (Protection) Bill," 27th May 1924.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Charles Innes, the Legislative Assembly member for Commerce and Railways, favored adoption of the Tariff Board's recommendations on the grounds that Tata could not otherwise compete with established European manufacturers. As a representative of industries that stood to benefit from domestic steel production, Innes reflects the type of elite interests that incipient democratization in India tended to empower.

Source excerpt, page 3: **The Honourable Sir Charles Innes** (Commerce Member): All this may be summed up in the remark that the Tata Iron and Steel Co. is passing through a difficult transitional stage. The future course of prices is even more difficult. I think we can only take a broad view on this part of the question. The broad outstanding fact is this: if we leave the United States of America out of consideration, we know that the productive capacity of steel plants in Great Britain and on the Continent has been greatly increased by the war. We know also that markets have been diminished as a result of the war. We know also that at the present time much steel plant is lying idle, and we may assume that, if there is any marked rise in prices, that idle plant will come into operation. On all these grounds then we may assume that for the next year or two the world prices of steel are likely to remain at a low level. This, then, is the position. On the one hand you have these powerful, mature, efficient steel firms in England, Scotland and on the Continent fighting for very existence in a contracted market, and cutting their prices in the struggle. On the other hand you have the Tata Iron and Steel Co. passing through, as I have said, the most difficult stage of its existence. It has not yet attained its full stature or full strength. If we look at the matter in this way, it must be evident to all of us that the steel industry in India, if it is to survive, must have temporary assistance during the present transitional period, and that if it does not, it will be squeezed out.

Analytic note: Purshotamdas Thakurdas, representing a Chamber of Commerce-type association, wanted to mark the occasion as a significant shift in British policy and one that had only come about at the Assembly's insistence.

Source excerpt, page 20: **Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): I think, Sir, that the introduction of this measure in this House marks a new departure in the policy of the British Government in India ever since the time of British rule in India. One can go into the history of fiscal policy of British Government in India ever since the start. But this is hardly the time because it was only the last Assembly which accepted the policy and it is only a few years ago that the Government of India, at the insistence of the last Assembly, accepted the policy of protection. Under that policy India wanted full protection but it is only discriminating protection that has been granted.

Analytic note: Pandit Madan Mohan Malviya pointed out that even England had used tariffs to build up trade and industry when necessary and then discarded it when that proved advantageous.

Source excerpt, page 27: **Pandit Madan Mohan Malviya**: But a friend asked: "Why protection at all". As the Honourable Sir Purshotamdas Thakurdas was speaking, there were voices from behind "why protection at all" and I think there are several Members who would like to hear a little more about the need for protection. Personally, I do not share any misgiving about that. I feel, and I think my friends when they have studied the question will feel, that no modern country has built up its trade without the help of protection. England is no exception to the rule. England has resorted to protection when she needed it and has discarded it when she was strong enough to discard it and when it was to her advantage to discard it.

Analytic note: Muhammad Ali Jinnah, leader of the All-India Muslim League, praised protection as integral to India's national security.

Source excerpt, page 32: **Mr. M.A. Jinnah**: I hope that the Honourable Members will realise that this industry either deserves protection or it does not. That is the question before us. If you are convinced that this is a national industry, if you are convinced that this is a security industry and that but for protection this industry is going to die, are you going to protect it or not? That is the first question I ask you. If you agree that it must be protected, then the next question is, what is the adequate protection? Sir, it is quite obvious from the figures which are given by the Tariff Board — and I accept those figures as correct — that if this protection is given, this industry at the end of the third year will just be able to make a decent profit. Are you going to give this industry a chance or not? That is the question you have to decide. Are you going to give it a chance or are you going to indulge in "high falutine doctrines" and see this industry killed? That is the question for this House to decide.

Analytic note: Chaman Lall was a vociferous opponent of protection, on the grounds that it would merely perpetuate or exacerbate the exploitation of Indian labor interests.

Source excerpt, page 36: **Mr. Chaman Lall**: Sir, I am really surprised at the nauseating atmosphere of self-congratulation in which we have been living through the whole day to-day. It seems to me that the gentlemen who represent the capitalists of India are thumping each other on the back at having produced a baby and they are congratulating themselves on the fact that this baby would probably have many successors and they are pleased with the idea now that the Government of India are hugging the Independent Party and some of the Swarajists are hugging each other and congratulating each other for having come upon a common platform, the platform of exploiting the common people of India.

