

3.5 India and the Great Depression

If we look at the impact of the depression on India we realise how integrated the global economy had become by the early twentieth century. The tremors of a crisis in one part of the world were quickly relayed to other parts, affecting lives, economies and societies worldwide. In the nineteenth century, as you have seen, colonial India had become an exporter of agricultural goods and importer of manufactures. The depression immediately affected Indian trade. India's exports benefits, US, photograph by Dorothea Lange, 1938. Courtesy: Library of Congress, Prints and Photographs Division. When an unemployment census showed 10 million people out of work, the local government in many US states began making small allowances to the unemployed. These long queues came to symbolise the poverty and unemployment of the depression years. The Making of a Global World grow more jute, brothers, with the hope of greater cash. Costs and debts of jute will make your hopes get dashed. When you have spent all your money and got the crop off the ground, ... traders, sitting at home, will pay only Rs 5 a maund. and imports nearly halved between 1928 and 1934. As international prices crashed, prices in India also plunged. Between 1928 and 1934, wheat prices in India fell by 50 per cent. Peasants and farmers suffered more than urban dwellers. Though agricultural prices fell sharply, the colonial government refused to reduce revenue demands. Peasants producing for the world market were the worst hit. Consider the jute producers of Bengal. They grew raw jute that was processed in factories for export in the form of gunny bags. But as gunny exports collapsed, the price of raw jute crashed more than 60 per cent. Peasants who borrowed in the hope of better times or to increase output in the hope of higher incomes faced ever lower prices, and fell deeper and deeper into debt. Thus the Bengal jute growers' lament: Across India, peasants' indebtedness increased. They used up their savings, mortgaged lands, and sold whatever jewellery and precious metals they had to meet their expenses. In these depression years, India became an exporter of precious metals, notably gold. The famous economist John Maynard Keynes thought that Indian gold exports promoted global economic recovery. They certainly helped speed up Britain's recovery, but did little for the Indian peasant. Rural India was thus seething with unrest when Mahatma Gandhi launched the civil disobedience movement at the height of the depression in 1931. The depression proved less grim for urban India. Because of falling prices, those with fixed incomes – say town-dwelling landowners who received rents and middle-class salaried employees – now found themselves better off. Everything cost less. Industrial investment also grew as the government extended tariff protection to industries, under the pressure of nationalist opinion. Who profits from jute cultivation according to the jute growers' lament? Explain. Discuss India and the Contemporary World 4 Rebuilding a World Economy: The Post-war Era The Second World War broke out a mere two decades after the end of the First World War. It was fought between the Axis powers (mainly Nazi Germany, Japan and Italy) and the Allies (Britain, France, the Soviet Union and the US). It was a war waged for six years on many fronts, in many places, over land, on sea, in the air. Once again death and destruction was enormous. At least 60 million people, or about 3 per cent of the world's 1939 population, are believed to have been killed, directly or indirectly, as a result of the war. Millions more were injured. Unlike in earlier wars, most of these deaths took place outside the

battlefields. Many more civilians than soldiers died from war-related causes. Vast parts of Europe and Asia were devastated, and several cities were destroyed by aerial bombardment or relentless artillery attacks. The war caused an immense amount of economic devastation and social disruption. Reconstruction promised to be long and difficult. Two crucial influences shaped post-war reconstruction. The first was the US's emergence as the dominant economic, political and military power in the Western world. The second was the dominance of the Soviet Union. It had made huge sacrifices to defeat Nazi Germany, and transformed itself from a backward agricultural country into a world power during the very years when the capitalist world was trapped in the Great Depression.