Analytic note: Mr. C.S. Ranga Iyer framed the report and the bill under consideration as validating India's long-held preference for protection and as a key step in escaping the burden of British domination.

Source excerpt, page 44: **Mr. C.S. Ranga Iyer**:The Labour Government in England as well as the Liberals who are keeping Labour in office are wedded to free trade. They are sworn free traders, and I believe the politicians in this country who, in spite of my Honourable friend, Mr. Chaman Lal, I claim, represent he masses of this country, have been wedded to protection since a very long time. It was free trade that was responsible for the destruction of Indian industries. Those who have any doubt about that will read the literature on the subject, literature for which both Europeans and Indians are responsible.

Source excerpt, page 44-45: Sir, free trade may suit a small country, but even when our industries reach a stage of adolescence, even then I say that free trade is not necessary for India. India resembles the United States of America in her vast extent, in the multitude of her thirty people, in her vast industrial resources not tapped by a foreign bureaucracy, and therefore, Sir, we, who can be self-sufficing, this nation which can manufacture goods for half the world and feed half the world with her agricultural products — this nation does not stand, never stood and will never stand for free trade. I am glad, Sir, that Mahatma Gandhi has after his release plainly stated in "Young India" that he is a convinced protectionist and that, if the policy of the Government will be protectionist and if they impose prohibitive duties on foreign goods and encourage indigenous goods, then even the Swarajya movement may be treated as coming to an end. We are fighting for the freedom of the Indian people.

(Extract from the Council of State Debates, Vol. IV, No. 29, "Steel Industry (Protection) Bill," 9th June 1924

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Sir Maneckji Dadabhoy states that he is not biased toward protection as a result of having served on the Fiscal Commission, but rather believes sincerely that instituting a tariff will be critical for India's economic development.

Source excerpt: **Sir Maneckji Dadabhoy** (Central Provinces: General): I may at once state that if I rise to welcome this BIll, it is not because I was a member of the Fiscal Commission which in the first instance recognised the necessity for some measure of protection to the steel industry, or because the Government has the moral courage to mark out a bold and courageous policy in the matter of its tariff legislation on this occasion, but on account of the deep conviction that the steel industry needs protection, and that if India is to be raised to the level of other flourishing countries, it is only possible by the prosperity of its steel industry.

(Telegram from Viceroy, Department of Commerce to Secretary of State, Delhi, 2nd December 1925)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: The Viceroy reaffirmed the commitment to India's new tariff legislation despite protest from domestic manufacturers in Britain.

Source excerpt: In arriving at the above conclusion, we have considered the representation of the Welsh Manufacturers Association. This is representation against protection to tinplate and not as to whether conditions have arisen necessitating the exercise of powers under the first part of Section 2 of the Steel Industry Protection Act, which is point at issue now. We are committed to protect the tin plate industry till March, 1927, at least.

(Telegram from Secretary of State to Viceroy, Department of Commerce, 13th January 1926.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: The India Office was unhappy with the Viceroy for remaining committed to the new tariff policy despite lobbying from the UK's tin-plate industry and encouraged the Viceroy to adhere closely to the letter of the law once these provisions expired in 1927.

Source excerpt: I am confident that in coming to a decision you will allow full weight to interests of consumers of Kerosene, etc. and of industries dependent on supply of cheap tin-plate. You are, as you say, committed to protect tin-plate industry until March 1927, to the extent provided in the Steel Industry Protection Act, but I have not been able to trace any pledge committing you to do more than this. Tin-plate industry seems in this respect to be on a different footing from the steel industry; and bearing in mind the last sentence of paragraph 31 of Tariff Board's second report on steel, you will, I trust, agree that, in so far as preamble of Steel Industry Protection Act indicates probability of protection beyond 3 years, it does not apply to special case of tin-plate industry, which will have to be treated on its own merits after further enquiry by Tariff Board.

(Extract from the Legislative Assembly, Debate, Vol. VII, No. 17, "Resolution re: Supplementary Protection to the Tin-Plate Industry," 17th February 1926.

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Mr. Jamnadas Mehta argued forcefully that he could not understand the purpose of the tariff legislation enacted in 1924 if it was not to fulfill the promise of insulation against foreign competition. He specifically calls out

Source excerpt, page 1390: **Mr. Jamnadas M. Mehta** (Bombay): Under the circumstances, Sir, it is necessary that this House and the country should stand by these industries to whom we promised protection in 1924. That is the only point which I want to make. I do not know why the Government seriously appointed a Tariff Board, a Board which neither consists of capitalists nor of labourites, but which consists of honest citizens and patrios, who know what they are talking about, who understand what they are writing about. If the Government turn down the well-considered recommendation of the Board, I do not know how this House can with any confidence agree further to allow the continuance of the labours of the Tariff Board.

Source excerpt, page 1406: But there are one or two further points to which I shall allude: it is true, Sir, that the major portion of the output of this company is being manufactured for a single commercial concern; but as the House is aware a part of it is being sold in the open market and as the output increases the additional output also will be sold in the country. The other point is that there is a deliberate attempt made by the manufacturers in Wales to kill this industry.

(C.A. Innes, "Statement of Objects and Reasons," Delhi, 28th January 1926.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Sir Charles Innes outlined the reasoning for increasing subsidies to Indian manufacturers of railway carriages in his "Statement of Objects and Reasons" prior to debate over the pertinent legislation.

Source excerpt: The point is that it is necessary to know, at the time when orders for wagons, etc., are placed, what amount is available for bounties. The practice is to place orders in the year preceding that in which the wagons, etc., are to be delivered. Thus orders are placed in 1925-26 for wagons to be delivered in 1926-27 and in 1926-27 for wagons to be delivered in 1927-28. Thus in practice the time for determining the amount of liability for bounties is not the time of paying the bounty but the time of placing the orders. Further, a comprehensive inquiry is to be made into the Steel Industry next year, i.e. 1926-27, but it is most improbable that conclusions will be reached by the Legislature on that inquiry before the time comes for placing orders for wagons for delivery in 1927-28. Therefore, it is necessary now to make provision for bounties to be available when in 1926-27 the orders for wagons for delivery in 1927-28 are being considered. This in effect means extending the bounty scheme on wagons, etc., for a fourth year.

(Extract from the Legislative Assembly Debates, Vol. VII, No. 17., 8th February 1926)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/995.

Analytic note: Consistent with Innes' statement in the previous document, he advocated for an extension of the bounties and noted that this was a good thing, as the tariff policy had been even more successful than anticipated when passed two years earlier.

Source excerpt, page 2: **The Honourable Sir Charles Innes** (Commerce Member): Our policy has been very much more successful than the Tariff Board ever anticipated. The expect, therefore, that we should be able to place orders in India for far more wagons than they thought would be possible when they made their Report in 1924. That being so, they think, that since we have brought this industry into existence, we must keep it in existence by giving liberal bounties.

Analytic note: Mr. B. Das strongly favored the increase in bounties on the grounds that India's future development hinged on embracing protectionist policies. In the face of British currency policies that made it difficult for India to cover her debts, Mr. Das saw tariff revenues as a key means of offsetting this burden.

Source excerpt, page 2: **Mr. B. Das** (Orissa Division: Non-Muhammadian): Sir, I have very often observed on the floor of this House that India's salvation lies in being a protectionist country. India can never prosper without protection. Since 1918 we have travelled far. India's fiscal policy was not determined in the Montagu-Chelmsford Report, but since then, a Fiscal Commission has sat to inquire into and to establish the principle of protection for India and every time we hear the Honourable Member for Commerce we find that he always has the interest of India at heart and how day by day he advocates the principle of full protection to Indian industries.

Source excerpt, page 3: I have full sympathy with the Honourable the Commerce Member because I find that he wants to collect as much money as possible for the Government and he also wants to protect Indian industries. But the manipulated currency policy of Whitehall wipes away all that and nothing is left. The protection is nowhere and the steel industries cry for more and more protection. My Honourable friend on my right, Mr. Neogy, says that there should be protection against the Finance Member. I hope the Government of India is not run on such lines that the Honourable the Commerce Minister will seek protection against the Honourable the Finance Member. Sir, I wish that every industry should be protected and that the wagon industry should be protected.

Analytic note: Mr. Devaki Prasad Sinha criticized the CLA for what he saw as their rubber-stamping of the Tariff Board's recommendations, which were enriching a small number of capital holders at the expense of the vast majority of poor Indian taxpayers.

Source excerpt, page 4: **Mr. Devaki Prasad Sinha** (Chota Nagpur Division: Non-Muhammadian): I will begin by confessing that I have now ceased to take as much interest in the reports of the Tariff Board as I used to take some time before. I know, Sir, that there is no use wasting my time over the pages of such reports because the House stands committed to support all the recommendations of the Tariff Board (*Some Honourable Members*: "No, no.") however absurd and extravagant they may be. My Honourable friends cry "No." Perhaps when a report of the Tariff Board comes up for discussion before the House they like to propose that a more liberal grant should be made to industries than the Tariff Board itself recommended. I have no quarrel with objections such as these. They have their own idea of their responsibility to the electors and I have my own. (*Mr. Jamnadas Mehta*: "That is all. Not to the country?") I only wish to raise my voice of protest against this ruinous policy which is being followed from year to year, ruinous to the poor tax-payers of the country. It may be that this policy brings great prosperity to a handful of capitalists who pride themselves upon the fact that they are running their industries by sweating the labour of a few thousand workmen in the country.

Analytic note: Mr. N.M. Joshi argued that the CLA was ignoring the plight of Indian laborers and advocated stronger protections for workers in industries receiving government subsidies.

Source excerpt, page 4-5: **Mr. N.M. Joshi** (Nominated: Labour Interests): I rise to oppose this motion. I have placed my views on this subject before this House several times. I shall not therefore take up much time by making a long speech, but I feel it is my duty to place my views before this House again very briefly. My first objection to this Bill is that although this Bill tries to protect the interests of certain classes of people, it refuses protection to that class which deserves protection most — I mean, Sir, the labour engaged in the industry to which this protection is being given. I have been suggesting to this House that whenever they give protection to any industry they should make it a condition that the labour in that industry must be properly treated and I had suggested several times that, when any conditions are laid down for giving protection, one of these conditions must be that the employers getting that protection should secure a certificate from Government agency that labour in that industry is properly treated.

Analytic note: Mr. Jinnah plainly had no patience for arguments about capital and labor when in his view, a clear majority of India favored protectionist policies. On these grounds, he disputes Mr. Sinha's claims to represent the popular will.

Source excerpt, page 5-6: **Mr. M.A. Jinnah** (Bombay City: Muhammadan Urban): It seems to me that there are certain people who must carry on their stunts, no matter what the issue is before the House. I see that the Honourable Member feels my remarks so keenly. They have gone home. We are in season and out of season told the same story about labour and capital. Now, I ask this House how does it help the Honourable Member to go on repeating the same story *ad nauseum* on every occasion? We know perfectly well the point of view of labour. We know perfectly well the point of view of the capitalists. Mr. Sinha said that Sir Charles Innes and the Government are allowing money to be given away as gifts. The Honourable Member knows perfectly well that rightly or wrongly in this country there has been a very strong opinion regarding protection for industries.

Source excerpt, page 6: The Honourable Mr. Sinha represents the country. I have yet to learn that he represents the country. The question has been advocated by the greatest Indians for the last 30 years. It is not the government that want to give us protection. It is not the Government who are in love with this policy. The interests of India demand protection and without protection, let me tell you, there will be no labour, nothing to eat and there will be no Labour Members. It is all very well to carry on this stunt. It is men like Mr. Gohkale, Sir Phirozeshah Mehta and the greatest men that India has produced who have forced the hands of this bureaucratic Government at last to commit themselves to a policy of protection.

Analytic note: Mr. Chaman Lall opposed Jinnah's arguments on the premise that they merely propped up the interests of capital at the expense of intellectual honesty. Lall disputed the notion that the masses in India actually supported protectionism.

Source excerpt, page 6: **Mr. Chaman Lall**: Sir, I do not usually like to find myself in conflict with my Honourable friend Mr. Jinnah, but I am sorry to say that in this matter I find that he is now standing up as champion of the capitalist classes in this country.

Source excerpt, page 7: If he [Mr. Jinnah] has learnt the rudimentary principles of economics, he will realize that protection as it is preached is preached only by that public opinion and those "great men" who are supporters of employers and capitalists. It is a capitalistic stunt. Mr. Jinnah ought to know that. Sir, it cannot be said that public opinion in India is in favor of it, if you mean by public opinion the bulk of the people. Public opinion has never been consulted on this subject.

Analytic note: Mr. Das attempted to point out that protectionism did insulate workers to a degree by preserving employment opportunities that might not otherwise exist.

Source excerpt, page 7: **Mr. B. Das**: Is not protection an insurance against unemployment in the industry protected ensuring to workers thereby a certain measure of protection?

Analytic note: When Sir Innes reentered the discussion, he noted his surprise at the vigorous debate that the bill had inspired and tried to emphasize that what the bill sought was really a small supplement to a matter that the legislature had already approved.

Source excerpt, page 9: Sir, I must confess that I am greatly surprised at the heat which this little Bill of mine has generated. Sir, I am not to be drawn into a discussion whether public opinion is in favour of the policy of the Bill. The only object of this Bill is, in one or two small particular, to supplement a Bill which has already been approved and passed by the House.

Analytic note: Mr. K.C. Neogy, in relation to a separate amendment on procuring railways supplies from British manufacturers, emphasized that the whole point of tariff policy was to speed up India's development toward economic self-sufficiency.

Source excerpt, page 11: **Mr. K.C. Neogy**: Thank you. Sir, the policy to which the Government and this Legislature have committed themselves in regard to the protection of the steel industry is to see that India at no distant date becomes self-sufficient and self-reliant so far as her requirements in steel are concerned. It is therefore essential for us to see that maximum advantage is taken of this protection so as to develop that industry in all its aspects.

(*The Financial Times*, "Tariffs & Economics," 28th January 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Commentary in *The Financial Times* indicated that the Tariff Board now comprised entirely Indian members.

Source excerpt: In view of the unanimous decision of the Fiscal Commission that the issue was one which could only be determined in accordance with representative Indian ideas, it is significant that the present Board, which has thus reversed its predecessor's opinion, is composed for the first time entirely of Indian members.

(*Times of India*, "Protection for Indian Steel," 8th February 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Commentary in the *Times of India* alludes to the Select Committee's debate and the controversy that stemmed from it, which we cover more in subsequent documents.

Source excerpt: The leakage of information as to the proceedings of the Select Committee on the new Steel Protection Bill before the publication of the report had a curious aftermath this afternoon. The Committee, as the premature report accurately showed, supported by seven to six the original Bill, subject only to minor alterations, the 14th member of the Committee, who presided over the deliberations, remaining neutral. When the Commerce Member placed the report on the table of the House this afternoon there was pinned to it a dissenting minute bearing nine signatures. The change was, apparently, the result of party consultation following the leakage. Some of those signing the minute had not, however, signed the report, and the President had, therefore, to strike out their signatures from the minute.

(C.A. Innes, "Statement of Objects and Reasons," Delhi, 14th January 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Sir Charles Innes stated that per the Steel Industry (Protection) Act of 1924, the time had come to review whether protection ought to continue.

Source excerpt: Section 6 of the Steel Industry Protection Act, 1924 (XIV of 1924), provides that, before the 31st day of March, 1927, the Governor General in Council shall cause an inquiry to be made as to the extent, if any, to which it is necessary to continue the protection of the steel industry, and as to the duties and bounties which are necessary for the purpose of conferring such protection. By a Resolution dated 3rd April, 1926, the Tariff Board was directed to make the inquiry contemplated by the Act, and its recommendations are contained in the Report which has been published. This Bill is designed to give effect to the main recommendations of the Board.

(Legislative Department, 7th February 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: The Select Committee's Minutes put forth the decision to introduce differential duties because this would be more stable and easier to enforce than a weighted average system.

Source excerpt, page 1: A majority of us are of the opinion that the first of these alternatives [differential duties], which is the scheme adopted in the Bill, is preferable and should be adopted. In arriving at this conclusion, we have attached great weight to the principle embodied in the preamble to the Bill that the scheme of protection must have due regard to the well-being of the community. We are satisfied that the economic interests of India will be better served by the system of differential rates of duty on British and non-British steel than by a system which subjects all steel to uniform rates of duty based on weighted average prices of imported steel. A weighted average system of duties must be unstable because a change in the relative level of the prices of British and Continental steel would lead to a change in the proportions in which steel made in India is sold in competition with steel from either source.

Analytic note: The Minutes of Dissent called out the move to differential duties as a move toward imperial preferences, which representatives such as Mr. Mehta and Mr. Acharya saw as totally unacceptable given India's history of exploitation at British hands.

Source excerpt, page 4: I am certain that overwhelming majority of the people of this country will refuse to countenance Imperial preference in any shape or form; this is not due to any hostility towards the British people — far from that — but to our deep-seated conviction based on the painful experience of nearly two centuries that the British imperialists and capitalists are at the bottom of all our troubles; they have ruthlessly exploited and enslaved us at home and they have with equal cynicism humiliated us abroad. To expect a people to show preference towards their oppressors is to expect the impossible and to call up them to do so is to add insult to injury; rather the consensus of opinion in this country would be towards the boycott of British steel. It is amazing that the Government and the Tariff Board should have so signally failed to understand the springs of action which govern the human mind; even if they felt convinced about the soundness of their proposals on economic and financial grounds they ought to have realised that this fundamental psychological fact in Indian public affairs to-day was fatal to their accomplishment. All India is in favour of granting adequate protection to a national and basic industry like steel but if this important question is to be mixed up with the fantastic proposal of Imperial preferences and if as a result the grant of protection is imperilled or even delayed the entire responsibility for the grave and disastrous consequences that must ensue will rest on the shoulders of the Tariff Board and the Government.

(*Times of India*, "Scope for Steel in India," 19th March 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Commentary in the *Times of India* suggests that Indian nationalists were strongly opposed to the updated tariff legislation.

Source excerpt: The passing of the Steel Protection Bill in the Indian Legislative Assembly last month by 52 to 40 votes, in the face of vehement Nationalist opposition to the provision whereby extra steel duties are placed on imported non-British steel, invests with special interest the consideration given tot he iron and steel industry in India at a meeting of the Indian section of the Royal Society of Arts.

(*Times of India*, "India's 'Model' Protection," 17th December 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Commentary in the *Times of India* notes that the previous changes to Indian tariff policy had affected steel more than any other British industry.

Source excerpt: The British industry most affected by India's adoption nearly four nears ago of the policy of discriminating protection is that of iron and steel manufacture. Yet it was Sir William Larke, chairman of the National Federation of Iron and Steel Manufacturers, who said in the discussion that the operations of the Indian Tariff Board might well be taken as a model throughout the world. He suggested that the paper should be circulated in the Dominions, remarking that some of them would derive great advantage from following the Indian example.

(Telegram from Viceroy, Commerce Department to Secretary of State, Delhi, 3rd December 1926.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: The Viceroy knew that the Tariff Board's updated proposal for the new bill would raise controversy in India based on the preference given to British manufacturers.

Source excerpt: The proposals made by the Tariff Board are likely to be controversial for they involve a preference in favour of British manufacture and we have examined them on the economic side with special reference to discussions in Chapter 13 of the Fiscal Commission's report. We do not think that we need to discuss matter at any length in this telegram; it is perhaps sufficient for us to say that, while we recognise that Tariff Board's proposals are based on assumption which, though substantially true, are not universally correct, we are satisfied on the whole, that their proposals are economically sound and also that they give the Tata Iron and Steel Company adequate protection against both standard and non-standard steel.

(Letter from Sir Henry Fountain to Mr. E.J. Turner, 10th December 1926.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Officials at the Board of Trade in London were enthusiastic about the new legislation because it would help British industry, but recognized that they had to be cautious about encouraging the differential duties on behalf of UK manufacturers.

Source excerpt: I have shown the President the telegram from the Government of India which you sent me yesterday indicating their proposals with regard to the Indian Import Duties on Steel. He asks me to say that the adoption of these proposals will in his opinion undoubtedly prove of advantage to the trade of this country. He recognises, of course, that there can be no question of pushing them in the interests of United Kingdom manufacturers; nevertheless, he earnestly hopes that the Indian Government will be able to carry these proposals through the Legislature and not to have to fall back on the alternative proposal of a weighted average system of duties.

("Note by Sir A. Hirtzel", 15th December 1926.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Sir A. Hirtzel of the India Office foresaw further favorable changes to India's tariff policy now that differential tariffs were on the table.

Source excerpt: India has hitherto refused to give preference to Great Britain as a political gesture. The Tariff Board and the Government of India now propose a differential tariff in favour of British steel on purely economic grounds, and in the sole interest of the Indian consumer. If the Legislative Assembly accepts the principle, it will be all to the good from the British point of view, very likely making an eventual transition to Imperial Preference easier, as Sir L. Kershaw remarks.

(Extract from the Legislative Assembly Debates, Vol IX, No. 6, "The Steel Industry (Protection) Bill," 26th January 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Mr. B. Das was sharply critical of the new Tariff Board report that formed the basis for the updated legislation, particularly (in his view) because the report tried to make a narrow economic case for differential duties while minimizing the political realities of such a move.

Source excerpt, page 11: **Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I was a little disappointed in going through this Report of the Tariff Board. I particularly refer to paragraph 105 of that Report. Sir, this Tariff Board was presided over by an ex-Member of this House, a politician, yet the Tariff Board say with regard to Imperial Preference: "We feel that we are not concerned with the political aspect of the case." Further on they say: "we do not feel debarred by political considerations from recommending it." I make bold to assert here that the Tariff Board by keeping political questions out of consideration have killed the very goose that laid the golden egg — the Tariff Board. The Tariff Board was appointed on a vote of this Assembly to give effect to the policy of fiscal autonomy in India and I think they have made an initial mistake and throughout this report this initial blunder has been perpetrated.

Analytic note: Pandit Madan Mohan Malvivia thought that imperial preference ought to be debated as a totally separate matter and unrelated to how the legislature could devise the best protection for Indian steel.

Source excerpt, page 14: **Pandit Madan Mohan Malvivia** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): If the question of preference to United Kingdom manufactures has to be taken up, let it be taken up as a matter to be discussed and considered by itself, for then all the considerations which can affect the question can be taken into account. But here the whole question is, what is the best way of giving legitimate protection to Indian steel? And I submit the best way should be found without committing the House to a far-reaching principle of giving a preferential treatment to the manufacturers of the United Kingdom over Continental manufacturers.

(Extract from the Legislative Debates, Vol. XI, No. 20, 21st February 1927.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1006.

Analytic note: Mr. Jamnadas Mehta expressed his resolute opposition to the principle of imperial preference and vowed to resist such measures by whatever means possible.

Source excerpt, page 1: **Mr. Jamnadas M. Mehta**: Sir, I am sorry that the House did not accept the reference back to Select Committee. So long, however, as the principle of Imperial Preference persists in the Bill we are determined to fight it inch by inch and step by step; our determination to resist Imperial Preference at every stage is undying and deathless. Sir Bhupendra Nath Mitra — who I am sorry is not here — and my Honourable friend Sir Charles Innes, who is here, contended that the protection that was being given under this Bill to the steel industry was adequate and that the apprehensions which I had shown in 1924 had proved to be groundless. As a matter of face I will show by a brief reference to the facts that the apprehensions which I then entertained have proved to be absolutely well-founded and that the same will be the case about this present Bill, namely, that it will not give sufficient protection to the Tata industry.

Analytic note: Nawab Sir Sahibzada Abdul Qaium argued that there might be advantages to giving the British preference — namely, being able to demand something in return at a future date.

Source excerpt, page 38: **Nawab Sir Sahibzada Abdul Qaium** (North-West Frontier Province: Nominated Non-Official): I do not know who particularly wanted this protection, which has given rise to the question of showing preference to this or that country. The scheme of protection as originally started was at least praised from the other side, and if it has brought almost the giving of preference to British steel, I am one who will not oppose that. Protection to the Tatas in itself is a preference at the cost of the poor, whether by the grant of a bounty or by the imposition of a protective duty, and why should we grudge it to the British if it falls to their lot in the ordinary course? I have noticed that preference is already shown by the British to Indian exports in some cases. I am not quite sure of my figures, but I think I can mention the commodities on which preference is given, I mean tea and coffee and some such things, on which preference is already given. Let us begin to give them preference from this side and put them under an obligation to us, so that we may expect the same preferences from them to our exports. Somebody must start the preference. Why should we not give this preference so as to claim a return of the same treatment from the other side?

("Survey of United Kingdom-India Trade," 30th September 1934.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1148.

Analytic note: The survey document — otherwise known as the Lindsay-Watkinson Report — describes the terms of the Ottawa agreement as agreed to by India and the United Kingdom.

Source excerpt, page 7: The agreement concluded at Ottawa guaranteed to India free entry for all goods subject to duty under the Import Duties Act and the Ottawa Agreements Act. The Agreement also provided for an increase in the duty in the United Kingdom on certain foreign goods in order to increase the preference on Indian goods. The chief classes of goods on which the duty was raised at the request of India were husked rice, certain vegetable oils and linseed. The Agreement provided also that the then existing duty in the United Kingdom on various raw materials and manufactured goods should not be reduced and that the duty on other materials (for most of which India had a monopoly) should be removed. The Agreement also provided for an increase in the margin of preference on coffee to the amount mentioned above.

Analytic note: The report highlighted the UK's predicament with respect to concessions made at Ottawa as well as the challenges of raising tariffs on the very inputs to British industry that came from India. This was likely to be a problem in government-industry relations.

Source excerpt, page 1-2: Since the United Kingdom gave free entry to practically the whole range of imports from India, there is little or nothing further that can be done by way of reduction of duties; indeed, the United Kingdom Government is being severely criticised for having gone too far with regard to the imports of Indian manufactured goods. Consequently, further assistance to India on fiscal lines must involve the United Kingdom in the imposition of new or increased United Kingdom duties upon foreign imports, and bearing mind that a large proportion of the imports from India consists of the raw materials of British industry, it will be apprciated that action on these lines may give rise to difficult problems for the United Kingdom Government in their relations with United Kingdom industrialists.

Analytic note: More concretely, data compiled in the report showed that Indian exports to the UK were making up an increasing share of the UK's overall imports in terms of both volume and value.

Source excerpt, page 5: It will be seen that India has been taking a steadily increasing proportional share of the United Kingdom import market since 1931, when the United Kingdom import duties and preferences commenced to operate, and that the actual value of the imports from India also increased notwithstanding a sharp decline in the imports from all sources between 1931 and 1933.

Analytic note: At the same time, the UK's market share of Indian imports had not recovered since dropping with the onset of the Great Depression.

Source excerpt, page 6: Whereas India has improved upon the share of the United Kingdom market taken in the last normal year, 1929, the United Kingdom has not yet regained her share of the Indian market for the corresponding year 1929-30. The above tables bring out very clearly the preponderance of food, etc. and raw material commodities in general not competing with British productions — in the imports from India (for the first half of 1934 (£16m. out of £20m.) and the preponderance of manufactures (£32m. out of £36m. in 132-33) in the imports from the United Kingdom into India.

Analytic note: For particular products such as pig iron, the UK-India balance of trade was quite unfavorable for the UK. The report suggests that bilateral negotiations would be necessary to resolve this issue and obtain some relief for UK manufacturers.

Source excerpt, page 17: Owing to a preference of 33.3%, India had displaced practically all the imports of the ordinary qualities of pig iron in the United Kingdom market. The preference will probably enable her to maintain her position vis-à-vis foreign competitors, but the competition of the United Kingdom pig iron industry is a factor of which India will have to take account, and it is desirable that as in the past the two industries should settle the matter by agreement.

Analytic note: The report's authors recognized, however, that trade preferences were both new and unpopular in India, meaning that the UK would have to tread carefully or else defeat its objective of expanding trade by appearing to cater too heavily to British industrial interests.

Source excerpt, page 26: It is to be remembered that the grant of preference is new to India and is still very strongly objected to by a large section of the politically minded population in

India. These objectors are likely to be very much more numerous in the Parliament which is to be elected this autumn than they have been in the last Assembly. Any attempt, therefore, to reduce the concessions given to India, however justified that reduction might be, from the point of view of three or four industrial groups in the United Kingdom would be likely to have an extremely unfortunate effect in India, and to divert attention from the principal objective, namely, the expansion of trade.

Analytic note: The report concluded that the UK could not allow Indian competition to develop further at Britain's expense given the amount of domestic employment and investment tied up in British industry. The British evidently feared that the genie was out of the bottle already in certain industries and wondered what further difficulties would arise as a result.

Source excerpt, page 27: On the other hand, it has to be appreciated that the United Kingdom industries concerned provide a large amount of employment and represent an appreciable portion of the United Kingdom investment of industrial capital in plant, buildings, machinery, etc. There would clearly be the gravest difficulties in allowing Indian competition to develop on the basis of lower labour costs in a manner involving the sacrifice of this employment and capital; the process has already gone to a considerable length in the case of the jute and coir mat and matting industries. It is apparent that the development of industrial production in India under the protection of the Indian tariffs will lead to further United Kingdom losses of trade in the Indian market; in the case of cotton goods this development has already gone far (and Lancashire would urge that it is directly responsible for the fact that two Lancashire mills out of five are either idle or derelict). The contrast by which the competition of Indian manufacturers in the United Kingdom market is left entirely unrestricted will create a difficult situation for the United Kingdom Government.

("Meeting to discuss Survey of United Kingdom-India Trade," Board of Trade, 9th November 1934.)

Source citation: British Library, India Office Records, Economic Department Collections, Folder L/E/9/1148.

Analytic note: Officials from the Board of Trade and India Office met to discuss the Lindsay-Watkinson Report. They acknowledged that part of the difficulty that the UK faced lay in the early concessions it had made in search of a deal at Ottawa.

Source excerpt: Mr.Turner doubted whether there was much scope for concessions by the United Kingdom. Sir H.Wilson said that this was because there is not much left for the country to give. We had given away a great deal in advance at Ottawa by conceding free entry. As to the Survey there seemed to be two steps: (1) the Survey must go out, first of all, simply as useful material (2) the view of the Secretary of State would have to be ascertained whether he still wished to explore the possibility of some major commercial agreement.